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Dissecting Banking's Top Performers

By Naomi Snyder and Emily McCormick

What does it take to become a top performing bank? For years, Bank Director has studied this question.

In this latest publication, Bank Director's RankingBanking study, sponsored by Crowe LLP, we rank the performance of the 300 largest publicly traded banks in the U.S. Previously, we called this ranking the Bank Performance Scorecard, but it's essentially the same thing. Piper Sandler & Co. compiles the annual list, ranking each bank by metrics that examine profitability, asset quality and capital adequacy; the scores are then added up with an equal weighting for each, determining a final score.

However, a one-year ranking doesn't get at the heart of what makes a top performing bank. Results change from year to year and can be influenced by the actions a bank makes one year to improve future earnings. So this year, we dissected the list to profile a few perennial top performers, plus a few banks that have become stronger through extraordinary hard work. "[Perennial top performers] may not be there every single year, because they're going to have profitability hits periodically, but they will consistently reappear on the ranking," says Kara Baldwin, audit partner at Crowe.

Capital One Financial Corp. is one of those perennial performers. It has a strong core deposit base combined with a high yield asset base in the form of credit cards and a couple of other lending categories. Chairman and CEO Richard Fairbank has grown the McLean, Virginia-based company to $432.4 billion in assets since he founded it more than thirty years ago. Historically, it has attracted some of the best technologists in the country, created a culture of experimentation, and driven results through a focus on data and the competition.

Likewise, $6.6 billion Lakeland Financial Corp. in Warsaw, Indiana, has landed in the top 20 every year since Bank Director started ranking banks across asset sizes in 2018. Lakeland Financial CEO David Findlay has emphasized creating a strong culture, rigorous employee training and serving commercial customers like no other. A relentless focus on the customer is the key to success for banks, according to someone who has nearly two decades of experience on senior leadership teams at big U.S. banks. John Eggemeyer, the founder and managing principal at Castle Creek Capital, told BankDirector.com earlier this year that banks that focus on customers outperform other banks, a lesson they have learned from fintech companies in recent years.

A mid-sized commercial bank such as Lakeland has the luxury of focusing on culture and customers by avoiding the distractions of acquisitions, which Lakeland has avoided for almost two decades. "By doing things organically," says Findlay, "we get to select the next banker, one at a time."

Some top performing banks exhibit an ability to ferret out a niche where one can excel. A business line may take years of investment to make it work. Staying focused on that investment means not chasing the latest fad. "There are multiple ways of making money in the banking market," says Rick Childs, a partner at Crowe. "It's trying to find what the key to your success is and then sticking to it."

The Bancorp under CEO Damian Kozlowski honed its focus after years of investing in compliance following regulatory problems in 2014. The move has paid off. The Wilmington, Delaware-based company defined the space that's known as banking as a service, handling customer deposits and transactions for some of the nation's largest financial technology companies, such as PayPal Holdings and its subsidiary Venmo.

Meanwhile, Columbus, Georgia-based Synovus Financial Corp. is a classic comeback story. Devastated by the last financial crisis, the previous CEO focused on cost savings, consolidating the company's 30 charters under one brand and making a deal that expanded its foothold in high-growth Florida. New CEO Kevin Blair aims to strengthen the bank's position in the Southeastern U.S. and diversify into higher yielding businesses.

Almost every bank says it's focused on what it does best. But if it's not a top performing bank, that's a hard argument to make. "Don't do the same thing over and over again, expecting a different result; that would be the definition of insanity," says Kirk Wycoff, managing partner at Patriot Financial Partners, which invests in community banks and fintechs. "Do something different."

He believes yield is one of the most important drivers of top performing banks. "We want all our banks to have a specialty business where they can charge more than 3.5%," he says. "You better have something that differentiates you."

Wycoff also believes the only way to become a top performing bank today is to use technology to drive efficiency. Banks in prior years focused on taking out costs such as branches and staff. That isn't going to be the sole driver of efficiency gains going forward, he says. Customer-facing functions that use software to help customers navigate are going to drive returns as well. "Clients want efficiency," Wycoff says. "When they are coming to the bank, they feel like they're going to the dentist. They don't enjoy it."

At the end of the day, a bank that focuses on customers, culture, higher yielding businesses and efficiency will outperform others.

"The top performers tend to deliver top results," Childs says, "because that's how they're motivated."

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TOP 25 BANKS

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	**Company Name**	**Ticker**	**State**	**Total Assets ($MM)**	**Core ROAA (%)**	**ROA Rank**	**Core ROAE (%)**	**ROE Rank**	**Tang Common Equity/ Tang Assets (%)**	**TCE Rank**	**NPAs ex TDRs / Loans & OREO (%)**	**NPA Rank**	**Total Return (%)**	**TSR Rank**	**Final Score**
1	PCB Bancorp*	PCB	CA	2,150	1.96	10	16.52	25	11.90	17	0.06	19	122.7	8	79
2	Hingham Institution for Savings*	HIFS	MA	3,431	1.88	16	17.21	20	10.34	43	0.01	7	95.9	12	98
3	The Bancorp	TBBK	DE	6,843	1.68	35	17.93	16	9.50	88	0.09	33	85.4	16	188
4	Southern Missouri Bancorp	SMBC	MO	2,919	1.87	17	18.06	15	9.74	69	0.20	71	74.2	26	198
5	Southern First Bancshares*	SFST	SC	2,926	1.75	28	18.65	13	9.50	89	0.19	68	76.8	22	220
6	Hanmi Financial Corp.	HAFC	CA	6,859	1.51	67	16.32	28	9.21	104	0.09	31	114.5	9	239
7	QCR Holdings	QCRH	IL	6,096	1.72	31	15.87	36	9.87	63	0.06	20	42.1	114	264
8	HomeStreet	HMST	WA	7,204	1.59	51	16.02	33	9.53	85	0.23	86	57.7	46	301
9	Triumph Bancorp	TBK	TX	5,956	2.00	9	15.04	53	9.46	90	0.37	147	145.3	3	302
10	Bank OZK	OZK	AR	26,530	2.18	6	12.87	126	14.80	3	0.27	108	53.0	60	303
11	Capital One Financial Corp.	COF	VA	432,381	2.94	2	19.98	9	9.89	61	0.40	161	49.3	77	310
12	Merchants Bancorp*	MBIN	IN	11,279	2.23	5	22.12	6	6.89	267	0.01	5	72.8	28	311
13	MetroCity Bankshares*	MCBS	GA	3,106	2.51	3	23.56	2	9.04	117	0.49	186	95.7	13	321
14	CapStar Financial Holdings*	CSTR	TN	3,133	1.62	46	13.87	88	10.77	32	0.17	59	44.3	105	330
15	Parke Bancorp*	PKBK	NJ	2,136	1.93	14	18.68	12	10.86	25	0.40	159	40.9	122	332
16	ServisFirst Bancshares	SFBS	AL	15,449	1.55	54	19.47	10	7.37	246	0.08	27	113.2	10	347
17	Capital Bancorp*	CBNK	MD	2,055	1.96	11	22.22	4	9.63	77	0.73	244	88.8	14	350
18	Preferred Bank	PFBC	CA	6,046	1.69	33	17.03	22	9.69	72	0.34	132	45.6	96	355
19	Live Oak Bancshares	LOB	NC	8,213	1.65	41	20.79	7	8.44	154	0.35	143	84.3	17	362
20	Western Alliance Bancorp.	WAL	AZ	55,983	1.81	22	22.16	5	7.29	250	0.19	67	81.7	19	363
21	Unity Bancorp*	UNTY	NJ	2,034	1.85	19	18.91	11	10.02	54	0.58	217	51.9	66	367
22	Lakeland Financial Corp.	LKFN	IN	6,557	1.55	55	14.10	80	10.68	36	0.35	142	52.8	61	374
23	Sandy Spring Bancorp	SASR	MD	12,591	1.93	13	16.29	29	9.21	102	0.46	177	53.8	58	379
24	East West Bancorp	EWBC	CA	60,871	1.48	76	15.72	39	8.89	125	0.25	98	58.0	44	382
25	Southside Bancshares	SBSI	TX	7,260	1.59	49	12.79	129	9.99	56	0.07	26	39.6	128	388
				Median	1.25		12.15		8.50		0.37		36.31		
				Mean	1.28		12.29		8.77		0.49		40.24		

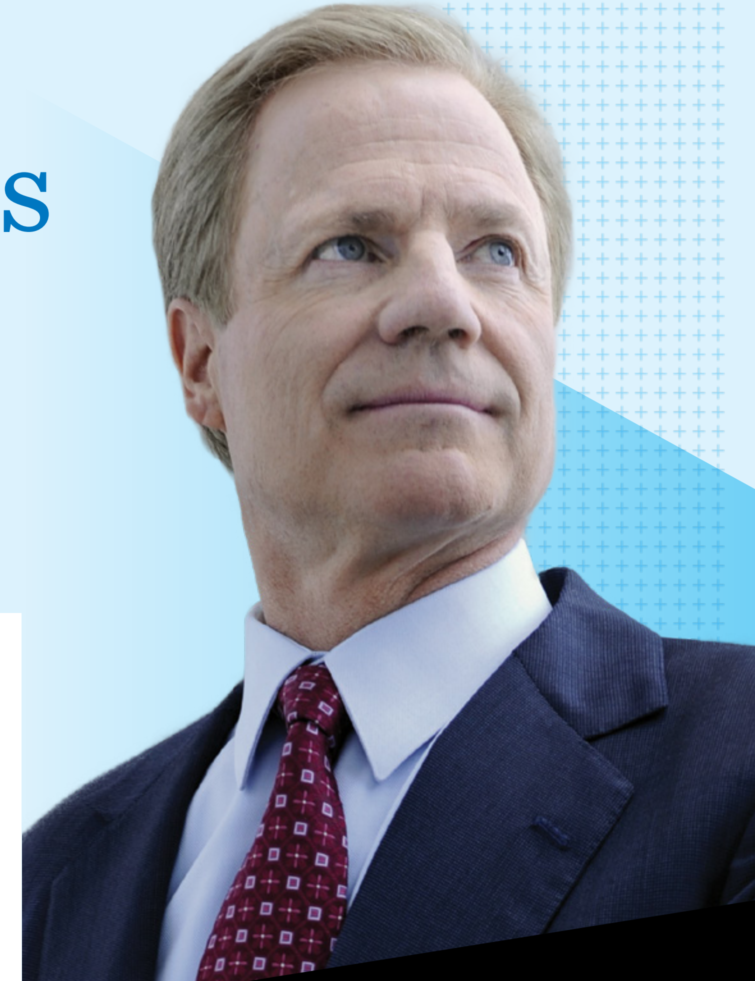
**Had not adopted CECL as of Dec. 31, 2021*

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

RankingBanking uses five metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by nonperforming assets. Capital adequacy is a function of a bank's tangible common equity ratio. Total shareholder return ranks performance by including price appreciation and dividends. Banks are scored on each of the five 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 2021 results.

Capital One's Secret to Success

By Naomi Snyder



"[Richard Fairbank] is absolutely brilliant ... Capital One is one of the best risk managers in the banking industry."

Richard Bove / Odeon Capital Group.

Photo: Marvin Joseph/The The Washington Post via Getty Images

As an undergraduate at the University of East London, Nigel Morris thought he might become a clinical psychologist someday. He was attracted to the work of Sigmund Freud and Carl Jung. But the more he studied psychology, he became increasingly bothered by his perception that people were "making stuff up."

"I became a raving empiricist," Morris says. "If I couldn't measure it, it didn't exist."

That lead to an MBA at London Business School, and a trip to the United States that turned into a bank consulting job, where he met Richard Fairbank, who had recently graduated at the top of his class at Stanford University's business school. The two young consultants shared an interest in empirical research. It was the late 1980s, and banks issued credit cards with the same rates and terms to pretty much everybody, ignoring the underlying risks of each customer. "You got 19% APR and a $20 annual fee, and any color you wanted as long as it was black," Morris says. "It was the Henry Ford of banking."

This perplexed them. Still both under the age of 40, Morris and Fairbank tried to sell the largest banks in the country on their concept of using data and information to lend and market to consumers. No one was interested. But after about 30 meetings with banks, their perseverance paid off. A small, nearly unknown lender in Richmond, Virginia, named Signet Bank, agreed to buy their concept, on the condition that they become employees of Signet Bank.

The two developed the foundation of the modern credit card business during the next six years, before the bank spun off the business in 1994 in an initial public offering that created Capital One Financial Corp., arguably one of the most successful and innovative companies of all time. But why and how has Capital One been able to achieve that? It appears that a strong culture and balance sheet, combined with the unique attributes of their founders, all played important roles.

Capital One, the seventh largest bank in the country according to Bank Director's RankingBanking analysis, is a perennial top performer in the annual study sponsored by Crowe LLP and compiled by Piper Sandler & Co. It was No. 3 in its asset class of banks above $50 billion for the calendar year 2021. And it was No. 11 compared to all 300 of the largest publicly traded banks.

Over a longer period, Capital One has done incredibly well for shareholders. One key metric shows the kind of economic value Capital One has been able to create. Tangible book value growth plus dividends shows not how high the stock has risen, but how the company has managed to create value for shareholders while growing the tangible assets of the company. Capital One has managed a 272% growth in tangible book value plus dividends during the 10 years from 2011 to 2021, according to Kevin Barker, senior research analyst at Piper Sandler & Co.

To get a sense of just how well Capital One has grown, take a look at the tangible book value growth and dividends of other big banks over the 10-year period: The next closest commercial bank in terms of this metric is U.S. Bancorp, which returned 242%. JPMorgan Chase & Co. returned 189%, Wells Fargo & Co. 178% and Bank of America Corp. 100%.

Although competing credit card companies such as Discover Financial Services and Synchrony Financial Corp. also have bank charters and sometimes outperform Capital One on profitability metrics such as return on assets and return on equity, Capital One has managed the ups and downs of economic cycles in a unique way that others haven't been able to match: low cost of funds, incredible asset quality and the higher yields of credit cards. (Discover and Synchrony aren't included in Bank Director's RankingBanking study, which uses S&P Global Market Intelligence's data and definitions for banks; Discover and Synchrony are considered specialty lenders.)

Looking ahead, this year's combination of inflation plus a possible recession threatens Capital One's business, just as it threatens any other bank. Theoretically, Capital One should be more vulnerable than other banks. After all, Capital One grew to the size it is today in part catering to subprime consumers, usually not a successful demographic during a recession.

"[W]e worry a lot about inflation," Fairbank said on Capital One's first quarter 2022 earnings call, adding that inflation rising faster than wages is of particular concern for the bank's customers. However, Capital One's history offers a lot of evidence that its focus on data analytics, economic cycles and strong credit underwriting could make it well poised to weather another recession.

To understand Capital One today, it's important to go back to its early history, where it moved ahead of what almost anyone else was doing in data analytics. Fairbank and Morris let customers choose their own terms so the company could see what motivated different groups of customers. Maybe one group preferred a lower monthly fee while another opted for rewards, for example. The bank looked at every customer key stroke on its website and used that data to improve the customer experience, says one former employee, now a senior executive at another big bank who asked that her name not be used since she couldn't get permission from her current employer.

Capital One developed the concept of the balance transfer to help customers move money over to Capital One, says Morris. It invented the secure credit card, where customers with little to no credit could pay, for example, $1,000 as security in exchange for a $1,000 credit line and begin building a progressively larger line by paying on time.

Those early days could be exhilarating. Capital One recruited employees who were game for anything, digital experimenters. "Of course, we were making money hand over fist, but it was never about the money," says the former employee. "It was about changing banking and making things better ... It was glorious and motivating." Early experiments weren't always successful. In one case, the bank started a cell phone company in the '90s and then abandoned it. People moved from department to department, trying new things.

Another former employee, who also didn't want to be named, says Capital One hired people who were "wicked smart; PhDs from the top universities in the U.S. and from Europe, advanced degrees from the top universities in China and India." Getting smart people was only part of the equation. The other was building a culture where employees were empowered to do their best work. Former employees remember the culture as uniquely positive, one where management gave a lot of respect to employees. Sociopaths were not allowed.

Fairbank and Morris grew up without the internet, but they were leading the charge in creating a culture that was focused on digital transformation. Morris was known as the one with the charismatic personality, connecting with employees and remembering everyone's name. Fairbank was more cerebral, the numbers guy. The two lead the company together for many years, until suddenly they didn't. Morris left the company in 2004 because he wasn't learning much anymore, he says. He went on to found QED Investors, which invests in fintech firms.

Capital One under Fairbank moved forward, buying a New Orleans-based bank named Hibernia in 2005 for about $5 billion. It was a brilliant move that allowed Capital One to get a stable low-cost deposit base to combine with its high-yield credit card business. It also diversified the asset side of its balance sheet, keeping a commercial real estate lending portfolio and growing to become one of the largest automobile lenders in the country. Another acquisition, of Long Island-based North Fork Bancorp in 2006, brought another banking franchise rich in deposits.

The financial crisis happened soon after. Capital One's asset quality outpaced other big banks. Fairbank continued making acquisitions, including ING Direct, an early internet bank subsidiary of the Dutch ING Group, in 2012.

Fairbank kept his focus on operations, not on becoming a celebrity CEO. "The guy is absolutely brilliant," says Richard Bove, the chief financial strategist at Odeon Capital Group, who has been following big banks as an equity analyst for decades. Fairbank is so well respected, even JPMorgan CEO Jamie Dimon stays late at investor conferences where they're both speaking so he can hear Fairbank, hedge fund manager Tom Brown says.

"He's a visionary," Morris says, who got to know his partner commuting an average of 1 hour and 46 minutes each way to Richmond for work at Signet Bank. "He made me a much better problem solver and leader, and I owe him much."

However, Fairbank can sometimes come off as evasive. "He's got this very slow way, highly repetitious method of communicating," Bove says. On the first quarter 2022 earnings call, Fairbank used the word "journey" 18 times. "Fairbank always talks about how they use technology, how important technology is, how it's a new era, why there's a paradigm shift, but he never tells you exactly what he is doing," Bove says. In the early days, Fairbank talked to the media and to analysts such as

> "If you're going to work for a bank, there's probably not a better one on the planet. It's got a great culture. It is well run. And it cares about assembling and fostering talent like no other bank on the planet."

Nigel Morris / Capital One Financial Corp.

Bove. Now, he's rarely quoted anywhere, except in official business such as quarterly earnings calls. "It's been that way for at least a decade," says Brown. "Most companies talk too much." Brown explains that competitors are interested in what Fairbank has to say. Fairbank knows that, leading him to be extra cautious about the sort of details he reveals. The media relations department didn't respond to repeated requests for comment for this article. Attempts to reach employees or even business partners were rebuffed, citing the company's reticence to engage with the media.

Part of that reticence may be justified. In the early days, Capital One was doing something no one else was. But its edge in terms of data analytics and technological prowess has eroded as other banks and lenders have adopted similar strategies. These days, Fairbank says the market for tech talent is the toughest he's ever seen.

About eight years ago, Capital One was one of the first to begin moving substantial amounts of its transactions to the cloud when other banks still balked at the concept. It rushed to hire software engineers and embraced digital transformation over a decade ago. "I think they were more forward-looking in going to the cloud … and have been talking about this digital transformation for about 10 years now," says Piper Sandler's Barker. "So, I think they're more aggressive or more willing to embrace technological changes than a lot of other banks."

Also, Capital One was branch-light before other banks began cutting their branches. They introduced the concept of bank cafés in cities such as Atlanta, Philadelphia, Detroit and Chicago, where people can stop in for coffee, use the internet and find out about banking services. "[Fairbank] never got bogged down with high-cost delivery systems to get to the customer," says Bove.

Capital One also developed a reputation for being willing to bank the subprime credit card market — something other banks weren't willing to do. But serving those customers without destroying the bank required careful attention to underwriting, economic cycles and data. If you're good at consumer credit, you can have outsized returns, says one former executive, who asked not to be named. If you're bad at it, you can blow up the bank. "Capital One is one of the best risk managers in the banking industry," Bove says.

Sanjay Sakhrani, an equity analyst and managing director at the investment bank Keefe, Bruyette & Woods, says the bank focuses its efforts on the most profitable risk-adjusted return segments. "I think they've done a very effective job [of] underwriting and managing risks inside of the subprime population," he says. The bank starts by offering those customers low credit lines and graduates them over time as they demonstrate their credit worthiness.

The bank also is nimble, pulling in and out of different credit markets when necessary. In recent years, for example, Capital One has pulled back on subprime credit and ramped up its portfolio of high-spend, high-income customers. It also has moved upmarket to automobile buyers with better credit, according to Sakhrani. "I think a big part of what drives the superior ROA is that they've focused on what they deem is the most profitable asset class, as many of their peers are more broad-based in terms of asset categories," Sakhrani says.

The bank's focus on data extends to marketing. Capital One knows when to move in with heavy marketing and product offers, and when to pull back. "I've always been amazed at their ability to do that, their ability to dive into the market if the time is right to do it," Bove says.

Fairbank is fond of saying the bank zigged while others zagged. During the bank's first quarter earnings call this year, he said the bank looks at trends impacting the financial health of consumers, of course, but also spends a lot of time looking at what its competitors are doing. When credit card companies appear to be saturating the market with expensive rewards, Capital One reacts. "You have to be willing to operate the company on this horizontal approach and back off from the segments that everybody likes because everybody likes them, and they're going after them," Brown says. "Then, they go forward when perhaps the time doesn't look so good."

Capital One's marketing spend reflects that. While other banks keep their marketing budgets consistent year after year, with slight variations, Capital One cut its spending about one-third in 2020 as the pandemic gripped the world. The following year, in 2021, Capital One lurched forward with a nearly 80% increase in marketing spend, taking its advertising slogan "What's in Your Wallet?" to a new level. And Capital One spends a lot of money on marketing. A lot. It spent $2.87 billion last year, or 95% of what JPMorgan Chase spent, despite being about 12% of JPMorgan's asset size.

The executive team focuses on long-term results rather than quarterly results, and that sometimes makes short-term investors unhappy. "The thought process is different at Capital One than it is at most companies," Brown says. Capital One looks at customer value in terms of long-term vintages, not how customers perform over a quarter, he says. Sometimes, it looks like Capital One is spending too much money when everyone is cutting back.

Capital One isn't a follower, by any means. It takes the road less traveled. Staying focused on what it knows best — credit, data and a superior culture — helped Capital One's performance over time. "People call me up and say, 'My daughter is thinking about going to Capital One, Nigel, what do you say?'" Morris says. His answer: "If you're going to work for a bank, there's probably not a better one on the planet. It's got a great culture. It is well run. And it cares about assembling and fostering talent like no other bank on the planet."

And that has made all the difference.

Naomi Snyder is editor-in-chief of Bank Director.

“Our corporate strategy for many years was survival, coming out of the crisis … We have scale now. We’ve gotten through these crises, and I think we’ve earned our way to independence.”

Kevin Blair / Synovus Financial Corp.

Building a Powerhouse at Synovus

By Laura Alix

Banks and cars may make for a funny comparison at first glance, but it makes sense when Kevin Blair talks about Synovus Financial Corp.’s evolution.

Kessel Stelling, who ran the bank from 2012 to 2021, likened the bank to an old, reliable Buick that he was charged with turning into a Toyota Camry by modernizing the company and upgrading it in terms of speed and sophistication. Now, Blair says it’s his job as CEO to turn that Camry into a Ferrari, adding new features to appeal to larger and high-end clients. If Stelling was focused on cleaning up the balance sheet and creating a stronger bank in the years following the financial crisis, then Blair wants to turn Synovus into a mid-sized regional powerhouse.

“Our corporate strategy for many years was survival, coming out of the crisis, and then Kessel turned it into a M&A discussion,” Blair says. “We have scale now. We’ve gotten through these crises, and I think we’ve earned our way to independence.”

The Synovus of today is a dramatically different bank than the one that emerged from the global financial crisis over a decade ago. Though it sacrificed years of profits during the recession, its willingness to work with borrowers bolstered its reputation in the years since. The $57 billion company has also diversified its business, and its loan portfolio today relies much less heavily on real estate. And it's gotten more efficient, pruning its branch network and trimming overall headcount while continuing to add key talent that it's picked up as a result of market disruption.

Having done all of that while also integrating its first strategic merger in years and onboarding a new CEO in Blair, it's probably safe to say that few banks have a transformation story like Synovus. Analysts praise the company's turnaround and its overall performance. They note its relatively younger management team with serious banking bona fides and connections throughout the Southeast, as well as a recent merger that gave it more momentum in the fast-growing Florida market.

"The bank we want to be is the bank we've always been — only better," Blair says. "We want to build on our strengths."

Based in Columbus, Georgia, Synovus ranks fourth among banks over $50 billion in assets in this year's RankingBanking study, sponsored by Crowe LLP. In the previous two editions of Bank Director's Bank Performance Scorecard, it ranked 13th for its 2020 performance and 63rd for 2019. The Bank Performance Scorecard was renamed RankingBanking for the 2021 calendar year ranking, where the company earned high marks for profitability, with a core return on average assets of 1.39% and a core return on average equity of 14.76%. It also maintained strong credit quality.

These results have been years in the making. Synovus has achieved this by diversifying its business, particularly in commercial banking and wealth management, focusing on credit quality and underwriting, and selectively cutting expenses.

Synovus had a rough go of it during the last recession. Its portfolio was heavily concentrated in real estate, and it suffered heavy losses after the 2008 financial crisis. It had to raise capital twice and was one of the last regional banks to repay funds from the Troubled Asset Relief Program; it also owed more than any other bank. But Synovus ultimately came out of that time period a stronger bank, with a more diverse balance sheet and a reputation for working with its borrowers through tough times.

"Kessel Stelling did a great job navigating the company through those times and really left it in a position of strength," says Brady Gailey, a managing director at Keefe, Bruyette and Woods. Under Stelling's leadership, Synovus also consolidated its 30 separate banking charters into one in 2010, and rebranded all of its community banks under the Synovus name in 2017 and 2018.

Over the past decade or so since the financial crisis, Synovus has diversified its commercial banking operations, adding new industry verticals such as restaurant lending and specialty asset-based lending. It also added fee-generating products and services, such as private wealth advisory services. And it recently announced the creation of a corporate and investment bank to serve much larger commercial clients.

"The No. 1 reason we lose a client is not because they go to another bank. They get bought by private equity companies," Blair says while discussing the new corporate and investment bank. "I wanted to make sure that we had capabilities and skill sets here to not only bank companies that are growing and need capital markets, but I also wanted to partner more with some of these private equity firms to ensure that we continue to get the bank some of those portfolio companies."

Synovus recruited Tom Dierdorff from Birmingham, Alabama-based Regions Financial Corp. to head the new corporate and investment bank. Dierdorff started and managed investment banking coverage at Regions Securities; before that he worked for SunTrust Robinson Humphrey — now Truist Securities following SunTrust Banks' merger with BB&T Corp. — leading the insurance, corporate and investment banking practice.

"Every time he was hired in those banks, they were basically building out their [corporate and investment banking] platform. And he was one of the managing directors that did it," Blair says. "I knew if we could go out and hire someone that has built up [a] practice at multiple regional banks that are larger than us, they could replicate it here. And they'll bring talent with them."

Diversifying its lines of business has helped Synovus maintain and improve its profitability as it grows into a mid-sized regional bank, analysts say.

"Historically, Synovus was very much a decentralized, state-focused bank, and they certainly still have a lot of local decision makers in all their markets, but they've reined in a lot of that decentralized structure."

Brad Milsaps / Piper Sandler & Co.

"They're not a huge mortgage bank, but they have mortgages. They're not a huge wealth management company, but it's becoming a bigger part of the story, and it's growing. They're just doing a lot of things to capture a bigger share of wallet," says Brad Milsaps, a managing director at Piper Sandler & Co. "Historically, Synovus was very much a decentralized, state-focused bank, and they certainly still have a lot of local decision makers in all their markets, but they've reined in a lot of that decentralized structure."

One significant addition that's served the company well has been that of treasury management products, says D. Wayne Akins, chief community banking officer at Synovus. Those have been particularly helpful for clients that found themselves with excess liquidity on hand after the Paycheck Protection Program.

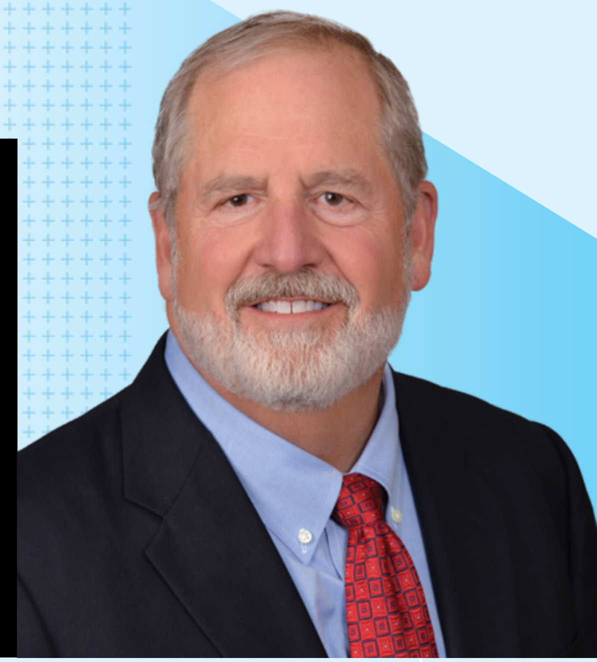
"We've spent a lot of time over the last five years trying to hone our segmentation strategies. We rolled out some new products to be able to take advantage of the mass affluent market. We've created commercial specialties," Blair says. "And we've now started a corporate and investment bank as well."

At its investor day in February, Dierdorff outlined expectations for the corporate and investment bank: $1.5 billion in loans and $15 million of revenue by the end of 2024, and $3.5 billion in loans and $60 million in revenue by the end of 2026. He anticipates the corporate and investment bank will contribute 20% of the company's overall fee income by year-end 2024 and 25% by 2026.

Synovus has also made its first foray into the banking as a service space with a new initiative dubbed money as a service, or Maast. Housed within its new corporate and investment bank, that product will offer payment and banking software for clients that want to provide point-of-sale capabilities. The product was borne out of conversations with software vendors that told Synovus they needed a tool that combined banking as a service with payments as a service. Maast will allow those businesses, whose own clients are often merchants, a single platform with a variety of payment and banking capabilities that they can rebrand as their own, rather than having to cobble together a solution using various fintech providers.

Akins said at the company's February investor day that Synovus should also be able to convert some of those software vendors' end users into clients of its own, by using information gleaned from Maast to offer tailored loan products, for example. When the service was announced in late 2021, "The selection of the right CEO to succeed Kessel is probably the most important thing I think that we've done over the last several years. I can't imagine the process having gone any better."

Tim Bentsen / Synovus Financial Corp.



executives expected Maast to generate roughly $100 million in revenue in its first five years. Synovus piloted Maast during the second quarter of 2022, and it's expected to launch more broadly later this year.

The company is investing prudently in other technologies, as well. It's incorporated artificial intelligence and virtual callbacks into its call center, for example. It's migrating its servers and data to the cloud, and moving to a modern core platform. It's launched a new accelerated accounts receivable service to complement its suite of treasury and payments services, and it's gathered those treasury management solutions into one new platform, dubbed Synovus Gateway.

"The areas that we've spent the most time on technology are to make our bankers better," Blair says.

Synovus is focused largely on organic growth going forward, although nonbank acquisitions could be part of its strategy if the right opportunity presents itself, Chief Financial Officer Jamie Gregory said at the February investor day.

Under Stelling's leadership, the company acquired FCB Financial Holdings, giving it a toehold into the rapidly growing Florida market. Synovus paid $2.9 billion for the holding company of Florida Community Bank. The deal added roughly $9 billion in loans, $10 billion in deposits and $12 billion in assets to Synovus's balance sheet, as well as 50 branches throughout Florida in markets including Miami and Daytona Beach.

Some analysts suggest that Synovus's stock could be somewhat undervalued, given its recent growth in Florida, the fastest-growing market in its footprint.

"Synovus, quite frankly, had maybe some takeover speculation, that they were going to sell maybe at some point, and so I think the announcement of that deal surprised the market," Milsaps says. "Then there were concerns that FCB was going to create more credit problems, and Synovus had done all this work to fix its credit issues over the last six or seven years."

But even if it made investors nervous at the time, the purchase of FCB ultimately proved to be a good deal for the Georgia bank. The price tag was financially compelling for Synovus, and the deal raised the company's profile in some high-growth markets. The company also realized

> "I think investors think of Synovus as a credit-sensitive name because of what happened 10 to 15 years ago. But it's a very different company today. It's a lot more diversified. Their credit underwriting is completely different. If we are headed into an economic recession, I think Synovus is going to do just fine."
>
> **Brady Gailey** / Keefe, Bruyette & Woods

the cost savings that it set out to achieve when it announced the deal, says Gailey.

"The market was nervous about it because it was a relatively new bank and a high-growth bank in a state like Florida, which tends to be known as a boom-bust state," Gailey says. But "the Florida market has been so strong, especially through the pandemic, with so many people and businesses relocating there."

Stelling retired as CEO in the spring of 2021. It's now Blair's turn to carry Synovus through the next phase of its evolution.

Blair joined Synovus as its chief financial officer in 2016 from SunTrust, where he worked as a corporate treasurer. In late 2020, he was named as Stelling's successor.

"We didn't recruit him as the next CEO, but we recruited him as someone that might be a candidate to become CEO," says Tim Bentsen, lead independent director of the board at Synovus. As Stelling began to plan his retirement, the board was increasingly impressed with the way Blair described his vision and strategy for the bank, particularly once he was elevated to chief operating officer in 2018.

"Kevin's energy, his innovation, his ability to see things coming around the corner of this new environment, are just tremendous," Bentsen says.

Stelling still serves as executive chairman of the board, which used to meet 6 to 7 times a year. Now, the board meets monthly; Synovus has a lot of different moving parts and strategic initiatives now, and Blair wants to be sure the board is kept in the loop, he says.

Blair kicks off each meeting with a half-hour to hour-long strategic update. His office also communicates with the board every two weeks, sending out a dense, one-page update about what's happened at the bank, so directors don't have to waste precious time getting up to speed.

"The selection of the right CEO to succeed Kessel is probably the most important thing I think that we've done over the last several years," says Bentsen, who has served on the board since 2014. "I can't imagine the process having gone any better."

Another key driver of Synovus's performance in recent years has been its improved efficiency.

"Synovus has done a great job in creating new business lines and new things that are additive to revenue while cutting expenses," says KBW's Gailey. "They've done a great job on both sides of the efficiency ratio by adding revenue and taking out expenses."

As a recent example, Gailey points to Synovus Forward, a plan launched early in 2020 that was initially slated to produce $100 million in additional earnings. Later that year, executives expanded that plan to $175 million, as the company aggressively repriced deposits throughout 2020 and made some additional tweaks to boost revenue, like repricing treasury management products. The initiative, which is set to be finished by the end of the year, also contained expense improvements, including some branch closures and investment in new technologies, like a new digital commercial banking platform.

Synovus has also focused much of its energy on recruiting and developing talent. It's building out its middle market banking teams, particularly in Florida, and it's also launched two new development tracks for emerging and senior leaders.

Synovus could also be in a good position to benefit from disruption caused by in-market deals, including the pending sale of Memphis, Tennessee-based First Horizon Corp. to the Canadian giant TD Bank. "[Synovus] competed a lot with First Horizon," Gailey says. "There's always a little bit of fallout when big mergers like that happen."

Synovus executives have been pretty clear about their intention to capitalize on disruption from mergers in its markets. "We put a pretty intense focus on identifying talent largely from larger institutions," says Blair. "It hasn't hurt that many of them are going through mergers. That disruption creates an opportunity for us."

Today's Synovus is a far cry from the bank that lost over $2 billion while it worked through problem loans in the aftermath of the financial crisis. Still, it's hard to outrun your past. With broad speculation about another recession around the corner, some wonder how Synovus will fare through it. It's something that the bank's executives spend a lot of time thinking about, too.

"We do see troubling signs," Akins says. "The supply chain issues are still there. Inflation is rising, credit costs will rise as rates rise, and we still see some of our customers struggling to find the sufficient labor to run their businesses at optimal levels."

Still, Akins points to improvements that he believes will put the bank in a better position when another downturn does happen. Chiefly, Synovus has strengthened its underwriting criteria since the last crisis. It also launched an analytical risk-monitoring tool in its commercial portfolio that helps its bankers to not only identify new credit needs but also keep an eye on clients' financial health.

> "The bank we want to be is the bank we've always been – only better."
>
> **Kevin Blair** / Synovus Financial Corp.

Analysts tend to agree with Akins' assessment. "I think investors think of Synovus as a credit-sensitive name because of what happened 10 to 15 years ago. But it's a very different company today. It's a lot more diversified. Their credit underwriting is completely different," says KBW's Gailey. "If we are headed into an economic recession, I think Synovus is going to do just fine."

Laura Alix is director of research at 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 ex TDRs / Loans & OREO (%)	NPA Rank	Total Shareholder Return: Total Return (%)	TSR Rank	Final Score
1	Western Alliance Bancorp.	WAL	AZ	55,983	1.81	2	22.16	1	7.29	11	0.19	6	81.7	2	22
2	East West Bancorp	EWBC	CA	60,871	1.48	6	15.72	5	8.89	2	0.25	8	58.0	7	28
3	Capital One Financial Corp.	COF	VA	432,381	2.94	1	19.98	2	9.89	1	0.40	15	49.3	12	31
4	Synovus Financial Corp.	SNV	GA	57,317	1.39	9	14.76	8	7.51	7	0.37	13	52.2	9	46
5	Fifth Third Bancorp	FITB	OH	211,116	1.30	12	11.77	17	7.47	8	0.44	16	62.4	4	57
6	Comerica	CMA	TX	94,616	1.27	14	14.35	10	7.30	10	0.54	24	61.5	5	63
6	KeyCorp	KEY	OH	186,346	1.48	5	14.94	7	6.92	18	0.47	17	45.9	16	63
8	Ally Financial	ALLY	MI	182,114	1.64	4	17.74	3	7.59	6	1.27	31	36.0	23	67
9	BOK Financial Corp.	BOKF	OK	50,249	1.21	20	11.38	21	8.61	3	0.71	27	57.6	8	79
9	Regions Financial Corp.	RF	AL	162,938	1.66	3	14.06	12	6.77	21	0.53	23	39.4	20	79
9	U.S. Bancorp	USB	MN	573,284	1.44	8	14.71	9	6.67	23	0.27	9	24.3	30	79
12	Popular	BPOP	PR	75,098	1.26	15	15.51	6	7.01	15	2.15	32	49.0	14	82
12	Signature Bank	SBNY	NY	118,445	0.95	28	12.97	15	6.02	27	0.34	11	141.5	1	82
14	Wintrust Financial Corp.	WTFC	IL	50,142	1.01	23	10.98	24	6.88	19	0.20	7	51.1	10	83
15	First Horizon Corp.	FHN	TN	89,092	1.37	10	14.13	11	6.73	22	0.51	21	32.6	24	88
16	Zions Bancorp., NA	ZION	UT	93,200	1.22	19	13.55	13	6.52	25	0.53	22	49.1	13	92
17	Citizens Financial Group	CFG	RI	188,409	1.29	13	10.39	29	7.85	4	0.55	25	36.9	22	93
17	First Citizens BancShares	FCNC.A	NC	58,308	0.96	26	11.80	16	6.96	16	0.48	18	44.8	17	93
19	SVB Financial Group	SIVB	CA	211,478	0.82	32	10.84	27	5.71	28	0.13	4	74.9	3	94
20	Cullen/Frost Bankers	CFR	TX	50,878	0.95	29	10.00	30	7.24	12	0.35	12	48.2	15	98
21	New York Community Bancorp	NYCB	NY	59,527	1.07	21	8.87	31	7.21	13	0.09	2	22.6	32	99
22	JPMorgan Chase & Co.	JPM	NY	3,743,567	1.31	11	17.12	4	5.64	30	0.77	28	27.7	27	100
23	The PNC Financial Services Group	PNC	PA	557,191	1.22	18	11.76	18	7.20	14	0.86	30	38.2	21	101
24	Northern Trust Corp.	NTRS	IL	183,890	0.99	24	13.23	14	5.64	29	0.31	10	31.6	25	102
24	Truist Financial Corp.	TFC	NC	541,241	1.44	7	10.91	26	6.47	26	0.38	14	26.1	29	102
26	Bank of America Corp.	BAC	NC	3,169,495	1.06	22	11.70	19	5.62	31	0.50	20	49.6	11	103
26	First Republic Bank	FRC	CA	181,087	0.89	30	10.77	28	6.66	24	0.10	3	41.2	18	103
28	M&T Bank Corp.	MTB	NY	155,107	1.24	16	11.21	22	7.68	5	2.19	33	24.3	31	107
29	Wells Fargo & Co.	WFC	CA	1,948,068	0.79	33	8.06	33	7.37	9	0.80	29	61.1	6	110
30	State Street Corp.	STT	MA	314,624	0.95	27	10.92	25	5.23	32	0.00	1	31.1	26	111
31	Citigroup	C	NY	2,291,413	0.99	25	11.48	20	6.95	17	0.50	19	1.0	33	114
31	Huntington Bancshares	HBAN	OH	174,064	1.24	17	11.09	23	6.84	20	0.60	26	27.0	28	114
33	The Bank of New York Mellon Corp.	BK	NY	444,438	0.84	31	8.53	32	4.17	33	0.18	5	40.5	19	120
				Median	1.24		11.77		6.95		0.47		44.83		
				Mean	1.26		12.95		6.92		0.54		46.02		

**Had not adopted CECL as of Dec. 31, 2021*

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

RankingBanking uses five metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by nonperforming assets. Capital adequacy is a function of a bank's tangible common equity ratio. Total shareholder return ranks performance by including price appreciation and dividends. Banks are scored on each of the five 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 2021 results.

The Bancorp's Perpetual Motion Money Machine

By Kiah Lau Haslett

June 2014 could have been the beginning of the end of The Bancorp.

The Wilmington, Delaware-based bank, founded as a traditional commercial bank by entrepreneur and lawyer Betsy Cohen in 1999, had spent several years carving out a niche business line of private-label banking services and prepaid debit cards.

By 2014, it was one of the biggest players in the prepaid card and payments space. And it was in trouble.

That summer, the Federal Deposit Insurance Corp. slapped the bank with a consent order over weaknesses in its Bank Secrecy Act and anti-money laundering compliance program. Until it resolved those deficiencies, the bank couldn't establish "any new prepaid card program or issue any new prepaid card product, or establish any new distribution channel for existing prepaid card products."

The news of the consent order sent the bank's stock plunging more than 29% after it came out, according to a press report at the time. Bank analysts wrote that they expected the company to spend millions of dollars resolving it, and that it would be a tedious process. "In our experience, a 12- to 18-month time frame to resolve this issue would not be out of the question," wrote analysts at one investment bank.

That time frame would prove to be wildly optimistic.

"It's to the point where we now see compliance and risk management not as a cost, but as a competitive advantage."

Greg Garry / The Bancorp

And there was more pain to come that year. The next quarter, the bank discontinued its existing commercial loan operations after uncovering millions in unreported loan losses, which delayed several company filings in 2015.

Resolving the consent order took almost six years; the FDIC finally terminated The Bancorp's 2014 consent order in May 2020. One reason for its extended duration was that regulators held the bank to a high standard of compliance before lifting it, given its heft in the private label space, says Ryan Harris, executive vice president and head of fintech solutions for The Bancorp. In that time, The Bancorp leaned into its work and made compliance one of its strengths.

"The resolution of those various consent orders shaped us into the organization that we are today: highly focused on operational delivery without losses, with strong risk management and a strong culture of compliance," says Greg Garry, executive vice president and chief operating officer of the bank. "It's to the point where we now see compliance and risk management not as a cost, but as a competitive advantage. We focus on what compliance is going to look like in 5 years, not what do the compliance regulations require us to do today."

Those six years of work solidified the bank's "advantage business model:" partnering with the biggest payment companies to move increasingly more amounts of money, all the while investing low-cost deposits gained from the partnerships into short, variable-rate specialty loans.

Today, the $7 billion bank is the engine behind some of the top names in fintech, including PayPal Holdings and its subsidiary Venmo, as well as Chime and SoFi Technologies. It focuses on three areas: fintech solutions, specialty finance and corporate operations. In recent years, the approach has stood out as one of the more successful business models there is. Total revenue grew from $197 million in 2017 to $315 million in 2021; the efficiency ratio decreased from 78% to 53% over that same time. Return on equity increased from 15% in 2020 to 18% in 2021; the bank is targeting a long-term ROE of 22%. The Bancorp's performance in Bank Director's RankingBanking has increased over time as well: It was No. 54 in its asset class based on 2019 performance, No. 10 in its asset group in 2020 and No. 3 in the top 25 banks for 2021. For 2021's performance, the Bank Performance Scorecard was renamed RankingBanking and sponsored by Crowe LLP.

The challenge going forward will be maintaining its first-mover advantage in the face of an increasing number of competitors seeking to imitate its banking as a service business line. But for now, in many ways, the only traditional thing about The Bancorp is its innocuous name.

The Bancorp's prepaid card niche was the precursor to what's now known as banking as a service. Banking as a service (often abbreviated to BaaS) is "a partnership model in which a financial institution leverages its bank charter to enable one or more [nonbank] financial services companies to offer deposit accounts directly to consumers," according to Alloy Labs Alliance, a group of community and midsize banks that work together to drive innovation, which assembled a glossary of terms associated with this business line.

Most traditional banks encounter operational risk and complexity in transaction processing, customer fulfillment and customer contact, says Clayton Mitchell, managing principal of Crowe's fintech practice, who declined to speak about The Bancorp in particular. Sponsor banks in banking as a service add another layer of complexity and potential control issues when they add partnerships, and their partners' customers.

"The level of control expands," he says. "I think the complexity comes in with, 'Who's responsible for the execution of those operational activities?' It's recognizing that regardless of who's responsible, that accountability always goes back to the bank."

The Bancorp's customers are the nonbank financial companies that want to offer some sort of banking service to their customer, often a business or individual. The bank focuses on managing the operational complexity that comes from extensive partnerships with financial technology companies — which is why Bancorp executives have moved away from the "banking as a service" label. The Bancorp pioneered banking as a service, but that term doesn't appear anywhere on the bank's website.

"Once you get to a certain scale, companies want partners that will allow them to help control their technology while taking care of the boring stuff," Garry says.

In addition to managing debit accounts for PayPal Holdings and its Venmo subsidiary, the neobank Chime and SoFi Technologies, it also provides support for companies like core platform Fiserv and Galileo Financial Technologies, according to the bank's 2022 investor presentation. These are complicated, broad relationships, involving dozens of vendors to support the partnerships and programs, Garry says. The Bancorp works with 45 different call centers, 13 different dispute providers, seven different customer identification program providers and uses 24 different processing languages.

"We take a different approach [from other BaaS banks], which is we'll take on more operational complexity [beyond offering deposit accounts]," he says. "That level of operational complexity is what allows us to provide the customization to our partners, and frankly, makes it hard to do what we do, the way we do it."

The bank has become an expert at facilitating payments for its fintech partners. One example of its diffuse invisibility across the economy is that The Bancorp moves funds for money transferring app Venmo, which is backed by PayPal. Neither Venmo nor PayPal has direct access to the payment rails; The Bancorp is the company that issues account and routing numbers, conducts the ACH transfers and disburses all of the real-time payments. It also issues the Venmo debit card.

The bank processed a little over $100 billion of spending on its cards in 2021 — the same amount that the biggest banks in the country process, Harris says. He works in the bank's South Dakota office and adds that The Bancorp moves more money in one day than the large community bank across the street moves in a year. But one advantage is that even with this massive volume of payments and transactions, the bank is small and agile enough to work creatively with its fintech partners.

> "I think what separates them from most is that, at the end of the day, they have a strong efficiency ratio. That's part and parcel with the scalability of this banking as a service model."
>
> **Frank Schiraldi** / Piper Sandler & Co.

"Our core responsibilities and capabilities are ensuring that money moves when it's supposed to move, every single day that it's supposed to move," Harris says.

The costs associated with this kind of an operation — this kind of risk — are compliance, financial crime risk management and the liability that comes with making sure people get their money. The secret to managing these accounts and processing over $100 billion in payment transactions

"Our core responsibilities and capabilities are ensuring that money moves when it's supposed to move, every single day that it's supposed to move."

Ryan Harris / The Bancorp

is scalable, automated technology. The Bancorp has created custom internal solutions, and leveraged robotic processes and other automated technologies so that it can handle the same volume at lower marginal costs. But millions of transactions add up.

"What we make on every transaction, while fractions of a cent, allows us to process billions of transactions at the same or minimal cost," Garry says.

The fintech solutions group also provides the bank with cheap and sticky funding. The majority of the bank's $6.2 billion in deposits as of the first quarter of 2022 come from card sponsorships, ACH accounts or through other payments.

This is what has allowed the bank to grow deposits while driving down costs: average deposits were $3.8 billion in 2016 with a cost of 30 basis points; by 2021, average deposits had grown to $5.7 billion with a cost of 10 basis points, according to the bank's January 2022 investor presentation. Low-cost deposits also drive the bank's growing payments income. Total noninterest income from payments grew from $60 million in 2017 to $82 million in 2021; it now makes up 26% of total income.

Although not a traditional community bank, The Bancorp does engage in some lending. Instead of parking those deposits at the Federal Reserve, The Bancorp makes loans that are short duration and variable rate — just the types of assets a bank would want to hold in a rapidly rising rate environment.

"If we didn't have the low-cost deposit base, there is no way we could be in the lending businesses that we're in," Harris says. "It's just not even possible."

The bank's team of lenders focuses on low credit risk, niche markets that have a small set of competitors: Small Business Administration loans, multifamily loans in certain areas of the country, lease and equipment financing, and lines of credit backed by securities or insurance.

The asset sensitivity of those loans means that even if the bank didn't lend a single additional dollar and kept recycling the same principal, lending would become more profitable every time the loan was replaced as long as the Federal Reserve keeps increasing rates. Garry points out that returns could be even higher. The bank could expand its risk appetite or increase the duration of its loans. But, he says, "we simply don't need to."

That flexibility and choice is essential to controlling asset growth — remaining under $10 billion allows the bank to recoup more debit interchange income. So the bank optimizes its asset mix to grow revenue outside of scale: careful allocation of the loan portfolio, focusing on overall risk-rated returns, even selling off the guaranteed portfolio of loans and turning an interest income business line into a fee one.

"We don't have to take duration risk in our investment portfolio," says Garry. "When you make smart choices, you don't have to chase returns."

Those two pieces, virtuously supporting each other and scaling as needed, make up the flywheel of The Bancorp's perpetual motion money machine. It's how the bank can process millions of transactions a year while driving down its efficiency ratio to near 50% and increasing its return on equity to 18%, all while staying under $10 billion in assets.

"I think what separates them from most is that, at the end of the day, they have a strong efficiency ratio. That's part and parcel with the scalability of this banking as a service model," says Frank Schiraldi, managing director of equity research at Piper Sandler & Co., who covers the stock. "It's only going to continue to strengthen because they're focused on optimizing the balance sheet and will continue to grow the fee income stream. I think [return on assets and return on investments] are going to continue expanding."

The Bancorp's success has not gone unnoticed in the industry: In the past few years, a number of banks have added banking as a service business lines. The earliest banks built out their own lines and forged their own partnerships; increasingly, software companies now offer middleware technology that allows banks to plug-and-play these offerings. This middleware lowers the friction and start-up costs associated with a BaaS program, but it may also lower the returns.

This evolution of BaaS is one reason why The Bancorp is resistant to the label. But the broadness and commoditization of the offering is why they aren't concerned about the competition. The Bancorp is devoted to the operational complexity that comes with being the back-end banking partner for large neobanks and payment companies; most banks that offer BaaS will not be as committed and may under-invest in staff or resources. Those that are interested in growing this business line will need to expand how they manage different types of banking risk.

> "If we continue to focus on partners first — and being a true partnership and not just a provider of services — that's where the success comes from over time."
>
> **Greg Garry** / The Bancorp

"Whether we're talking operational risk or credit risk, how do banks get a clear vision of where that risk resides? I think part of that requires bankers and these [nonbank] partners to think differently about how we identify and manage risk," says John Epperson, managing principal of financial services at Crowe. "It's a new toolbox, it's a new tool set. It's a new way of thinking about risk that you can't necessarily manage in your own bank. I think that is the real friction that continues to exist within the banking as a service models."

The Bancorp's success in banking has been less about cheap deposits and good loans — although that is a key aspect of it. Its success comes from its relentless focus on being the best middle-office facilitator and partner for fintechs, which means it has gotten good at doing what Garry calls "the boring stuff."

The depth, complexity and demands of those relationships, the increasing demand for fintech-bank partnership and the extensive investments The Bancorp has already made in its compliance program fuels executives' beliefs that those ambitious goals of 22% ROE are well within reach.

"It's not about our success. Our success is a byproduct if our partners succeed," Garry says. "If we continue to focus on partners first — and being a true partnership and not just a provider of services — that's where the success comes from over time."

Kiah Lau Haslett is managing editor of Bank Director.

THE BANCORP SERVES FINTECHS ACROSS THE COUNTRY

ACI Universal Payments
Alegeus
Betterment
brightwell
CARD.COM
chime
daVinci Payments
DISCOVER
Envestnet Yodlee
Expensify
fiserv.
GALILEO
HealthEquity
incomm
intuit
mastercard
NorthAmerican Bancard
NETSPEND
Oxygen
paymerang
PayPal
PEX
SMI
SoFi
TSYS
VISA
WEX Health
xpenditure

Source: The Bancorp

$5 BILLION UP TO $50 BILLION

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
1	The Bancorp	TBBK	DE	6,843	1.68	19	17.93	6	9.50	50	0.09	16	85.4	8	99
2	QCR Holdings	QCRH	IL	6,096	1.72	16	15.87	18	9.87	36	0.06	5	42.1	49	124
3	Hanmi Financial Corp.	HAFC	CA	6,859	1.51	41	16.32	13	9.21	57	0.09	15	114.5	5	131
4	Bank OZK	OZK	AR	26,530	2.18	2	12.87	56	14.80	1	0.27	45	53.0	28	132
5	Triumph Bancorp	TBK	TX	5,956	2.00	5	15.04	21	9.46	51	0.37	66	145.3	3	146
6	HomeStreet	HMST	WA	7,204	1.59	29	16.02	16	9.53	47	0.23	36	57.7	20	148
7	Merchants Bancorp*	MBIN	IN	11,279	2.23	1	22.12	3	6.89	137	0.01	1	72.8	13	155
8	Preferred Bank	PFBC	CA	6,046	1.69	18	17.03	9	9.69	40	0.34	58	45.6	42	167
9	Lakeland Financial Corp.	LKFN	IN	6,557	1.55	32	14.10	36	10.68	19	0.35	63	52.8	29	179
10	Live Oak Bancshares	LOB	NC	8,213	1.65	23	20.79	4	8.44	83	0.35	64	84.3	9	183
11	Sandy Spring Bancorp	SASR	MD	12,591	1.93	7	16.29	14	9.21	56	0.46	81	53.8	26	184
12	Southside Bancshares	SBSI	TX	7,260	1.59	28	12.79	59	9.99	33	0.07	11	39.6	54	185
13	ServisFirst Bancshares	SFBS	AL	15,449	1.55	31	19.47	5	7.37	133	0.08	12	113.2	6	187
14	Hilltop Holdings	HTH	TX	18,689	2.08	3	15.02	22	12.17	7	0.54	97	29.5	85	214
15	PacWest Bancorp	PACW	CA	40,443	1.75	14	16.36	12	6.54	142	0.23	37	82.1	10	215
16	Customers Bancorp	CUBI	PA	19,575	1.86	9	28.84	1	6.26	145	0.34	60	259.6	1	216
17	Stock Yards Bancorp	SYBT	KY	6,646	1.61	27	15.84	19	8.22	98	0.33	57	61.0	17	218
18	Umpqua Holdings Corp.	UMPQ	OR	30,641	1.44	54	16.18	15	8.92	66	0.09	14	32.9	76	225
19	First Financial Bankshares	FFIN	TX	13,102	1.90	8	13.35	47	11.28	11	0.63	112	42.2	48	226
20	Luther Burbank Corp.*	LBC	CA	7,180	1.23	95	13.68	42	9.28	54	0.04	2	47.3	37	230
21	First National of Nebraska*	FINN	NE	26,892	1.94	6	17.27	8	10.35	24	0.51	92	24.3	104	234
22	Eagle Bancorp	EGBN	MD	11,847	1.49	44	13.55	44	10.61	21	0.43	79	44.5	47	235
23	Byline Bancorp*	BY	IL	6,696	1.51	40	12.26	72	9.96	34	0.48	84	79.3	11	241
24	ConnectOne Bancorp	CNOB	NJ	8,129	1.70	17	13.07	53	10.06	30	0.90	130	67.9	15	245
25	Great Southern Bancorp	GSBC	MO	5,450	1.45	53	12.67	62	11.22	12	0.10	17	24.2	105	249
26	Pacific Premier Bancorp	PPBI	CA	21,094	1.66	21	12.12	74	9.52	48	0.22	31	31.9	79	253
27	Flagstar Bancorp	FBC	MI	25,483	2.08	4	23.32	2	10.15	27	0.58	107	18.2	122	262
28	WSFS Financial Corp.	WSFS	DE	15,777	1.84	10	14.87	25	9.16	59	0.24	39	12.9	136	269
29	Farmers & Merchants Bancorp*	FMCB	CA	5,178	1.32	79	14.65	29	8.69	73	0.04	3	28.4	89	273
30	TowneBank	TOWN	VA	16,361	1.46	51	12.07	75	8.78	71	0.11	18	38.0	59	274
31	Cathay General Bancorp	CATY	CA	20,887	1.54	37	12.22	73	10.09	29	0.43	76	37.8	60	275
32	Community Trust Bancorp	CTBI	KY	5,418	1.63	25	12.90	54	11.82	10	0.41	75	22.1	113	277
33	Axos Financial	AX	NV	15,548	1.65	22	16.89	11	8.85	69	1.14	141	49.0	35	278
34	First BanCorp.	FBP	PR	20,785	1.54	36	14.22	35	9.81	39	1.42	144	53.2	27	281
35	Commerce Bancshares	CBSH	MO	36,689	1.49	46	14.71	28	9.01	65	0.06	7	11.4	137	283
36	Financial Institutions	FISI	NY	5,521	1.45	52	15.92	17	7.59	126	0.30	52	46.4	39	286
37	First Foundation	FFWM	TX	10,196	1.42	56	14.90	24	8.44	82	0.20	27	26.2	98	287
38	OFG Bancorp	OFG	PR	9,900	1.54	34	14.75	27	9.69	42	1.83	147	45.6	41	291
39	Home Bancshares	HOMB	AR	18,052	1.81	12	11.74	78	10.36	23	0.50	88	27.9	91	292
39	Origin Bancorp	OBNK	LA	7,861	1.34	74	14.61	30	8.69	72	0.54	94	56.4	22	292

$5 BILLION UP TO $50 BILLION

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
41	Pinnacle Financial Partners	PNFP	TN	38,469	1.44	55	10.09	110	8.85	68	0.17	26	49.5	34	293
42	Washington Trust Bancorp	WASH	RI	5,851	1.41	62	15.06	20	8.57	77	0.33	56	30.9	81	296
43	FB Financial Corp.	FBK	TN	12,598	1.65	24	14.35	34	9.51	49	0.55	98	27.5	93	298
44	Hancock Whitney Corp.	HWC	MS	36,531	1.42	59	14.04	38	7.71	120	0.30	50	50.5	32	299
45	City Holding Co.	CHCO	WV	6,004	1.49	45	12.66	63	9.58	45	0.21	30	21.3	117	300
45	Park National Corp.	PRK	OH	9,560	1.57	30	14.53	33	10.05	31	1.11	139	35.6	67	300
47	Ameris Bancorp	ABCB	GA	23,858	1.79	13	13.84	41	8.02	107	0.34	62	32.0	78	301
48	Premier Financial Corp.	PFC	OH	7,481	1.72	15	12.78	60	9.54	46	0.88	128	39.1	55	304
49	Camden National Corp.	CAC	ME	5,500	1.33	77	12.89	55	8.22	97	0.13	22	38.9	57	308
49	Northfield Bancorp	NFBK	NJ	5,431	1.27	87	9.28	121	12.96	3	0.20	28	35.2	69	308
51	Meta Financial Group	CASH	SD	7,610	1.81	11	17.70	7	6.66	139	1.02	137	63.8	16	310
52	German American Bancorp	GABC	IN	5,609	1.62	26	13.54	45	9.87	37	0.48	85	20.3	118	311
53	Veritex Holdings	VBTX	TX	9,757	1.54	33	11.40	84	9.10	61	0.67	117	58.5	18	313
54	Metropolitan Bank Holding Corp.*	MCB	NY	7,116	1.05	119	14.57	31	7.70	121	0.27	43	193.7	2	316
55	Central Pacific Financial Corp.	CPF	HI	7,419	1.14	110	14.53	32	7.52	129	0.12	21	53.8	25	317
56	BancFirst Corp.	BANF	OK	9,406	1.53	38	14.86	26	10.87	15	0.92	131	22.8	110	320
57	Brookline Bancorp	BRKL	MA	8,603	1.36	71	12.01	76	9.87	38	0.46	82	38.7	58	325
57	First Commonwealth Financial Corp.	FCF	PA	9,545	1.50	43	12.81	57	8.61	75	0.72	120	51.9	30	325
59	National Bank Holdings Corp.	NBHC	CO	7,214	1.34	75	11.11	90	10.13	28	0.38	70	37.0	63	326
60	Lakeland Bancorp	LBAI	NJ	8,198	1.22	96	12.27	71	8.31	93	0.28	48	54.3	24	332
60	United Community Banks	UCBI	GA	20,947	1.48	48	13.48	46	8.05	105	0.28	46	29.4	87	332
62	Mercantile Bank Corp.*	MBWM	MI	5,258	1.24	91	13.22	50	7.79	118	0.07	10	33.7	73	342
63	1st Source Corp.	SRCE	IN	8,096	1.54	35	12.51	66	10.39	22	0.77	124	26.4	96	343
63	Columbia Financial*	CLBK	NJ	9,224	1.03	124	9.15	122	10.82	17	0.06	8	34.1	72	343
65	CrossFirst Bankshares*	CFB	KS	5,621	1.29	82	11.28	87	11.87	9	0.77	123	45.2	43	344
66	Banner Corp.	BANR	WA	16,805	1.35	73	13.13	52	7.93	109	0.25	41	34.3	71	346
66	International Bancshares Corp.	IBOC	TX	16,046	1.67	20	11.20	89	12.85	4	0.58	106	16.5	127	346
68	Equity Bancshares	EQBK	KS	5,138	1.40	64	13.94	40	8.49	81	2.06	148	57.9	19	352
69	Enterprise Financial Services Corp	EFSC	MO	13,537	1.38	69	12.36	69	8.13	104	0.30	51	36.9	64	357
69	Univest Financial Corp.	UVSP	PA	7,122	1.38	68	12.48	67	8.56	78	0.63	111	49.6	33	357
71	Flushing Financial Corp.	FFIC	NY	8,046	1.00	129	12.60	65	8.22	99	0.22	35	51.3	31	359
72	CVB Financial Corp.	CVBF	CA	15,884	1.41	61	10.50	99	9.16	58	0.09	13	13.6	132	363
73	Westamerica BanCorp.	WABC	CA	7,461	1.23	93	11.55	81	9.60	44	0.06	9	7.4	140	367
74	Glacier Bancorp	GBCI	MT	25,941	1.41	63	11.72	79	8.59	76	0.34	59	26.4	95	372
75	Republic Bancorp	RBCA.A	KY	6,094	1.14	111	8.46	132	13.46	2	0.49	86	44.6	46	377
76	Peapack-Gladstone Financial Corp.*	PGC	NJ	6,078	1.03	126	11.51	82	8.23	96	0.32	54	56.5	21	379
76	TriCo Bancshares	TCBK	CA	8,615	1.50	42	12.68	61	9.15	60	0.65	115	24.5	101	379
78	Central Bancompany *	CBCY.B	MO	20,284	1.29	83	10.26	103	10.75	18	0.26	42	5.4	143	389
78	Hope Bancorp	HOPE	CA	17,889	1.19	99	10.07	111	9.30	53	0.41	74	40.4	52	389
78	Seacoast Banking Corp. of Florida	SBCF	FL	9,681	1.46	50	11.21	88	11.10	14	0.74	122	21.6	115	389

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
81	Webster Financial Corp.	WBS	CT	34,916	1.30	81	13.28	48	7.97	108	0.51	89	36.6	65	391
82	Silvergate Capital Corp.*	SI	CA	16,005	0.66	146	8.38	135	8.84	70	0.22	34	99.4	7	392
83	F&M Bank of Long Beach*	FMBL	CA	11,438	1.06	118	9.67	115	10.85	16	0.23	38	23.1	107	394
84	NBT Bancorp	NBTB	NY	12,012	1.38	67	13.15	51	8.20	102	0.41	73	23.6	106	399
85	WesBanco	WSBC	WV	16,927	1.53	39	9.38	118	8.86	67	0.37	65	21.3	116	405
86	First Financial Bancorp.	FFBC	OH	16,329	1.48	47	10.52	98	7.67	123	0.52	93	44.6	45	406
86	Provident Financial Services	PFS	NJ	13,781	1.28	84	10.19	107	9.26	55	0.59	109	40.4	51	406
88	Dime Community Bancshares	DCOM	NY	12,066	1.19	100	12.45	68	7.66	124	0.44	80	48.9	36	408
89	Prosperity Bancshares	PB	TX	37,834	1.47	49	8.36	136	9.07	62	0.15	23	7.1	141	411
90	United Bankshares	UBSI	WV	29,329	1.42	58	8.74	129	10.24	26	0.40	72	16.4	128	413
91	TriState Capital Holdings	TSC	PA	13,005	0.72	143	10.23	105	4.58	148	0.06	6	73.9	12	414
92	Eastern Bankshares*	EBC	MA	23,512	1.05	120	5.45	147	12.06	8	0.27	44	25.5	99	418
93	First Bancorp	FBNC	NC	10,509	1.31	80	11.50	83	8.43	86	0.61	110	37.7	61	420
94	Horizon Bancorp	HBNC	IN	7,375	1.38	65	12.65	64	7.61	125	0.55	99	35.4	68	421
95	Atlantic Union Bankshares Corp.	AUB	VA	20,065	1.42	57	10.44	100	8.20	101	0.25	40	16.5	126	424
95	Bank of Hawaii Corp.	BOH	HI	22,785	1.14	109	17.00	10	6.17	146	0.15	24	12.9	135	424
97	Berkshire Hills Bancorp	BHLB	MA	11,555	0.71	144	7.39	143	10.00	32	0.54	96	69.2	14	429
98	Alpine Banks of Colorado*	ALPI.B	CO	6,219	1.03	125	14.93	23	6.46	143	0.11	20	19.0	121	432
99	First Merchants Corp.	FRME	IN	15,453	1.37	70	10.92	92	9.01	64	0.47	83	15.0	130	439
100	Amerant Bancorp*	AMTB	FL	7,638	0.83	140	7.94	141	10.67	20	1.01	136	127.7	4	441
101	Mechanics Bank*	MCHB	CA	19,423	1.19	101	9.15	123	7.86	110	0.39	71	46.5	38	443
102	Independent Bank Corp.	INDB	MA	20,423	1.04	121	8.13	138	10.31	25	0.20	29	14.3	131	444
103	BankUnited	BKU	FL	35,815	1.23	92	14.08	37	8.28	95	0.68	118	24.4	103	445
103	Midland States Bancorp	MSBI	IL	7,444	1.28	85	13.67	43	6.58	140	0.95	133	45.2	44	445
105	SouthState Corp.	SSB	FL	41,960	1.41	60	11.91	77	7.69	122	0.33	55	13.5	133	447
106	First Busey Corp.	BUSE	IL	12,860	1.20	98	10.77	94	7.54	128	0.28	47	30.8	82	449
107	First Financial Corp.	THFF	IN	5,175	1.17	105	9.44	116	9.61	43	0.38	68	19.5	120	452
107	Heritage Commerce Corp	HTBK	CA	5,499	0.96	135	8.47	131	7.82	117	0.11	19	41.1	50	452
109	First National Bank Alaska*	FBAK	AK	5,581	1.12	113	10.23	104	9.94	35	0.83	127	33.7	74	453
110	MidWestOne Financial Group	MOFG	IA	6,025	1.27	86	13.97	39	7.49	132	0.98	134	36.2	66	457
111	Allegiance Bancshares	ABTX	TX	7,105	1.32	78	11.04	91	8.42	87	0.57	103	25.2	100	459
112	Capitol Federal Financial	CFFN	KS	9,609	0.81	142	6.22	146	12.54	5	0.16	25	(2.0)	147	465
113	First Hawaiian	FHB	HI	24,992	1.14	108	10.31	102	6.92	136	0.06	4	20.3	119	469
113	UMB Financial Corp.	UMBF	MO	42,693	0.99	131	11.33	85	6.96	135	0.54	95	56.0	23	469
115	Tompkins Financial Corp.	TMP	NY	7,820	1.16	106	12.80	58	8.19	103	0.51	90	21.7	114	471
116	Simmons First National Corp.	SFNC	AR	24,725	1.18	104	9.05	126	8.51	80	0.63	113	40.3	53	476
117	Columbia Banking System	COLB	WA	20,945	1.19	103	9.14	124	8.62	74	0.22	32	(6.1)	148	481
117	Valley National Bancorp	VLY	NY	43,446	1.16	107	10.10	109	8.03	106	0.72	119	45.8	40	481
119	Heritage Financial Corp.	HFWA	WA	7,432	1.38	66	11.70	80	8.40	89	0.59	108	7.9	139	482

$5 BILLION UP TO $50 BILLION

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
120	TrustCo Bank Corp NY*	TRST	NY	6,197	1.01	128	10.61	96	9.69	41	0.43	77	3.9	144	486
121	First Mid Bancshares	FMBH	IL	5,987	1.12	114	10.42	101	8.43	85	0.58	105	29.8	84	489
121	Independent Bank Group	IBTX	TX	18,733	1.27	88	9.29	119	8.53	79	0.43	78	17.5	125	489
123	Community Bank System	CBU	NY	15,553	1.36	72	9.76	114	8.42	88	0.57	104	22.3	112	490
124	CNB Financial Corp.	CCNE	PA	5,329	1.13	112	13.27	49	6.45	144	0.55	100	28.0	90	495
125	Heartland Financial USA	HTLF	IA	19,275	1.23	94	10.65	95	7.83	115	0.57	102	27.9	92	498
126	OceanFirst Financial Corp.	OCFC	NJ	11,740	1.03	127	7.93	142	8.40	90	0.22	33	23.0	108	500
127	S&T Bancorp	STBA	PA	9,489	1.19	102	9.41	117	9.07	63	1.13	140	31.7	80	502
128	TFS Financial Corp.	TFSL	OH	14,133	0.50	147	4.19	148	12.35	6	0.34	61	7.1	142	504
129	Kearny Financial Corp.	KRNY	NJ	7,186	1.04	122	7.23	145	11.20	13	1.50	145	29.5	86	511
130	Banc of California	BANC	CA	9,394	0.91	138	8.39	134	9.35	52	0.72	121	35.1	70	515
131	Washington Federal	WAFD	WA	19,973	0.99	130	8.76	128	7.83	116	0.37	67	33.4	75	516
132	Nicolet Bankshares	NCBS	WI	7,695	1.34	76	11.33	86	7.51	131	1.21	142	29.2	88	523
133	Peoples Bancorp	PEBO	OH	7,064	1.26	90	10.87	93	8.21	100	0.98	135	22.8	109	527
134	The First Bancshares	FBMS	MS	6,077	1.21	97	10.11	108	8.32	92	1.03	138	26.9	94	529
135	F.N.B. Corp.	FNB	PA	39,513	1.08	117	8.30	137	7.36	134	0.38	69	32.8	77	534
136	Associated Banc-Corp	ASB	WI	35,104	1.03	123	8.72	130	7.86	111	0.66	116	37.3	62	542
137	First Interstate BancSystem	FIBK	MT	19,672	1.11	115	10.60	97	6.83	138	0.29	49	3.5	145	544
138	Fulton Financial Corp.	FULT	PA	25,796	0.95	136	9.29	120	7.85	114	0.79	125	39.0	56	551
139	Old National Bancorp	ONB	IN	24,454	1.26	89	10.02	112	8.30	94	0.80	126	12.9	134	555
140	Texas Capital Bancshares	TCBI	TX	34,732	0.69	145	8.39	133	8.33	91	0.32	53	1.3	146	568
141	Renasant Corp.	RNST	MS	16,810	1.11	116	7.96	140	7.85	113	0.50	87	15.2	129	585
142	W.T.B. Financial Corp.*	WTBF.B	WA	11,090	0.97	134	12.34	70	7.51	130	0.92	132	18.0	123	589
143	Trustmark Corp.	TRMK	MS	17,596	0.92	137	8.91	127	7.86	112	0.64	114	22.4	111	601
144	Amalgamated Financial Corp.*	AMAL	NY	7,078	0.84	139	9.96	113	7.74	119	0.88	129	24.4	102	602
145	Republic First Bancorp*	FRBK	PA	5,627	0.50	148	7.98	139	4.81	147	0.51	91	30.5	83	608
146	Northwest Bancshares	NWBI	OH	14,502	0.99	132	9.09	125	8.43	84	1.59	146	17.8	124	611
147	Old Second Bancorp	OSBC	IL	6,212	0.97	133	10.19	106	6.54	141	1.28	143	26.2	97	620
148	Cadence Bank	CADE	MS	47,670	0.82	141	7.37	144	7.54	127	0.57	101	11.4	138	651
				Median	1.34		12.10		8.61		0.41		33.56		
				Mean	1.34		12.21		8.93		0.49		39.46		

Had not adopted CECL as of Dec. 31, 2021

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

RankingBanking uses five metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by nonperforming assets. Capital adequacy is a function of a bank's tangible common equity ratio. Total shareholder return ranks performance by including price appreciation and dividends. Banks are scored on each of the five 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 2021 results.

Lakeland Financial's Success Grounded in Old-School Banking

By Emily McCormick

David Findlay started his career in banking almost forty years ago at Chicago-based Northern Trust Corp., but it was his brief detour in the restaurant business where he truly learned the value of discipline.

"When you're in the restaurant business, every single cost item matters significantly — what a napkin costs, what a condiment costs, what a straw costs," says Findlay, the CEO of $6.6 billion Lakeland Financial Corp. in Warsaw, Indiana, which placed in the top 25 of all 300 banks examined in this year's RankingBanking study. In its asset class, between $5 billion and $50 billion, it ranked ninth. Simplifying a complex business requires discipline, a lesson that carries with him to this day. "I loved my experience in Northern," he says, "but it was my experience in the restaurant industry that taught me how to run a business."

And Findlay and his team run an efficient operation at Lakeland, with a 46.8% efficiency ratio in 2021, compared to an efficiency ratio of 64% for all banks above $1

"We believe that there's the right way and the wrong way to do things, and we reinforce that over and over [again]."

David Findlay / Lakeland Financial Corp.

billion in assets as of Dec. 31, 2021, according to the Federal Deposit Insurance Corp.

In the latest RankingBanking analysis sponsored by Crowe LLP, the company's success was driven by a high level of profitability, strong capital adequacy, a low level of nonperforming assets and total shareholder return exceeding 50% for 2021. And Lakeland has been a ubiquitous high performer, landing on Bank Director's radar in 2011, when it ranked 15th in the Bank Performance Scorecard, which at the time examined the 150 biggest banks. From 2012 to 2017, Bank Director examined public banks solely by asset size; during that period, Lakeland consistently appeared in the top 20 among banks between $1 billion to $5 billion in assets, peaking at fourth in 2014. When Bank Director started publishing the top 25 banks in 2018 based on 2017 performance — irrespective of asset group — Lakeland landed at No. 4 overall. It's since appeared in the top 20 every year since. The Bank Performance Scorecard was renamed RankingBanking this year.

Lake City Bank, Lakeland's banking subsidiary, dominates its home market in Kosciusko County, where Warsaw is the county seat, holding 58% of local deposits, according to the FDIC. Expanding that map out to include surrounding counties, it comes in at No. 2, with 23% deposit share, behind another local Indiana bank, 1st Source Corp. in South Bend.

How does Lakeland do so well, year after year? Interviews with the executives leading Lakeland and the analysts covering the bank reveal a deceptively simple formula for success. It all boils down to discipline — fueled by a culture that values people and relationships.

"This is a pure kind of commercial bank, relationship driven," says Terry McEvoy, managing director and research analyst at Stephens. Commercial lending comprises 90% of Lakeland's loan portfolio, split between commercial & industrial (C&I), agri-business and various forms of commercial real estate loans. Success "starts with the culture and the philosophy of focusing on organic growth versus acquiring growth," McEvoy says.

A lot of banks talk about their culture, but few organizations dedicate the same level of attention, resources and energy to it that Lakeland does.

Banking is a commodity industry, where there's little beyond rates and terms to set one bank's products apart from a competitor. Lakeland's traditional banking model and markets across Indiana — largely in the northern part of the state, with additional locations in Indianapolis and Fort Wayne — don't set it apart. Rather, Findlay points to a culture that values relationship-building. "As an industry, we get caught up in ensuring that we're evolving in a technology-driven world, and we lose track of the simple act of taking care of the customer," he says. "The long-term discipline of focusing on the customer and the communities, and making sure we take care of them, day in and day out, is one of the biggest contributors to our success over a long period of time."

Every Lake City Bank employee — from retail staff to key executives — starts off with two days at Lake City University, an internally staffed and managed training program located on the bank's headquarters campus in Warsaw. It even includes a mock branch.

"They don't learn their trade out in the field. They learn it in the controlled environment of Lake City University," says Findlay. The training program isn't just a one-and-done orientation program; the bank's employees attend classes in-person or online several times a year. "We believe that there's the right way and the wrong way to do things," says Findlay, "and we reinforce that over and over [again]."

Lakeland takes training so seriously that it even tasks executives with teaching some of the courses. Eric Ottinger, the bank's chief commercial banking officer, helps lead a monthly class for new employees about the bank's products and services; Chief Financial Officer Lisa O'Neill gets employees up to speed on the bank's financials — everything from understanding the balance sheet and income statement to performance ratios and other indicators.

"Depending on what your role is in the bank, you will have a personalized curriculum with required courses that you have to take," O'Neill says. When she joined the team in 2014, "they set up probably 20 meetings for me to meet with different people throughout the company in various parts of the organization. And they signed me up for a whole bunch of classes," she recalls. "I had probably the first six months to work it into my everyday routine."

Classes and training opportunities stem from an employee's specific role, but they can also fuel personal growth and development. O'Neill's class — which she teaches with two other executives — is offered three times a year to anyone who wants to take it.

Culture starts with people, and banks frequently talk about their strong cultures and the value they place on their employees and customers. But Lakeland's culture displays an intentionality — a discipline — that sets it apart.

"Everybody operates on the same page," says Damon DelMonte, managing director at Keefe, Bruyette & Woods. "You have the same mentality and approach when you go to make loans; you have loan officers that are looking for similar credits with risk profiles that fit the broader view of the company and [its] strategy ... it all starts at home with this culture."

Lakeland hasn't made an acquisition in almost two decades. It's not for a lack of targets, necessarily. Findlay is often asked by analysts about whether he's changed his mind on M&A. But he's just not interested — not when an acquisition could derail the culture he and his predecessor — Mike Kubacki, now the board chair — worked so hard to build.

"By doing things organically, versus through mergers and acquisitions, we get to select the next banker, one at a time," says Findlay. He'd rather focus on hiring, developing and training the right people for his bank, rather than integrating large groups of employees who might not fit with the culture that he and his team have so carefully built.

> "As an industry, we get caught up in ensuring that we're evolving in a technology-driven world, and we lose track of the simple act of taking care of the customer."
>
> **David Findlay** / Lakeland Financial Corp.

Findlay leads his own course at Lake City University, The Leader Within, where the CEO shares lessons from his own career in banking. "I try to encourage ... the idea that it doesn't matter whether you went to college or not, it doesn't matter what your degree was; if you did go to college, it doesn't matter what your previous work experience has been," he explains. "If you focus on an objective inside the bank, and you want to develop into that role, you can do that."

Findlay didn't plan on a career in banking when he graduated from DePauw University, located about an hour outside Indianapolis, with a history degree in 1984. Northern Trust hired him as a commercial banker anyway and gave him the training he needed to do the job. "I went into the training program at Northern Trust without an ounce of accounting or finance background. But through development at Northern and through

"When I started at the bank, [Findlay] would take me around and meet the different teams ... He would walk up to an employee at any level and not only know their name, but know their husband's name, their kids' names, where they're from, what might be going on in their life. He just has a very strong connection with every employee at the bank."

Lisa O'Neill / Lakeland Financial Corp.

training, I was able to learn the trade," he says. "Education is important, but it doesn't define what you can or can't do. And so I've talked a lot about my own personal experience in banking, and my own ups and downs within the industry."

Findlay worked for about a decade at Northern Trust under Kubacki, whom he later followed to Lake City Bank in 2000. Findlay served as Lakeland's chief financial officer until he succeeded Kubacki in 2014 as CEO. "We inherited an organization that had a strong culture," says Findlay. "Then, Mike [Kubacki] and I together integrated some of the strengths and features of the Northern culture that we thought would work at Lake City Bank." Lake City University started under Kubacki's leadership.

If a company's culture stems from its leaders, then understanding Findlay provides a key to understanding Lakeland. The executives I spoke with, in separate interviews, describe their boss as a consummate people person.

Findlay often joins commercial bankers when they meet with clients. It's not that he doesn't trust his bankers; he wants to ensure that clients have multiple touchpoints with the bank. "David is right there, making sure that the clients know him," says Ottinger. "And we really take a team approach, starting with David all the way through everyone at the bank, to make sure that [clients] know someone besides their relationship manager."

Any commercial banker can put a client meeting on Findlay's calendar, and he says he'll be there. It's yet another benefit to Lakeland's organic growth strategy. "I can focus my time on helping take care of customers," says Findlay, "instead of [finding and integrating] the next acquisition."

O'Neill describes Findlay as a leader who fosters meaningful relationships with the organization's 600-plus employees. "When I started at the bank, he would take me around and meet the different teams," recalls O'Neill. "He would walk up to an employee at any level and not only know their name, but know their husband's name, their kids' names, where they're from, what might be going on in their life. He has a very strong connection with every employee at the bank."

Long before he was a banker, Findlay learned how to build connections with people from his father, a dentist. "I was always amazed at how he knew so much about his patients," he says. "My dad always made it a point to instill in us the idea that other people's lives are a lot more interesting than your own. The more you can find out about the people around you, the more enriched you'll be by knowing it. And I've carried that through my banking experience."

Kubacki reinforced his dad's lessons, teaching Findlay that "you get a very short window to be with a customer." Inside that short window, "you've got to make sure you gather all the information you need to understand that customer, understand what motivates them and understand what drives their needs." Quickly identifying a customer's needs helps create a more effective banker.

O'Neill says you always know where you stand with Findlay. "He's very direct," she says. "He's just an incredibly hard worker, but also an incredibly compassionate person."

That mix of traits came in handy during the pandemic, O'Neill says. But for such a culture-intensive organization, what happens when a crisis forces financial institutions across the country, including Lakeland, to close branch lobbies and send staff home? And what happens after?

Findlay didn't like remote work one bit. When I interviewed him in May 2021 for an article in *Bank Director* magazine, he had recently welcomed his team back into the bank's offices and branches, offering incentives to get vaccinated. He called remote work a "culture killer," but he also understood the need for more flexibility going forward. In 2022, Lake City Bank transitioned to a flexible schedule, allowing approved employees to work remotely one day a week, as long as it's Tuesday, Wednesday or Thursday. "We've held very firm in our belief that the best approach to running the business, and being successful for people inside the bank and outside the bank, is limiting the remote workforce option," says Findlay. The policy hasn't resulted in employee turnover, he says; staff seem to be on board. "They understand that we're an organization of togetherness and not an organization of remote workplaces. The culture cannot be enriched by a remote workplace."

Clearly, one-on-one relationships still matter at Lake City Bank. "I continuously get notes, emails, texts, comments from customers [who] say, 'What amazes me about Lake City Bank is, when I walk into one of your branches, your bankers know me,'" says Findlay. More than 2 million transactions occurred in the bank's 52 branches last year, most of which could have been done digitally. People still come in.

But a focus on old-school banking still has to consider the digital realm. O'Neill points to Lakeland's increased investments in technology, including hiring technologists. And last year, Lake City Bank upgraded its digital platform, using the provider Q2 to combine four disparate online and mobile solutions into one platform for retail and business banking accounts. Enhancements include financial management tools, controls to manage debit cards and a feature that lets consumers switch cards used for subscriptions to services like Netflix.

"We have to offer alternatives to our clients," says Chief Administrative Officer Kristin Pruitt, reflecting on the bank's response to the pandemic, when customers flocked to digital. "More and more transactions will happen outside of the branches. There's no doubt about that."

The pandemic may have taught Findlay the value of adaptability and flexibility, but it's by no means the first crisis he's faced. He worked at

Northern Trust during the savings and loan crisis of the 1980s and 1990s. He was Lakeland's CFO when the Great Recession started in 2007. Now, as the U.S. economy struggles with inflation, the industry appears to be on the precipice of another downturn. Findlay and his team believe the company's focus on discipline will help it weather the next storm.

"Everybody operates on the same page ... You have the same mentality and approach when you go to make loans; you have loan officers that are looking for similar credits with risk profiles that fit the broader view of the company and [its] strategy ... it all starts at home with this culture."

Damon DelMonte / Keefe, Bruyette & Woods

"We consistently approach credit with the same mindset and the same process and the same strategies, regardless of economic conditions," says Findlay. Many banks stopped serving the recreational vehicle sector when sales dropped during the financial crisis; Lake City Bank swooped in. "We were one of the banks sitting there with our balance sheet open to them," he says. RV sales boomed during the pandemic. "When the economy is good, we don't soften our credit mindset. And when the economy's bad, we don't tighten it. We are consistently applying the same credit standards to underwriting commercial credits."

Many of the high-performing RankingBanking banks remain true to their underwriting standards, says Rick Childs, a partner at Crowe LLP, and that contributes to their success. "They don't chase the last dollar," he says.

Pruitt describes a culture of excellence at Lakeland that starts with Findlay and carries throughout — how customers are served, how the bank develops business, how employees view compliance and their work in the bank's communities. "The success of the bank is the sum of everybody holding themselves to a standard of excellence," she says. Lake City Bank's eight core values end with independence because, she says, "every day, if we come in and we do the jobs that we need to do, then we have the right to stay independent."

On May 17, Lake City Bank celebrated its 150th anniversary. As part of that celebration, the bank gave $150,000 away, split equally among 15 community foundations across its footprint. "We said, 'there's no better way to start the 150th celebration than to give back to the communities that have made us successful,'" says Findlay.

Serving as an integral part of its communities is one of the reasons that Lake City Bank has continued to operate — under the same name, no less — for 150 years, through economic downturns, including the Great Depression and Great Recession, and a global pandemic. "It starts with honesty; [it] starts with community services, taking care of clients, making sure that we're profitable, and that we have a strong reputation as well as strong financial position to take care of customers," says Ottinger. "It's one banker, one customer, one branch, one market at a time that we continue to grow, and [it] has served us well."

Emily McCormick is vice president of research for Bank Director.

$1 BILLION UP TO $5 BILLION

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
1	PCB Bancorp*	PCB	CA	2,150	1.96	4	16.52	10	11.90	9	0.06	14	122.7	3	40
2	Hingham Institution for Savings*	HIFS	MA	3,431	1.88	7	17.21	9	10.34	19	0.01	5	95.9	4	44
3	Southern Missouri Bancorp	SMBC	MO	2,919	1.87	8	18.06	8	9.74	29	0.20	38	74.2	12	95
4	Southern First Bancshares*	SFST	SC	2,926	1.75	12	18.65	6	9.50	38	0.19	36	76.8	9	101
5	CapStar Financial Holdings*	CSTR	TN	3,133	1.62	16	13.87	36	10.77	15	0.17	29	44.3	41	137
6	Capital Bancorp*	CBNK	MD	2,055	1.96	5	22.22	2	9.63	34	0.73	96	88.8	6	143
6	MetroCity Bankshares*	MCBS	GA	3,106	2.51	2	23.56	1	9.04	53	0.49	82	95.7	5	143
8	Parke Bancorp*	PKBK	NJ	2,136	1.93	6	18.68	5	10.86	10	0.40	73	40.9	54	148
8	Unity Bancorp*	UNTY	NJ	2,034	1.85	9	18.91	4	10.02	23	0.58	85	51.9	27	148
10	River City Bank*	RCBC	CA	3,657	1.20	52	14.40	31	8.43	69	0.00	3	67.8	14	169
11	Bridgewater Bancshares*	BWB	MN	3,478	1.43	27	14.47	29	8.91	57	0.03	8	41.6	50	171
12	South Plains Financial*	SPFI	TX	3,902	1.60	17	15.55	19	9.85	28	0.42	77	48.7	32	173
13	Spirit of Texas Bancshares*	STXB	TX	3,266	1.45	25	11.98	64	9.72	30	0.23	45	75.3	10	174
14	Cashmere Valley Bank*	CSHX	WA	2,224	1.38	34	12.43	57	10.27	20	0.04	11	39.1	57	179
15	Coastal Financial Corp.*	CCB	WA	2,636	1.14	65	15.87	15	7.64	99	0.01	4	141.0	1	184
16	John Marshall Bancorp*	JMSB	VA	2,149	1.25	45	12.98	52	9.70	31	0.00	1	39.2	56	185
16	Waterstone Financial*	WSBF	WI	2,216	3.05	1	15.49	21	19.51	1	0.38	71	23.9	91	185
18	Home Bancorp	HBCP	LA	2,938	1.77	10	14.44	30	10.08	22	0.78	98	52.0	26	186
19	First Business Financial Services*	FBIZ	WI	2,653	1.37	36	16.22	12	8.36	70	0.29	58	62.8	17	193
20	FS Bancorp*	FSBW	WA	2,286	1.73	13	15.97	14	10.58	18	0.31	61	24.8	88	194
21	First Bank*	FRBA	NJ	2,510	1.45	26	13.82	39	9.91	25	0.65	91	56.4	21	202
22	Guaranty Bancshares	GNTY	TX	3,086	1.38	33	13.96	35	8.77	61	0.15	26	41.1	52	207
23	Alerus Financial Corp.*	ALRS	ND	3,393	1.76	11	16.20	13	9.21	47	0.16	28	9.2	109	208
24	West Bancorp.*	WTBA	IA	3,500	1.52	21	20.30	3	7.44	103	0.36	69	66.5	15	211
25	Civista Bancshares*	CIVB	OH	3,012	1.41	31	12.24	59	9.33	43	0.18	34	42.5	46	213
26	American National Bankshares*	AMNB	VA	3,335	1.42	29	12.96	53	8.17	81	0.11	19	48.3	33	215
27	RBB Bancorp*	RBB	CA	4,228	1.52	22	13.00	51	9.41	40	0.66	92	74.4	11	216
28	HomeTrust Bancshares	HTBI	NC	3,503	1.15	61	10.35	83	10.81	12	0.22	43	62.4	18	217
29	Farmers National Banc Corp.	FMNB	OH	4,143	1.69	14	15.13	26	9.15	50	0.66	93	43.8	42	225
30	HBT Financial*	HBT	IL	4,314	1.48	23	15.52	20	8.89	58	0.24	50	28.0	81	232
30	Independent Bank Corp.	IBCP	MI	4,705	1.43	28	16.41	11	7.85	94	0.18	32	34.2	67	232
32	First Community Bankshares	FCBC	VA	3,195	1.67	15	12.23	60	9.56	37	1.01	105	60.4	19	236
33	C&F Financial Corp.*	CFFI	VA	2,265	1.38	35	15.15	25	8.19	79	0.26	53	42.3	48	240
34	First Internet Bancorp*	INBK	IN	4,211	1.11	71	13.02	49	8.88	59	0.26	52	64.8	16	247
35	Orrstown Financial Services*	ORRF	PA	2,835	1.17	58	12.89	55	8.85	60	0.32	63	57.5	20	256
36	Central Valley Community Bancorp*	CVCY	CA	2,450	1.26	42	11.56	71	8.08	84	0.09	15	42.9	45	257
37	Blue Ridge Bankshares*	BRBS	VA	2,665	1.19	53	13.76	41	9.21	46	0.71	94	55.0	24	258
38	The First Bancorp*	FNLC	ME	2,527	1.48	24	15.24	23	8.60	66	0.34	66	29.3	80	259
39	Southern BancShares*	SBNC	NC	4,591	1.17	57	11.38	72	9.61	36	0.23	44	41.6	51	260
40	Bank First Corp.*	BFC	WI	2,938	1.59	18	14.56	28	9.15	51	0.33	64	13.3	101	262

$1 BILLION UP TO $5 BILLION

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
41	First Farmers Financial Corp.*	FFMR	IN	2,439	1.55	19	15.55	18	9.63	33	1.59	116	29.7	78	264
42	Cambridge Bancorp	CATC	MA	4,892	1.27	41	13.21	44	7.92	91	0.16	27	38.0	62	265
42	First Western Financial*	MYFW	CO	2,527	1.14	64	13.86	38	7.50	101	0.22	39	55.1	23	265
42	The First of Long Island Corp.	FLIC	NY	4,069	1.10	73	10.94	76	10.17	21	0.04	10	25.7	85	265
45	NASB Financial*	NASB	MO	2,187	2.36	3	14.15	33	17.65	2	1.20	112	(1.4)	116	266
46	LCNB Corp.*	LCNB	OH	1,904	1.16	60	8.91	100	9.66	32	0.11	18	38.8	58	268
47	First Citizens Bancshares*	FIZN	TN	2,248	1.26	43	11.62	69	9.38	41	0.23	46	32.8	70	269
48	Sierra Bancorp*	BSRR	CA	3,371	1.31	39	12.20	61	9.93	24	0.23	49	17.5	98	271
48	The Community Financial Corp.*	TCFC	MD	2,327	1.25	46	13.21	46	8.48	68	0.48	81	51.0	30	271
50	Greene County Bancorp *	GCBC	NY	2,345	1.23	48	18.10	7	6.82	114	0.34	65	46.7	38	272
51	Peoples Financial Services Corp.*	PFIS	PA	3,369	1.12	69	10.52	79	8.36	71	0.14	25	48.2	34	278
52	Bankwell Financial Group*	BWFG	CT	2,456	1.18	54	13.98	34	8.13	82	0.88	101	71.9	13	284
53	LendingClub Corp.	LC	CA	4,900	0.77	108	4.55	116	14.43	3	0.28	56	129.0	2	285
54	FVCBankcorp*	FVCB	VA	2,203	1.18	55	11.61	70	9.19	49	0.23	48	33.9	69	291
54	Northrim BanCorp	NRIM	AK	2,725	1.55	20	15.71	16	8.19	78	1.01	106	32.4	71	291
54	River Financial Corp.*	RVRF	AL	2,396	1.21	49	15.17	24	6.29	116	0.20	37	35.9	65	291
57	Orange County Bancorp*	OBT	NY	2,143	1.08	78	13.49	43	8.23	76	0.35	67	51.1	29	293
58	1867 Western Financial Corp.*	WFCL	CA	4,814	1.10	72	7.07	112	14.40	4	0.22	42	34.8	66	296
59	American Business Bank*	AMBZ	CA	3,912	1.08	77	15.57	17	7.12	108	0.02	6	24.1	90	298
60	Dacotah Banks*	DBIN	SD	3,393	1.14	66	10.35	82	10.75	17	0.63	87	42.3	47	299
61	Mid Penn Bancorp*	MPB	PA	4,689	1.14	62	12.16	62	8.03	87	0.31	59	49.6	31	301
62	FineMark Holdings*	FNBT	FL	3,377	0.78	106	8.95	99	9.03	54	0.04	9	47.4	35	303
62	Hills BanCorp.	HBIA	IA	4,045	1.21	50	11.30	73	10.79	14	0.32	62	11.3	104	303
64	Peoples Bancorp*	PPBB	WA	2,816	1.00	91	10.72	77	8.98	56	0.12	22	38.5	59	305
65	Citizens & Northern Corp.*	CZNC	PA	2,328	1.33	37	10.27	84	10.81	13	1.26	113	38.1	61	308
66	Virginia National Bankshares Corp.*	VABK	VA	1,972	1.03	85	12.13	63	7.43	104	0.10	17	44.6	40	309
67	Arrow Financial Corp.	AROW	NY	4,028	1.26	44	13.81	40	8.70	63	0.41	76	25.0	87	310
67	Shore Bancshares*	SHBI	MD	3,460	0.98	92	10.15	86	8.25	75	0.12	21	46.9	36	310
69	HarborOne Bancorp*	HONE	MA	4,553	1.33	38	8.72	103	13.53	6	0.99	104	38.1	60	311
70	Red River Bancshares*	RRBI	LA	3,225	1.13	68	11.16	75	9.20	48	0.06	13	8.5	110	314
71	Norwood Financial Corp.*	NWFL	PA	2,069	1.25	47	12.37	58	8.61	65	0.18	31	3.3	115	316
72	BCB Bancorp*	BCBP	NJ	2,968	1.16	59	13.16	47	8.09	83	0.64	89	45.5	39	317
73	Farmers & Merchants Bancorp*	FMAO	OH	2,638	1.20	51	10.43	81	8.34	72	0.44	79	46.8	37	320
74	Fidelity D & D Bancorp*	FDBC	PA	2,419	1.28	40	14.26	32	7.93	90	0.23	47	(6.2)	118	327
75	Citizens Financial Services*	CZFS	PA	2,144	1.39	32	13.68	42	8.55	67	0.61	86	12.9	103	330
76	First Northwest Bancorp*	FNWB	WA	1,921	0.77	109	7.18	110	9.88	26	0.10	16	31.3	73	334
76	STAR Financial Group*	SFIG.A	IN	3,109	0.89	99	9.96	90	7.87	93	0.17	30	55.4	22	334
78	SmartFinancial*	SMBK	TN	4,612	1.03	86	10.16	85	7.18	106	0.18	35	52.3	25	337
79	Evans Bancorp*	EVBN	NY	2,211	1.13	67	13.86	37	7.72	97	1.11	109	51.2	28	338
80	Summit Financial Group	SMMF	WV	3,577	1.42	30	15.31	22	7.09	110	0.81	100	27.9	82	344
81	Enterprise Bancorp	EBTC	MA	4,448	1.02	89	13.01	50	7.68	98	0.91	102	79.7	8	347
82	Isabella Bank Corp.*	ISBA	MI	2,032	0.95	94	8.75	101	8.20	77	0.11	20	36.1	64	356

					Profitability				Capital Adequacy		Asset Quality		Total Shareholder Return		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/ Tang Assets (%)	TCE Rank	NPAs ex TDRs / Loans & OREO (%)	NPA Rank	Total Return (%)	TSR Rank	Final Score
83	Canandaigua National Corp.*	CNND	NY	4,160	1.14	63	14.63	27	7.46	102	0.72	95	29.4	79	366
84	Chemung Financial Corp.*	CHMG	NY	2,418	1.06	80	12.59	56	7.91	92	0.54	84	40.6	55	367
84	Macatawa Bank Corp.*	MCBC	MI	2,929	1.02	88	11.74	66	8.67	64	0.22	41	9.3	108	367
84	Southern California Bancorp*	BCAL	CA	2,260	0.77	107	7.54	109	9.35	42	0.05	12	17.6	97	367
87	Exchange Bank*	EXSR	CA	3,537	1.07	79	11.73	67	9.03	55	0.28	57	8.3	111	369
88	Business First Bancshares*	BFST	LA	4,726	1.09	74	11.26	74	7.76	96	0.45	80	41.7	49	373
89	Burke & Herbert Bank & Trust Co.*	BHRB	VA	3,622	1.03	84	9.37	96	10.76	16	1.50	115	34.0	68	379
90	Western New England Bancorp*	WNEB	MA	2,538	0.94	96	10.49	80	8.27	74	0.27	55	30.2	76	381
91	Carter Bankshares	CARE	VA	4,134	0.68	112	7.09	111	9.86	27	0.65	90	43.6	43	383
92	Oak Valley Bancorp*	OVLY	CA	1,964	0.94	97	11.98	65	7.09	109	0.00	1	6.5	113	385
93	MVB Financial Corp.*	MVBF	WV	2,792	0.42	118	4.34	118	9.62	35	1.08	108	85.5	7	386
94	ACNB Corp.*	ACNB	PA	2,787	1.05	82	10.70	78	8.18	80	0.37	70	29.7	77	387
95	California BanCorp*	CALB	CA	2,015	0.68	114	9.32	97	7.12	107	0.02	7	36.4	63	388
95	Territorial Bancorp*	TBNK	HI	2,131	0.75	110	6.32	113	12.03	7	0.25	51	9.8	107	388
97	BayCom Corp*	BCML	CA	2,351	0.95	93	8.62	104	9.42	39	0.36	68	23.7	92	396
98	Bar Harbor Bankshares	BHB	ME	3,709	1.04	83	9.40	95	8.32	73	0.40	74	32.4	72	397
98	Tri City Bankshares Corp.*	TRCY	WI	2,057	0.78	102	8.09	105	9.31	44	0.31	60	25.3	86	397
100	Professional Holding Corp.*	PFHD	FL	2,664	0.88	100	9.81	91	7.80	95	0.12	23	24.2	89	398
101	Ames National Corp.*	ATLO	IA	2,137	1.17	56	11.65	68	9.09	52	1.11	110	6.4	114	400
102	Bank of Marin Bancorp	BMRC	CA	4,314	1.11	70	9.96	89	8.76	62	0.41	75	11.3	105	401
102	PCSB Financial Corp.*	PCSB	NY	1,888	0.78	105	5.27	115	14.27	5	0.50	83	20.9	93	401
104	CBTX	CBTX	TX	4,486	1.03	87	7.58	108	10.85	11	0.79	99	15.8	99	404
105	Primis Financial Corp.	FRST	VA	3,407	0.94	95	7.86	106	9.25	45	0.63	88	27.6	83	417
106	Colony Bankcorp*	CBAN	GA	2,692	1.08	76	12.92	54	5.98	118	0.42	78	19.5	96	422
107	First Guaranty Bancshares*	FGBI	LA	2,878	1.01	90	13.21	45	6.04	117	0.75	97	30.4	75	424
108	First Farmers and Merchants Corp.*	FFMH	TN	1,973	0.78	103	9.29	98	7.61	100	0.13	24	13.4	100	425
109	Avidbank Holdings*	AVBH	CA	2,162	0.68	113	8.74	102	6.34	115	0.27	54	43.4	44	428
110	ChoiceOne Financial Services*	COFS	MI	2,367	1.05	81	10.09	87	6.85	113	0.18	33	(10.9)	119	433
111	Merchants Financial Group*	MFGI	MN	2,823	1.09	75	13.11	48	6.95	112	1.02	107	19.7	95	437
112	Capital City Bank Group	CCBG	FL	4,264	0.90	98	10.05	88	6.95	111	0.22	40	10.0	106	443
113	Sterling Bancorp*	SBT	MI	2,877	0.44	117	4.52	117	11.94	8	3.88	119	26.7	84	445
114	Penns Woods Bancorp*	PWOD	PA	1,941	0.83	101	9.48	93	8.04	85	0.39	72	(4.4)	117	468
115	Marquette National Corp.*	MNAT	IL	2,094	0.53	116	5.58	114	7.29	105	0.99	103	40.9	53	491
116	Codorus Valley Bancorp*	CVLY	PA	2,419	0.68	111	7.83	107	7.99	88	2.18	118	30.5	74	498
117	First Northern Community Bancorp*	FNRN	CA	1,899	0.78	104	9.41	94	7.95	89	1.17	111	6.6	112	510
118	BankGuam Holding Co.*	BKGM	GU	2,792	0.59	115	9.56	92	5.06	119	1.33	114	19.8	94	534
119	Investar Holding Corp.*	ISTR	LA	2,513	0.23	119	2.36	119	8.04	86	1.71	117	13.0	102	543
				Median	1.16		12.23		8.85		0.31		38.12		
				Mean	1.22		12.20		9.09		0.47		39.59		

**Had not adopted CECL as of Dec. 31, 2021*

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

RankingBanking uses five metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by nonperforming assets. Capital adequacy is a function of a bank's tangible common equity ratio. Total shareholder return ranks performance by including price appreciation and dividends. Banks are scored on each of the five 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 2021 results.

Acknowledgments

Data used in the RankingBanking analysis was collected through S&P Global Market Intelligence and analyzed by Piper Sandler & Co., using calendar year 2021 results.

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