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## El Paso's Weststar tops SNL's community bank ranking

By [Tyler Hall](#) and [Sam Carr](#)

El Paso, Texas-based [Weststar Bank Holding Co. Inc.](#) secured the top slot in SNL's ranking of best-performing community banks with between \$500 million and \$5 billion in assets. The company was able to increase interest income while decreasing interest expense over the course of 2010. Growth in its loan portfolio was almost entirely funded by its core deposits, which also grew and were a cheaper form of funding as compared to other borrowings.

These dynamics led Weststar to win strong marks in the profitability metrics used for the analysis. While Owensboro, Ky.-based [Independence Bancshares Inc.](#) did not significantly outperform the top 100 in any one metric, it scored well enough across the board to lock in the No. 2 slot. Woburn, Mass.-based [Northern Bancorp Inc.](#) scooted into third by keeping net charge-offs close to zero.

To compile the rankings, SNL defined community banks as institutions between \$500 million and \$5 billion in assets and 60 or fewer offices. SNL ranked companies at the bank holding company level if consolidated data was reported. Otherwise, commercial bank subsidiary data was used. Additionally, banks with a majority of revenue derived from nontraditional banking activities were not included. Based on the above criteria, 764 companies were eligible for the rankings. Companies meeting the criteria received scores based on their percentile rank on each of the following six metrics: return on average tangible assets before tax, net charge-offs as a percent of average loans, adjusted nonperforming loans as a percent of total loans, operating expenses as a percent of operating revenue, net interest margin and loan growth. All metrics were weighted equally.

Of the top 25 companies displayed below, No. 25 [Bank of Marin Bancorp](#) in Novato, Calif., recorded the highest net interest margin crossing the 5% mark. This was down slightly from the prior year as a result of lower yields on investment securities and the changing composition of interest-earning assets toward more lower-yielding cash and short-term investments, according to the company's [Form 10-K](#).

*Click [here](#) to see the top 100.*

## Best performing community banks of 2010

\$500M to \$5B in assets

Rank	Company (top level ticker)	City, state	Total assets (\$M)	ROATA before tax (%)	Ranking Metrics				
					NCOs/ avg loans (%)	Adjusted NPL/total loans (%)	Oper exp/ oper rev (%)	Net interest margin (FTE) (%)	Loan growth rate (%)
1	Weststar Bank Holding Co. Inc.	El Paso, TX	880.99	2.20	0.05	1.42	50.44	4.75	9.65
2	Independence Bancshares Inc.	Owensboro, KY	1,000.54	1.89	0.11	0.46	54.46	4.37	9.02
3	Northern Bancorp Inc.	Woburn, MA	670.07	1.67	0.01	1.40	52.78	4.66	13.84
4	First National Bank of Central Texas	Waco, TX	562.47	1.79	0.01	0.15	55.00	4.11	12.77
5	North Jersey Community Bank	Englewood Cliffs, NJ	602.13	1.43	0.06	0.82	54.34	4.30	24.20
6	First Financial Bankshares Inc. (FFIN)	Abilene, TX	3,776.37	2.38	0.35	0.90	52.70	4.84	11.62
7	Austin Bancorp Inc.	Jacksonville, TX	1,246.29	1.87	0.32	0.48	62.09	4.96	15.68
8	Heritage Bank	Wood River, NE	513.16	2.20	0.01	0.48	46.69	3.95	3.86
9	Olney Bancshares of Texas Inc.	Olney, TX	1,670.53	1.82	0.04	1.48	51.27	4.98	1.31
10	Hometown Banc Corp.	Grand Island, NE	810.18	1.74	0.09	0.46	52.27	4.08	5.62
11	Industry Bancshares Inc.	Industry, TX	1,494.85	1.86	0.21	0.85	52.19	4.04	16.08
12	First Financial Banc Corp.	El Dorado, AR	726.71	2.52	0.30	1.74	54.20	4.50	16.49
13	Southern Bank (SMBK)	Poplar Bluff, MO	690.37	2.46	0.08	0.18	44.80	3.47	39.13
14	American Bancor Ltd.	Dickinson, ND	743.70	1.71	0.10	0.69	67.27	4.87	11.88
15	American State Financial Corp.	Lubbock, TX	2,690.81	2.06	0.32	0.85	55.05	4.52	3.72
16	Heartland Bancorp Inc.	Bloomington, IL	1,641.92	1.85	0.43	1.39	49.32	4.46	12.60
17	First Paragould Bankshares Inc.	Paragould, AR	644.75	1.83	0.40	0.36	49.65	4.20	5.21
18	Manhattan Banking Corp.	Manhattan, KS	734.64	1.59	0.32	0.87	49.99	4.31	4.22
19	Burke & Herbert Bank & Trust Co. (BHRB)	Alexandria, VA	2,282.58	2.37	0.39	1.33	42.29	4.65	0.85
20	Town & Country Bank	Salem, MO	502.72	1.69	0.17	0.61	57.17	4.18	2.70
21	Cambridge Bancorp (CATC)	Cambridge, MA	1,130.99	1.85	0.07	0.20	66.89	4.20	5.69
22	Amarillo National Bancorp Inc.	Amarillo, TX	2,790.65	2.37	0.46	0.51	49.22	4.13	3.37
23	Paducah Bank and Trust Co.	Paducah, KY	520.13	2.21	0.21	1.45	56.68	4.62	0.52
24	Waupaca Bancorp. Inc.	Waupaca, WI	754.04	1.72	0.60	1.71	48.97	4.74	9.26
25	Bank of Marin Bancorp (BMRC)	Novato, CA	1,208.15	1.83	0.38	1.40	55.20	5.01	2.58

Financial data current as of March 30, 2011.

For the purposes of this ranking, SNL defined community banks as commercial banks and bank holding company top-tier entities with 60 or fewer offices.

Companies with significant other non-interest income from non-traditional banking activities are excluded.

Industrial and trust chartered banks are excluded.

Excludes banks with a tier 1 risk-based ratio less than 6%, total risk-based capital ratio less than 10% or a leverage ratio less than 5%.

Data is based on 2010 regulatory data. All ranking metrics must have been reported for company to be included.

FTE = Fully taxable equivalent

ROATA = Return on average tangible assets

Source: SNL Financial

El Dorado, Ark.-based [First Financial Banc Corp.](#) chalked up the highest pretax return on average tangible assets at 2.52% and ranked No. 12 overall. Close behind with a 2.46% pretax return on average tangible assets was Poplar Bluff, Mo.-based [Southern Bank](#), which posted the highest loan growth, at 39.13%. The company [acquired](#) \$152.8 million in assets through an FDIC-assisted deal in December 2010 and recorded a gain on bargain purchase in the quarter, which accounted for approximately half of its return on average tangible assets. Its parent, [Southern Missouri Bancorp Inc.](#), is trading off its 52-week high and was the second-highest ranked public bank behind Abilene, Texas-based [First Financial Bankshares Inc.](#)

## Public companies in top 100

Top 100 rank	Company (top level ticker)	Market value (\$M)	Closing price (\$)	52- week high price (\$)	Date of 52- week high	52- week low of 52- price week (\$)	Date of 52- week low	Price/ earnings (x)	One year total return (%)
6	First Financial Bankshares Inc. (FFIN)	1,079.1	51.49	54.94	04/30/10	43.55	08/24/10	17.4	1.9%
13	Southern Bank (SMBC)	49.7	23.70	24.10	03/31/11	14.03	09/24/10	2.3	71.8%
19	Burke & Herbert Bank & Trust Co. (BHRB)	480.6	2,500.00	2,650.00	12/27/10	1,890.00	04/12/10	13.0	35.8%
21	Cambridge Bancorp (CATC)	128.8	34.25	34.95	01/05/11	30.10	04/06/10	12.2	19.0%
25	Bank of Marin Bancorp (BMRC)	201.4	38.00	38.20	04/01/11	30.08	07/16/10	13.0	16.9%
27	First of Long Island Corp. (FLIC)	244.4	27.96	29.61	01/26/11	23.62	04/12/10	15.2	19.4%
30	State Bank Financial Corp. (STBZ) <sup>1</sup>	535.8	16.95	18.00	02/22/11	14.00	12/21/10	10.3	20.0%
31	Citizens Financial Services Inc. (CZFS)	108.3	37.50	45.00	01/11/11	26.24	06/30/10	9.3	45.3%
39	Penns Woods Bancorp Inc. (PWOD)	148.7	38.77	41.26	12/02/10	26.40	05/07/10	12.9	21.6%
40	Penseco Financial Services Corp. (PFNS)	121.2	37.00	40.00	03/16/11	31.50	07/08/10	11.3	13.6%
50	Jeff Davis Bancshares Inc. (JDVB)	75.7	48.50	55.00	04/26/10	46.00	08/23/10	11.7	-7.2%
51	Citizens & Northern Corp. (CZNC)	208.3	17.10	17.25	04/01/11	10.15	08/24/10	10.7	50.8%
54	Embassy Bank for the Lehigh Valley (EMYB) <sup>2</sup>	39.4	5.50	6.10	10/15/10	5.25	09/20/10	6.3	-8.3%
55	National Bankshares Inc. (NKSH)	200.2	28.88	32.80	12/28/10	21.27	08/20/10	13.1	10.6%
56	First National Bank Alaska (FBAK)	589.4	1,775.00	2,000.00	08/26/10	1,700.00	03/28/11	13.9	10.0%
58	Centrix Bank & Trust (CXBT)	47.8	15.50	17.00	11/04/10	12.25	04/12/10	12.5	19.2%
60	S.Y. Bancorp Inc. (SYBT)	347.6	25.30	25.59	07/27/10	22.29	05/25/10	14.4	13.8%
61	Peoples Neighborhood Bank (PFIS)	83.2	26.49	29.00	05/03/10	22.60	04/12/10	10.2	26.0%
62	Eagle Bancorp Inc. (EGBN)	269.9	13.68	15.14	01/18/11	10.25	07/22/10	14.9	15.4%
68	Arrow Financial Corp. (AROW)	287.7	25.05	28.51	12/22/10	21.29	07/21/10	13.6	3.4%
69	Orange County Bancorp Inc. (OCBI)	76.3	38.75	40.00	08/31/10	36.50	08/06/10	10.8	0.4%
73	Honesdale National Bank (HONT)	80.5	314.00	330.00	01/13/11	302.00	08/27/10	11.0	2.7%
74	Bridge Bancorp Inc. (BDGE)	143.9	22.45	27.84	06/25/10	20.21	06/07/10	14.8	-1.0%
75	Washington Banking Co. (WBCO)	210.7	13.74	14.84	05/03/10	11.66	06/23/10	13.2	12.1%
76	Financial Institutions Inc. (FISI)	244.4	17.72	20.74	12/22/10	14.14	08/31/10	11.7	23.9%
78	Ames National Corp. (ATLO)	178.6	18.93	22.84	12/30/10	16.61	08/25/10	14.8	-1.5%
79	Cardinal Financial Corp. (CFNL)	343.0	11.86	12.15	12/29/10	8.56	08/25/10	21.2	12.9%
80	German American Bancorp Inc. (GABC)	217.0	17.28	18.91	12/22/10	14.60	04/12/10	15.4	19.1%
81	CCFNB Bancorp Inc. (CCFN)	75.7	34.00	34.00	04/01/11	26.25	07/14/10	13.5	31.3%
83	American Business Bank (AMBZ)	98.5	22.50	24.55	02/18/11	20.00	03/29/11	10.6	-1.9%
86	1st Summit Bancorp of Johnstown Inc. (FSMK)	81.7	74.50	74.50	03/22/11	50.00	02/15/11	13.8	9.0%
90	Dacotah Banks Inc. (DBIN)	168.0	151.00	178.00	10/14/10	150.00	02/04/11	9.4	7.8%
92	Orrstown Financial Services Inc. (ORRF)	224.8	28.14	28.48	01/04/11	20.00	07/20/10	12.8	13.2%
93	Bank of Utica (BKUT)	71.8	287.00	310.00	02/23/11	240.00	04/12/10	5.0	26.1%
95	NB&T Financial Group Inc. (NBTF)	68.5	20.00	27.06	12/31/10	16.50	07/06/10	25.0	17.7%
96	Canandaigua National Corp. (CNND)	167.1	354.00	360.00	11/30/10	281.00	07/26/10	9.6	14.5%
<b>SNL U.S. Bank \$1B-\$5B Asset Index</b>								<b>15.7</b>	<b>2.2%</b>
<b>SNL U.S. Bank \$500M-\$1B Asset Index</b>								<b>14.7</b>	<b>4.0%</b>

<sup>1</sup> Total return start date is Dec. 6, 2010.

<sup>2</sup> Total return start date is Aug. 5, 2010.

Excludes Bank of Southside Virginia Corp. since it was not actively traded between April 1, 2010, and April 1, 2011.

All pricing data as of April 1, 2011.

Source: SNL Financial

On a state level, Texas banks dominated the top-100 list with a total of 16 banks, followed by Pennsylvania with 10 and New York with eight. However, states such as Nebraska, Kentucky and Arkansas stand out with the highest number of banks making the top-100 cut as a percentage of the number in the state eligible for the ranking, with 44%, 32% and 27%, respectively.

### States by number of banks in top 100

State	Number of banks in top 100	Number of banks in analysis	% in top 100
Texas	16	65	24.6
Pennsylvania	10	44	22.7
New York	8	33	24.2
Kentucky	7	22	31.8
Missouri	5	25	20.0
Virginia	4	28	14.3
Iowa	4	21	19.0
Ohio	4	19	21.1
Arkansas	4	15	26.7
Nebraska	4	9	44.4
<b>Analysis totals</b>	<b>100</b>	<b>764</b>	<b>13.1</b>

Only top 10 states included.

Source: SNL Financial