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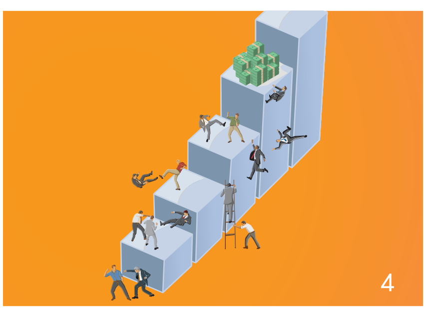

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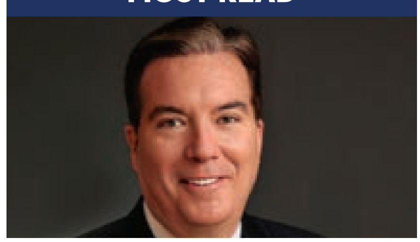

This Is No Bailout

News that Fannie Mae and Freddie Mac needed an infusion from the Treasury Department to cover quarterly losses underscored problems with the government's 2012 decision to "sweep" the housing giants' profits, Gary Hindes of the investment management firm Delaware Bay Company wrote in BankThink.

MOST SHARED

A Mortgage in 30 Minutes

Lenda, launched in 2014, currently makes mortgages start to finish in two weeks. But it's aiming to make it a process that can be finished on a borrower's lunch break. "We cater to the customer who lives on their phone, laptop and tablet and shops online and compares online," Chief Executive Jason van den Brand said.

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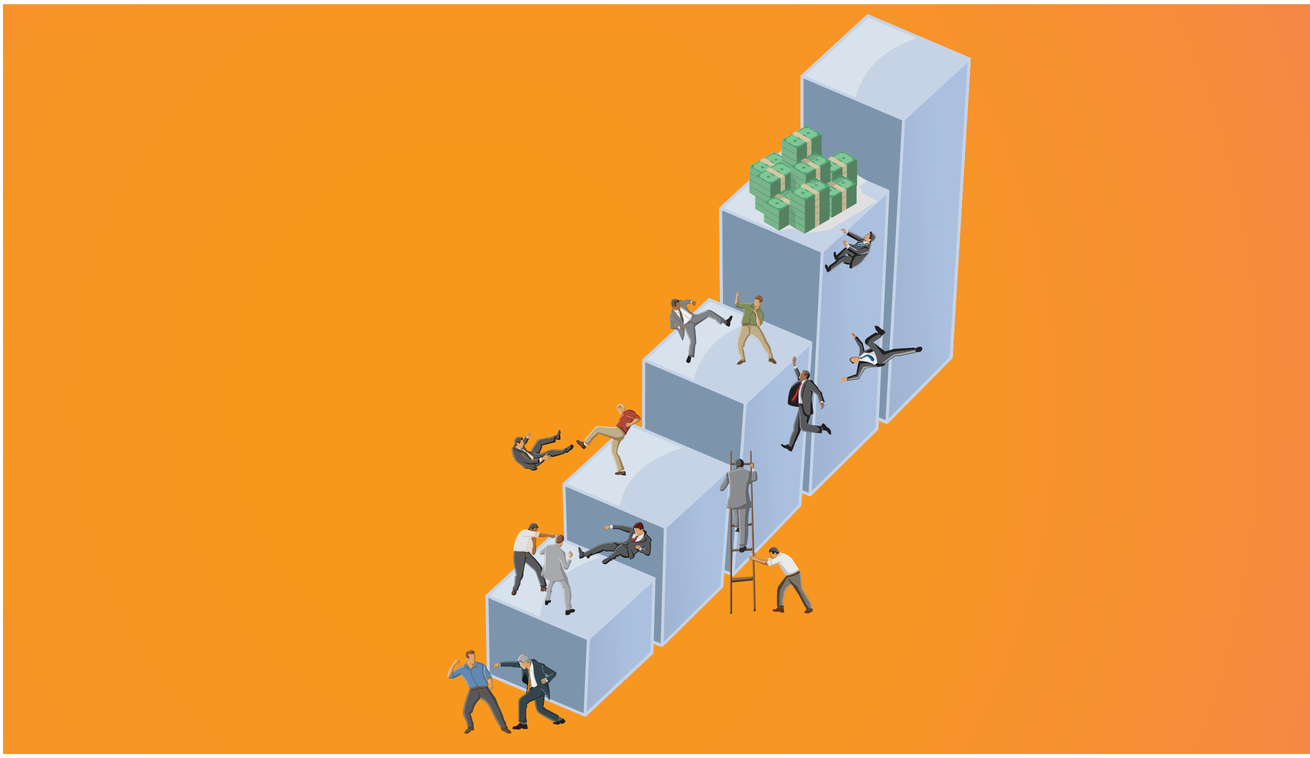

The Battle for Deposits Intensifies

Megabanks strategize to hang on to their cheap deposits with Fed rate hikes coming

By Kristin Broughton

Big banks have begun taking steps to protect their stockpiles of cheap deposits ahead of what could be as many as four Federal Reserve rate hikes this year.

Over the last two quarters, at least two of the nation's biggest banks — Wells Fargo and Bank of America — have tinkered with the way they set deposit rates, carving up a handful of key states into smaller markets, according to Informa Research Services, a Los Angeles data firm that tracks deposit rates and promotions. The move will let the two banks more efficiently counter attempts by small banks and credit unions to lure customers away with deposit promotions.

Other big banks, meanwhile, are exploring new ways to use data and analytics to adjust rates for lucrative customer segments. For instance, some are offering promotions to affluent millennials who may be tempted to open higher-yielding accounts at online banks, observers said.

Taken together, the moves illustrate how the industry's biggest players are becoming more precise and tech-savvy in setting deposit rates — and how they plan to respond once the federal funds rate rises enough to spur more intense competition for consumer deposits.

"Pricing is not just setting a rate sheet and pushing it out to your branch and hoping it goes well," said Brian Buckingham, vice president of U.S. deposits at Nomis Solutions, a financial pricing firm in Silicon Valley.

Over the past few years, much has been made in the industry about how the rise of smartphones and digital banking has changed the competitive landscape because they allow consumers to move money between banks more easily.

But things have changed for banks too, since the last time interest rates were on the rise a decade ago.

"What is different this time is banks have much, much better data" – on


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both customers and competitors – said Deepak Goyal, a partner in the financial services practice at Boston Consulting Group. He added that banks are in the "early stages" of figuring out how best to use it.

Rates paid on deposits continue to be measly for most retail savers. The national average rate on regular savings accounts has remained stuck around 0.14% for the past five years, according to Keefe, Bruyette & Woods.

Rates on money market accounts have risen just 3 basis points in the past year, to 0.20%. Competition for CDs has picked up slightly, with rates on one- and three-year CDs rising by about 20 basis points, to 0.62% and 1.07%, respectively.

The low deposit prices have been a boon to margins and earnings, at a time when commercial loan demand has been lackluster.

A recent report from Fitch Ratings illustrates the point. If all of the systemically important banks paid depositors an average of 75 basis points extra on their retail savings accounts, their collective pretax income would decline by 11%, the ratings agency wrote.

"There's no way that these rates can remain as low as they are forever," Goyal said. "My suspicion is if one of the big banks broke ranks," the others would follow.

Retail deposit rates vary by market, and most big banks are looking at ways to more nimbly respond to changes in consumer demand and local competitive dynamics, observers said.

Wells, which has used regional pricing elsewhere in the country, split up its home state of California into four regions, including two that focus on the metropolitan areas around Los Angeles and the Bay Area, according to Informa. That move sets the bank up to offer different rates in each of those regions as needed.

Bank of America split four states — its home state of North Carolina, as well as South Carolina, Missouri and Illinois — into two markets each, according to Informa.

Some regional banks, such as U.S. Bancorp, have set deposit prices at a local level for years, according to Ray Montague, director of deposit rates at Informa. He said that the Minneapolis company has 10 different pricing regions in Iowa alone.

Though deposit pricing has not been an issue for most of the past decade, it is getting a lot of attention now.

"All of the top 10 banks are thinking about this — and even below that," said Buckingham, of Nomis.

"There hasn't been much reason to invest in more granular pricing over the past 10 years," Buckingham said. "This is the next frontier."

Call Me Maybe

Banks, consumer groups clash over robocalls

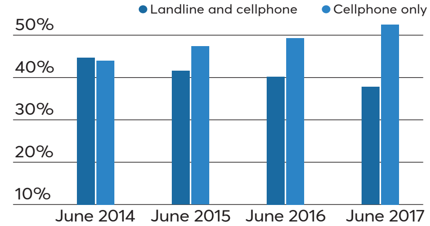
A recent federal appeals court decision to ease restrictions on robocalling highlights the divide between banks and consumers over where customer service ends and nuisance begins.

The banking industry argues that a March ruling by the D.C. Circuit Court will make it easier for banks and credit unions to use automated calls to communicate important information to customers, such as warning them that loans are on the verge of becoming delinquent or that accounts have been exposed to fraud.

But consumer groups say that the decision gives financial services companies license to do more aggressive marketing and could lead to more harassing phone calls over unpaid debts.

Wrong number

More than half of all households no longer have home phones



Source: National Center for Health Statistics

The ruling struck down some interpretations the Federal Communications Commission made of the Telephone Consumer Protection Act (TCPA) in 2015.

The FCC's guidance was designed to protect consumers from unwanted calls, but the debt collection industry, with support from banks and credit unions, filed suit, arguing that it allowed telephone service providers to block far too many legitimate calls.

The federal appellate court's ruling could provide relief for financial services companies on two fronts.

One concerns the type of equipment used by banks to make robocalls. Nearly any device, from smartphones to web browsing software, previously was deemed automated dialing equipment and thus violated the TCPA. The court said the FCC's interpretation was too broad and essentially threw out the rules on the types of equipment companies can use to initiate robocalls.

Donald Maurice, a Flemington, N.J., attorney who advises banks on debt collection, said that the FCC's 2015 guidance "made it very difficult for any business to send any kind of message to a customer. A sub shop couldn't send a text message to their customers."

The court also threw out the FCC's guidance related to misplaced calls. Banks were given only one attempt to place an automated call to a number and reach the intended person. If a bank called the same mistaken number twice, it violated the FCC's standard.

That was a nearly impossible standard to meet, Maurice said. One reason is that huge numbers of U.S. consumers have replaced landline phones with wireless ones. The number of adults living in a home with only wireless phone service rose from less than 5% in 2003 to 52% in 2017, according to the Centers for Disease Control and Prevention.

Many millions of cell phone numbers are changed each year, making it tough to ascertain the correct number of any individual consumer, bankers contend. Now they have more breathing room.

"If you have no basis for knowing a call has been reassigned, you can provide yourself with a pretty good legal defense," said Thomas Good, an attorney at Barron & Newburger who advises banks. *— Andy Peters*

A Cool Deal

SunTrust partners with online lender to offer HVAC upgrades

SunTrust Banks is teaming up with another fintech upstart to extend its reach in consumer lending.

The $202 billion-asset Atlanta company has struck a partnership with the online lender Microf to offer point-of-sale loans to homeowners looking to replace aging residential heating, ventilation and air conditioning systems.

SunTrust will hold the loans on its books and a pay a fee to Microf for the referrals. Microf, based in Albany, Ga., offers the loans through its nationwide network of HVAC contractors.

Mitch Masters, Microf's chief executive, said his company is seeking at least a few more bank partnerships as well.

SunTrust has aggressively expanded its consumer lending in recent years through partnerships with online lenders. Its Lightstream subsidiary, which it acquired in 2012, offers financing for a wide range of goods and services, including cars, boats, medical procedures, weddings and adoptions. It is also one of roughly 15 banks that offers home-improvement and other personal loans through a partnership with the fintech GreenSky.

SunTrust's portfolio of indirect consumer loans climbed to $12.1 billion in 2017, a 13% increase from the year earlier. Direct consumer loans increased 12% year over year, to $8.3 billion.

Microf, founded in 2010, has been targeting borrowers with slightly blemished credit. But the new SunTrust partnership will allow its contractor partners to offer point-of-sale loans to prime and super-prime consumers, according to Masters.

Microf will continue to issue and service loans to subprime customers and refer the customers with better credit to SunTrust. "Prime and super-prime borrowers are not our business model," Masters said.

Microf, which is backed by the Bethesda, Md., private equity fund Rotunda Capital, has loan-referral arrangements with thousands of large HVAC dealers across the country, including Ace Home Services in Phoenix and Estes Services in Atlanta.

Masters said he founded Microf as a way to help HVAC contractors provide financing options to customers. "Most contractors will take cash or credit cards, but they don't have financing partners," he said. "They know the HVAC business, but they never learned financing." *—Andy Peters*

Fighting Fintechs on Their Own Turf

BBVA Compass cites advantages that mitigate its risk with unsecured personal lending

By Laura Alix

Emboldened by accolades for its mobile app and other digital initiatives, BBVA Compass in Birmingham, Ala., is starting to offer unsecured personal loans online.

Given the loan volume that fintech lenders already have and the overall increase in consumer debt, some fear that market could be oversaturated.

But officials at BBVA Compass, the U.S. subsidiary of Spain's Banco Bilbao Vizcaya Argentaria, insist that demand is strong enough to support more players and that they have a few competitive advantages over nonbank lenders — including knowing their customers better.

"Digital transformation has been our vision in the longer term," said Shayan Khwaja, BBVA Compass' executive director of consumer lending. "We've seen the asset class grow, and fintech has shined a light on how we can take this value proposition to the consumers. The general population is fairly savvy with digital products. They're not just used to it, but they're demanding it."

Banks have sought to boost consumer lending during a period of sluggish growth in business loans.

Several already have experimented with unsecured personal lending, including Barclays' U.S. division and PNC Financial Services Group. Barclays touts its personal loan as a way to consolidate debt, though PNC has not specified whether it intends to market its product that way.

Others have gotten into personal loans through third-party relationships, with point-of-sale lending being particularly popular. Fifth Third Bancorp in Cincinnati is one of several banks to partner with the fintech lender GreenSky, which offers point-of-sale loans for home improvement projects. Fifth Third said it entered the business because millennials are averse to carrying lots of credit card debt, but are not opposed to debt altogether.

BBVA Compass first rolled out its

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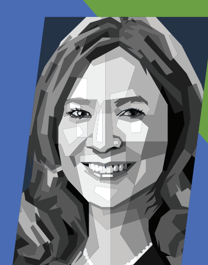

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Express Personal Loan in its branch network in 2015 and later invited select customers to apply online. The loan, which is marketed primarily for debt consolidation, ranges in size from $2,000 to $35,000 when opened online and carries an annual percentage rate between 5.91% and 35.06% depending on the borrower's credit profile.

Consumers can apply for the loan in a branch for amounts up to $100,000, but BBVA hopes the option to apply on its website or through its mobile app will appeal to those who would rather not visit a branch. Customers who already have checking accounts with the bank can receive funds on the same day they apply, while those who do not are typically approved that day and funded two or three days later.

BBVA also offers customers the option to provide their credit information and check their rate or loan offer without damaging their credit score.

The digital version of the loan is available in BBVA Compass' existing markets, except for California, where it is offered only in branches or to a prescreened population.

Khwaja said the bank wants to fine-tune its approach for California because, given the abundance of fintech lenders there, consumers may have high expectations for a digital loan product. "The hurdle's probably a little bit higher in California," he said.

Khwaja did not disclose how large BBVA Compass' unsecured consumer portfolio is right now, nor would he share the average FICO score, interest rate or loan amount.

Chris Marinac, an analyst at FIG Partners, said the move into a digital personal loan product makes sense given BBVA Compass' digital focus and its 2014 acquisition of Simple.

"Banks have to be proactive in how they find new loans today," Marinac said. "The industry still is struggling to get additional loan growth."

Yet Moody's Investors Service called BBVA's announcement a credit negative, citing greater loss rates on unsecured consumer loans overall and mounting competitive pressures.

BBVA Compass also will need to protect against the heightened risk of fraud, said Julie Conroy, a research director at Aite Group. She warned that online loan origination channels are particularly susceptible to synthetic identity fraud, in which the thief fabricates a totally new identity, often by stitching together bits of information stolen in data breaches. The fraudster uses that new identity to apply for a loan, with no intent to ever repay.

Khwaja said BBVA Compass has invested in the talent and tools it needs to guard against fraud.

The bank also has some advantages over fintech companies that merely have a lending relationship with their customers. When the bank lends to an existing customer, it has insight into that customer's cash flow, giving it a more complete picture of the risk it is taking on, Khwaja said.

A Boost for Biometrics

New security technology that's effortless for consumers gains traction at banks

Behavioral biometrics — the coding of a user's actions to verify their identity — seems to possess all the elements that banks want in security technology.

It's painless for customers to use and hard for criminals to spoof. And it's not subject to the same kinds of privacy protection regulations as other biometrics — such as a thumbprint or a retina scan.

The technology's increasing popularity is reflected in the growth plans at the behavioral biometrics firm BioCatch, which recently closed a $30 million round of financing.

BioCatch, which is based in New York and Israel, will use the financing to explore new use cases and expand into other industries beyond financial services.

Behavioral biometrics is especially attractive to bankers, because it works in the background, adding a layer of security without creating any friction for customers, said Julie Conroy, director of research at Aite Group.

Though no financial institution can rely on any one kind of technology to defend itself, the kind of data that BioCatch collects is particularly hard for fraudsters to copy: subtle movements like the way someone swipes across the screen to unlock the phone, or the way the phone is held during a voice call, Conroy said.

The lack of annoyance to the customer is a major reason that Experian adopted BioCatch as a third-party provider for the CrossCore security platform that it markets to financial institutions of all sizes, as well as to telecommunications companies and online retailers.

"The thing about most of these behavioral biometrics is that they're passive. They're happening in the background and the end user doesn't feel intruded upon," said Kathleen Peters, Experian's senior vice president of global fraud and security.

BioCatch is exploring other use cases, like authenticating new customers at the time of sign up, said Frances Zelazny, vice president of marketing at the behavioral biometrics firm. It is also expanding into other industries, such as payroll processing and insurance.

BioCatch does not say how many

financial institutions it works with, but it sifts through about 5 billion transactions per month and has around 60 million users in its system, Zelazny said.

Other service providers also are getting into the behavioral biometrics space, as companies in need of fraud prevention increasingly ask about this type of security. Al Pascual, head of fraud and security at Javelin Strategy & Research, said that is a good indicator of its success and popularity. .

"If you've worked with product managers, you know it takes a while to integrate those capabilities and things that show up on product road maps, but we're actually seeing these capabilities being integrated with other solutions and they're live," Pascual said. "That tells you that in this short time frame since BioCatch came into existence, how much interest there really is."

Another plus is that this type of data is not governed by the privacy regulations that apply to physiological biometrics.

Though that could change, Pascual said it is highly unlikely that behavioral biometrics would attract such regulatory scrutiny.

Behavioral biometrics data is not considered to be personally identifiable information in the same way that data from physical biometrics is — and with good reason. A database of palm prints could be easily linked back to their owners, but movements on a touch screen, not so much.

As Zelazny put it, "you can't tell who somebody is based on their mouse movements."

Three states — Illinois, Texas and Washington — have passed laws either requiring companies to ask users to opt in to the collection of biometric identifiers or governing how companies may use that kind of information.

But behavioral information is important to advertisers, so restricting the collection and use of it is a hard sell politically, Pascual said. "Understanding what our behavior is has incredible value to folks like Google and Facebook and basically any advertiser," he said. "To suddenly say, 'If you see Al do something, then you can't save that information and use it later,' I don't think you're going to hear any legislator really push hard for that." — *Laura Alix*

Outlook Is Cautiously Optimistic

A minor dip in profitability this past year belies the promise of what's ahead for publicly traded banks and thrifts with less than $2 billion of assets.

The median return on average equity for the 633 institutions that fit the criteria for our annual ranking fell by 58 basis points in 2017, to 6.95%.

By comparison, the institutions that ranked in the top 200 posted a more comfortable median ROAE of 9.89%. But that is still a drop of 47 basis points from the previous year.

Kevin Halsey, a consultant at Capital Performance Group, blamed the decline on a particular one-time item, rather than any performance issues. Because of corporate tax reform, many banks had to write down deferred tax assets in the fourth quarter, hampering overall profitability.

"It was actually a decent year for the banking industry, even among the community banks, which have traditionally underperformed their larger counterparts," Halsey said.

With the help of rising interest rates, lower corporate taxes and reduced regulation, "it's going to be an even better 2018," he added.

But community banks still have serious challenges ahead, particularly in the competition for low-cost deposits against the more digitally savvy megabanks.

The rate that the institutions in this ranking grew core deposits slowed in 2017 to about a third of what it had been in the previous year, according to an analysis by CPG.

"I think it highlights the struggle that community banks have today gathering deposits," Halsey said. — *Bonnie McGeer*

Rank	Institution/Ticker	Location	Total Assets ($000)	Market Value ($Millions)	Closing Price ($)	3-YR ROAE Avg. (%)	ROAE (%)	ROAA (%)	Net Interest Margin (%)	Net Income ($000)	Total Noninterest Income ($000)	Efficiency Ratio (%)	Total Risk-Based Capital (%)
1	First Home Bancorp (FHBI)	Saint Petersburg, FL	260,579	NA	NA	29.11	23.17	2.53	4.29	5,473	27,252	60.24	16.96
2	MetroCity Bankshares (MCBS)	Doraville, GA	1,292,216	260.29	22.00	22.69	27.09	2.77	4.75	31,883	32,362	36.91	16.65
3	University Bancorp (UNIB)	Ann Arbor, MI	226,986	46.55	8.95	21.97	23.24	2.48	3.96	4,636	34,127	87.41	12.63
4	Oregon Bancorp (ORBN)	Salem, OR	204,892	32.70	30.80	19.59	23.41	2.59	4.10	4,963	30,415	75.85	14.82
5	Thomasville Bancshares (THVB)	Thomasville, GA	805,465	237.77	40.00	17.35	16.86	1.53	3.75	12,062	12,190	48.65	11.19
6	Plumas Bancorp (PLBC)	Quincy, CA	745,427	125.07	24.65	15.35	15.38	1.18	4.35	8,189	8,438	55.09	13.23
7	First Commerce Bank (CMRB)	Lakewood, NJ	1,017,122	152.20	6.76	15.28	14.25	1.57	4.28	15,336	1,381	35.97	14.82
8	Union Bankshares (UNB)	Morrisville, VT	745,831	241.14	54.00	14.86	14.53	1.21	4.19	8,449	9,378	64.06	13.66
9	US Metro Bank (USMT)	Garden Grove, CA	325,326	61.67	3.80	14.65	15.30	2.67	3.92	6,700	7,024	60.00	21.69
10	Coastal Banking Co.* (CBCO)	Beaufort, SC	606,365	78.70	21.25	14.61	12.57	1.22	3.96	6,992	21,244	71.17	25.29
11	Bridgewater Bancshares (BWB)	Bloomington, MN	1,616,612	337.11	12.86	14.52	13.18	1.16	3.92	16,889	2,430	43.03	12.46
12	BancAffiliated (BAFI)	Arlington, TX	627,080	67.29	73.50	14.49	10.43	1.06	4.72	6,497	9,346	66.85	12.90
13	First IC Corp. (FIEB)	Doraville, GA	403,938	73.02	11.10	14.00	13.72	2.19	4.46	8,040	10,728	51.93	19.59
14	First Farmers Financial (FFMR)	Converse, IN	1,676,654	265.26	74.00	13.91	14.76	1.34	3.88	21,749	12,117	54.32	13.35
15	FFD Financial Corp. (FFDF)	Dover, OH	357,687	45.37	45.65	13.84	14.68	1.33	3.70	4,403	1,632	54.69	12.14
16	FS Bancorp (FSBW)	Mountlake Terrace, WA	981,783	195.53	55.24	13.74	14.78	1.53	4.65	14,085	22,632	68.24	15.70
17	Greene County Bancorp MHC (GCBC)	Catskill, NY	1,060,810	316.28	37.15	13.57	15.37	1.30	3.57	12,866	6,890	50.08	15.71
18	First General Bank (FGEB)	Rowland Heights, CA	908,053	NA	NA	13.26	11.73	1.31	3.69	11,636	1,969	31.52	15.57
19	Unity Bancorp (UNTY)	Clinton, NJ	1,455,496	241.31	22.60	13.24	11.41	1.02	3.83	12,893	8,208	55.21	12.87
20	First Community Bancorp	Shelbyville, TN	481,823	NA	NA	13.23	12.77	1.55	3.44	7,331	49,048	86.74	14.22
21	Citizens Bank	Carthage, TN	582,586	NA	NA	13.16	12.60	2.17	4.57	12,535	2,562	26.65	29.58
22	Santa Cruz County Bank (SCZC)	Santa Cruz, CA	629,964	121.84	50.20	12.97	12.27	1.11	4.33	6,758	3,260	50.35	12.87
23	United American Bank (UABK)	San Mateo, CA	330,328	36.06	37.95	12.91	15.76	1.47	3.26	4,707	999	74.23	14.72
24	Seacoast Commerce (SCBH)	San Diego, CA	938,927	186.01	20.30	12.91	4.20	0.36	5.34	2,288	9,677	71.16	13.55
25	First Commerce Bancorp	Lewisburg, TN	355,222	NA	NA	12.69	12.70	1.13	4.14	3,983	1,133	51.37	12.01
26	Trinity Bank, N.A. (TYBT)	Fort Worth, TX	259,311	65.30	59.05	12.60	10.06	1.23	3.49	3,068	515	40.56	20.60
27	Pacific City Financial Corp. (PFCF)	Los Angeles, CA	1,441,998	201.20	15.00	12.52	12.00	1.22	4.25	16,403	13,894	51.84	13.20
28	Fentura Financial (FETM)	Fenton, MI	781,443	71.68	19.75	12.51	15.80	1.17	4.08	8,676	8,988	66.20	10.46
29	Truxton Corp. (TRUX)	Nashville, TN	437,683	96.16	35.50	12.47	12.63	1.45	3.31	6,178	9,919	60.67	15.28
30	Minster Financial Corp. (MTFC)	Minster, OH	476,462	57.53	55.00	12.38	11.74	0.98	3.22	4,566	3,422	57.70	15.13
31	Home Loan Financial Corp. (HLFN)	Coshocton, OH	215,125	39.35	28.10	12.35	11.58	1.45	4.13	3,040	1,208	53.56	16.36

TOP 200 COMMUNITY BANKS

Rank	Institution/Ticker	Location	Total Assets ($000)	Market Value ($Millions)	Closing Price ($)	3-YR ROAE Avg. (%)	ROAE (%)	ROAA (%)	Net Interest Margin (%)	Net Income ($000)	Total Noninterest Income ($000)	Efficiency Ratio (%)	Total Risk-Based Capital (%)
32	Bank of South Carolina Corp. (BKSC)	Charleston, SC	446,566	104.81	21.00	12.22	11.37	1.14	3.76	4,902	2,223	56.48	15.97
33	Summit Bank (SBKO)	Eugene, OR	335,689	62.40	15.47	12.19	9.94	1.05	5.56	3,283	1,358	51.89	12.90
34	Susquehanna Community (SQCF)	West Milton, PA	413,407	67.90	23.00	12.14	12.72	1.25	3.29	5,055	2,553	61.34	14.09
35	CBB Bancorp (CBBI)	Los Angeles, CA	1,078,854	165.55	18.15	12.05	10.92	1.23	4.17	12,050	13,441	53.09	14.78
36	Cambridge Bancorp (CATC)	Cambridge, MA	1,949,934	347.80	85.20	12.05	10.47	0.79	3.25	14,816	30,227	66.43	13.75
37	Heartland BancCorp (HLAN)	Gahanna, OH	900,087	142.44	88.25	12.05	11.81	1.05	4.00	8,873	4,216	61.42	12.42
38	Marlin Business Services (MRLN)	Mount Laurel, NJ	1,040,160	346.29	28.45	12.01	15.38	2.59	8.07	25,292	31,596	55.49	19.47
39	First Bancorp (FBLV)	Lebanon, VA	1,713,231	253.57	61.15	11.99	11.31	1.22	3.77	20,134	13,275	54.50	16.26
40	Lyons Bancorp (LYBC)	Lyons, NY	1,031,930	122.58	38.39	11.86	10.68	0.84	3.58	8,397	9,098	64.97	12.30
41	Timberland Bancorp (TSBK)	Hoquiam, WA	993,895	224.66	30.45	11.83	13.63	1.56	4.13	14,634	12,234	57.28	17.74
42	Parke Bancorp (PKBK)	Sewell, NJ	1,137,452	173.68	21.65	11.83	8.86	1.12	4.01	11,838	3,110	33.73	17.17
43	National Capital Bank (NACB)	Washington, DC	429,752	66.13	229.00	11.67	4.32	0.47	3.26	1,971	1,904	78.61	19.85
44	Cass Information Systems (CASS)	Saint Louis, MO	1,603,209	759.20	61.79	11.65	11.55	1.60	3.34	25,014	95,512	70.91	22.53
45	Bank First National Corp. (BFNC)	Manitowoc, WI	1,753,404	311.36	45.75	11.65	11.29	1.04	3.45	15,313	7,458	51.80	10.80
46	Merchants Bancorp	Hillsboro, OH	677,878	NA	NA	11.52	10.97	1.08	3.89	7,298	3,233	53.38	13.45
47	Southern Missouri Bancorp (SMBC)	Poplar Bluff, MO	1,776,697	338.19	37.69	11.49	11.27	1.09	3.79	17,699	12,132	57.46	12.93
48	1st Summit Bancorp (FSMK)	Johnstown, PA	1,041,013	123.02	112.00	11.46	10.58	0.98	3.22	9,892	5,116	57.82	19.37
49	F.S. Bancorp (FXLG)	Lagrange, IN	734,008	98.83	90.00	11.43	11.50	1.14	3.68	7,520	5,378	59.78	14.22
50	PSB Holdings (PSBQ)	Wausau, WI	847,681	105.13	69.75	11.42	9.82	0.87	3.54	7,187	6,103	59.29	14.12
51	Farmers Bancorp (FABP)	Frankfort, IN	540,651	88.62	42.50	11.36	10.63	1.08	3.90	5,702	4,635	61.72	12.96
52	Southern First Bancshares (SFST)	Greenville, SC	1,624,625	337.67	45.85	11.27	9.66	0.87	3.57	13,045	9,383	56.69	13.27
53	CNB Community Bancorp (CNBB)	Hillsdale, MI	621,518	66.60	31.70	11.24	12.66	1.01	4.00	6,046	6,004	70.00	13.26
54	Crystal Valley Financial (CYVF)	Middlebury, IN	539,847	79.23	50.90	11.23	11.79	1.29	4.07	6,864	4,483	62.06	14.66
55	Country Bank Holding Co. (CYHC)	New York, NY	686,340	38.74	20000.00	11.23	13.47	1.28	4.23	8,389	459	53.05	13.47
56	First Sentry Bancshares (FTSB)	Huntington, WV	739,250	109.19	69.85	11.20	10.71	0.95	3.35	6,435	1,955	53.08	14.07
57	1st Colonial Bancorp (FCOB)	Cherry Hill, NJ	540,131	49.52	11.98	11.16	11.27	0.78	3.36	4,043	3,817	62.90	12.36
58	SouthEast Bank	Farragut, TN	1,490,584	NA	NA	11.14	10.11	0.84	3.80	11,393	5,875	65.86	14.59
59	Bank of Princeton (BPRN)	Princeton, NJ	1,200,591	215.86	32.95	11.10	8.30	1.02	3.80	11,014	2,813	55.54	17.12
60	Chino Commercial Bancorp (CCBC)	Chino, CA	192,801	29.83	19.25	11.10	10.45	0.84	3.70	1,571	1,529	62.85	17.30
61	Merchants Financial Group (MFGI)	Winona, MN	1,659,234	204.47	75.00	11.07	13.45	1.26	4.29	20,878	15,321	64.52	13.55
62	Commercial National (CEFC)	Ithaca, MI	526,373	46.79	11.80	11.02	10.89	0.67	3.05	3,419	1,923	66.03	13.43
63	Peoples Limited (PPLL)	Wyalusing, PA	347,868	37.59	62.05	11.01	10.36	0.90	3.44	3,027	2,831	64.08	14.69
64	Community National Corp.	Lexington, TN	145,650	NA	NA	11.00	9.81	0.92	4.52	1,306	620	64.31	13.12
65	FFW Corp. (FFWC)	Wabash, IN	374,401	50.71	43.49	10.94	12.54	1.23	3.89	4,533	2,612	60.07	14.23
66	Mission Bancorp (MSBC)	Bakersfield, CA	635,404	103.71	62.10	10.94	12.08	1.01	3.93	6,094	4,717	54.52	11.08
67	Civista Bancshares (CIVB)	Sandusky, OH	1,525,857	231.44	22.67	10.89	9.19	1.04	3.88	15,872	16,350	67.77	16.53
68	Hamlin Bank and Trust Co. (HMLN)	Smethport, PA	425,373	119.59	321.00	10.88	12.20	2.01	3.67	8,804	1,279	53.08	26.73
69	High Country Bancorp (HCBC)	Salida, CO	257,225	38.50	41.85	10.87	9.68	1.00	4.97	2,450	1,630	65.68	13.76
70	Baker Boyer Bancorp (BBBK)	Walla Walla, WA	606,426	87.92	68.00	10.87	10.69	0.91	3.24	5,499	12,577	74.45	16.67
71	Cashmere Valley Bank (CSHX)	Cashmere, WA	1,516,014	275.71	67.00	10.86	10.60	1.23	3.20	18,408	9,841	56.06	18.86
72	SB Financial Group (SBFG)	Defiance, OH	876,627	123.78	18.96	10.81	12.36	1.29	3.78	11,065	17,098	68.93	11.54
73	HomeTown Bank	Galveston, TX	586,325	NA	NA	10.75	10.22	1.07	3.91	6,170	2,239	57.34	16.92
74	F & M Bank Corp. (FMBM)	Timberville, VA	753,270	113.37	34.50	10.73	10.11	1.22	4.52	9,042	6,763	66.88	15.41
75	Northeast Indiana Bancorp (NIDB)	Huntington, IN	314,176	43.74	36.00	10.73	9.69	1.12	3.56	3,413	2,668	64.22	15.93
76	Capital Bank of N.J. (CANJ)	Vineland, NJ	473,273	50.07	20.11	10.71	10.75	0.99	3.44	4,654	1,534	56.75	13.07
77	LifeStore Financial MHC (LSFG)	West Jefferson, NC	284,153	25.32	24.10	10.69	11.94	0.99	3.12	2,743	7,987	75.83	17.01
78	Farmers and Merchants (FMFG)	Hampstead, MD	402,904	51.70	31.00	10.64	9.40	0.96	3.96	3,789	1,486	62.12	12.54
79	West Town Bancorp (WTWB)	Raleigh, NC	544,134	81.48	27.60	10.63	6.70	0.83	4.53	2,892	11,534	67.61	NA
80	Malaga Financial Corp. (MLGF)	Palos Verdes Est., CA	1,041,067	195.87	30.00	10.58	11.12	1.33	3.25	13,500	753	33.98	24.18
81	Communities First Financial (CFST)	Fresno, CA	407,418	59.83	20.95	10.56	11.24	1.00	4.11	3,683	1,687	55.94	16.90
82	Citizens Financial Services (CZFS)	Mansfield, PA	1,361,886	217.07	62.30	10.49	10.04	1.03	3.80	13,025	7,621	53.77	13.20
83	Forsyth Bancshares	Cumming, GA	303,203	NA	NA	10.48	11.19	1.02	3.83	3,062	717	54.78	14.92
84	BEO Bancorp (BEOB)	Heppner, OR	414,500	35.68	30.00	10.44	8.53	0.79	5.20	3,094	2,423	68.96	12.13
85	PBB Bancorp (PBCA)	Los Angeles, CA	626,364	98.85	19.90	10.43	9.87	0.88	3.82	4,769	2,178	61.17	11.26
86	Steuben Trust Corp. (SBHO)	Hornell, NY	525,099	72.47	43.50	10.40	10.02	1.03	3.51	5,404	4,395	60.60	17.72
87	Community Bancorp. (CMTV)	Derby, VT	667,046	92.02	18.00	10.37	11.16	0.96	4.01	6,231	5,165	64.30	13.93
88	Redwood Financial (REDW)	Redwood Falls, MN	293,609	19.35	48.00	10.33	9.54	1.14	4.56	3,160	2,947	66.46	16.76

Metrics & Measures

TOP 200 COMMUNITY BANKS

Rank	Institution/Ticker	Location	Total Assets ($000)	Market Value ($Millions)	Closing Price ($)	3-YR ROAE Avg. (%)	ROAE (%)	ROAA (%)	Net Interest Margin (%)	Net Income ($000)	Total Noninterest Income ($000)	Efficiency Ratio (%)	Total Risk-Based Capital (%)
89	RBB Bancorp (RBB)	Los Angeles, CA	1,691,059	429.06	26.97	10.33	11.67	1.66	4.16	25,528	13,059	37.03	22.50
90	First Bancorp (FNLC)	Damariscotta, ME	1,842,930	313.14	28.87	10.31	10.91	1.10	3.04	19,588	12,077	50.03	15.24
91	CSB Bancorp (CSBB)	Millersburg, OH	707,063	96.66	35.25	10.28	10.33	1.02	3.80	7,101	4,340	58.96	13.78
92	Embassy Bancorp (EMYB)	Bethlehem, PA	996,966	118.82	15.90	10.23	9.37	0.75	3.15	7,300	3,005	60.34	12.50
93	First Bankers Trustshares (FBTT)	Quincy, IL	942,949	103.43	33.50	10.21	8.71	0.80	3.06	7,392	17,179	67.51	16.17
94	Benchmark Bankshares (BMBN)	Kenbridge, VA	595,226	97.76	18.95	10.18	9.20	1.08	4.69	6,131	6,147	63.86	17.03
95	NorthWest Indiana Bancorp (NWIN)	Munster, IN	927,259	126.81	44.20	10.15	9.90	0.98	3.63	8,961	6,789	67.38	13.97
96	First Citizens Bancshares (FIZN)	Dyersburg, TN	1,656,250	199.51	52.05	10.12	10.10	1.05	3.83	17,011	15,480	62.11	16.01
97	Chesapeake Financial Shares (CPKF)	Kilmarnock, VA	785,231	122.06	30.00	10.08	11.30	1.18	3.81	8,949	27,350	77.05	15.37
98	First Ottawa Bancshares (FOTB)	Ottawa, IL	286,347	36.05	59.05	10.05	11.00	1.21	4.08	3,427	2,977	63.90	15.59
99	Sunwest Bank	Irvine, CA	1,176,882	NA	NA	10.03	9.87	1.25	5.07	12,885	1,650	57.33	13.40
100	Community First Bank of Ind.	Kokomo, IN	260,251	NA	NA	9.98	8.21	0.86	4.31	2,114	2,116	65.60	12.40
101	New Tripoli Bancorp (NTBP)	New Tripoli, PA	442,266	62.04	975.00	9.98	8.68	1.05	3.89	4,443	797	52.70	18.09
102	Security National Corp. (SNLC)	Dakota Dunes, SD	1,397,723	311.73	172.50	9.97	7.60	0.83	3.02	11,837	21,282	57.23	16.84
103	Somerset Trust Holding Co. (SOME)	Somerset, PA	1,143,349	107.28	44.00	9.94	7.85	0.59	4.01	6,614	11,751	77.16	11.86
104	Oak Ridge Financial Services (BKOR)	Oak Ridge, NC	430,712	36.00	15.25	9.93	9.95	0.71	3.80	2,893	2,795	75.55	12.81
105	Choice Bancorp (CBKW)	Oshkosh, WI	400,064	46.81	20.25	9.93	6.94	0.58	3.31	2,082	746	49.87	13.23
106	U & I Financial Corp. (UNIF)	Lynnwood, WA	274,029	43.34	8.30	9.92	8.46	1.29	3.95	3,195	1,571	64.24	19.82
107	First Guaranty Bancshares (FGBI)	Hammond, LA	1,750,430	250.04	28.39	9.88	8.59	0.71	3.33	11,751	6,943	61.37	12.14
108	Blackhawk Bancorp (BHWB)	Beloit, WI	720,500	91.04	27.85	9.86	8.73	0.89	3.56	6,200	10,128	71.56	14.74
109	Home City Financial Corp. (HCFL)	Springfield, OH	165,045	23.82	29.16	9.85	11.53	1.32	3.54	2,169	467	60.17	18.51
110	Fidelity D & D Bancorp (FDBC)	Dunmore, PA	863,637	184.76	49.25	9.84	10.34	1.03	3.70	8,716	8,514	65.06	14.90
111	Mifflinburg Bancorp	Mifflinburg, PA	424,461	NA	NA	9.82	9.73	0.90	3.27	3,794	2,020	54.79	14.12
112	Mid Penn Bancorp (MPB)	Millersburg, PA	1,170,354	193.42	31.60	9.78	9.48	0.64	3.68	7,089	5,651	68.92	11.29
113	Southwest Georgia Financial (SGB)	Moultrie, GA	489,178	51.90	20.42	9.77	9.41	0.80	4.09	3,807	4,125	74.00	13.55
114	Mission Valley Bancorp (MVLY)	Sun Valley, CA	330,399	49.25	15.35	9.76	9.92	1.11	4.31	3,551	4,088	64.43	15.60
115	Town and Country Financial (TWCF)	Springfield, IL	747,542	62.17	21.76	9.75	11.09	0.76	3.34	5,645	10,244	76.87	12.72
116	State Bank Corp. (SBAZ)	Lake Havasu City, AZ	620,637	96.62	12.00	9.66	11.06	1.04	3.78	6,294	5,204	63.52	14.80
117	OP Bancorp (OPBK)	Los Angeles, CA	900,999	151.92	11.50	9.65	10.63	1.13	4.61	9,236	8,986	58.75	13.49
118	American Bank Inc. (AMBK)	Allentown, PA	580,843	68.68	12.10	9.65	10.89	0.98	3.13	5,560	908	51.80	13.76
119	CBBC Bancorp (CBBC)	West Sacramento, CA	336,097	61.81	24.30	9.62	9.89	0.98	4.04	3,085	696	54.64	13.20
120	Jonestown Bank and Trust (JNES)	Jonestown, PA	575,611	62.92	27.00	9.60	9.51	0.83	3.40	4,487	3,739	65.90	11.88
121	Auburn National Bancorp. (AUBN)	Auburn, AL	853,381	133.36	36.60	9.60	9.17	0.94	3.29	7,846	3,390	57.62	17.91
122	Foresight Financial Group (FGFH)	Winnebago, IL	1,164,202	121.51	33.20	9.57	8.12	0.81	3.50	9,245	6,886	60.14	14.04
123	Citizens First Corp. (CZFC)	Bowling Green, KY	465,382	61.97	24.53	9.56	9.20	0.90	3.70	4,089	3,503	66.06	13.07
124	Killbuck Bancshares (KLIB)	Killbuck, OH	519,508	89.73	152.00	9.55	9.89	1.05	3.52	5,323	2,419	55.39	15.42
125	Middlefield Banc Corp. (MBCN)	Middlefield, OH	1,106,336	179.93	49.90	9.49	8.52	0.88	3.82	9,455	3,973	61.14	12.41
126	BankGuam Holding Co. (BKGM.F)	Hagatna, GU	1,965,720	NA	NA	9.48	6.72	0.45	4.25	8,811	34,405	79.74	12.82
127	Macatawa Bank Corp. (MCBC)	Holland, MI	1,890,232	357.53	10.51	9.45	9.60	0.93	3.19	16,292	17,416	63.60	14.99
128	Dart Financial Corp. (DRTF)	Mason, MI	397,925	NA	NA	9.44	10.30	0.94	4.20	3,624	10,860	80.51	12.83
129	Farmers Bankshares (FBVA)	Windsor, VA	456,643	58.23	19.00	9.44	9.48	1.10	3.88	4,505	5,633	64.52	14.04
130	F&M Bancorp (FMOO)	Miamisburg, OH	147,192	17.83	56.35	9.43	10.24	1.01	4.32	1,397	706	63.76	15.52
131	Allegheny Bancshares	Franklin, WV	288,843	NA	NA	9.42	9.30	1.18	4.65	3,371	2,297	59.49	17.28
132	First Bancshares (FIBH)	Bellevue, OH	209,700	25.62	45.00	9.42	8.83	0.86	4.32	1,802	1,283	66.83	11.83
133	Oconomowoc Bancshares (OCNB)	Oconomowoc, WI	1,137,519	80.43	240.00	9.41	10.47	0.75	3.39	8,320	17,535	80.82	13.16
134	Kentucky Bancshares (KTYB)	Paris, KY	1,053,193	138.66	46.55	9.40	10.93	1.04	3.60	10,717	12,589	68.25	14.90
135	First National Corp. (FXNC)	Strasburg, VA	739,110	91.76	18.53	9.38	11.57	0.89	3.77	6,448	8,382	66.43	13.12
136	Highlands Community Bank	Covington, VA	142,249	NA	NA	9.34	9.01	1.13	4.32	1,590	520	56.78	20.22
137	Farmers & Merchants (FMAO)	Archbold, OH	1,107,009	379.62	40.97	9.31	9.75	1.18	3.65	12,720	10,688	60.04	15.52
138	First Business Financial (FBIZ)	Madison, WI	1,794,066	225.61	25.74	9.31	7.16	0.67	3.58	11,905	17,068	69.80	11.98
139	Solvay Bank Corp. (SOBS)	Solvay, NY	867,092	88.07	40.00	9.27	8.94	0.78	2.94	6,784	5,329	60.78	17.21
140	Peoples Bancorp (PPBB)	Bellingham, WA	1,665,528	189.72	149.00	9.26	9.14	0.92	3.93	14,978	21,484	68.19	14.02
141	First Pulaski National Corp.	Pulaski, TN	814,054	NA	NA	9.26	8.45	0.87	3.78	6,885	5,710	59.30	15.30
142	Huron Valley Bancorp (HVLM)	Milford, MI	140,731	10.64	12.50	9.24	9.42	0.91	4.33	1,254	501	62.45	12.58
143	First Federal of S.C. MHC (FSGB)	Walterboro, SC	84,049	6.58	6.50	9.21	17.09	1.47	4.02	1,190	1,233	69.37	17.50
144	Woodlands Financial (WDFN)	Williamsport, PA	396,408	48.10	31.26	9.17	8.37	0.79	3.54	3,174	3,302	67.85	13.78
145	Premier Commercial Bancorp (PRCB)	Hillsboro, OR	400,542	88.92	15.20	9.15	8.63	0.85	4.43	3,367	833	65.15	13.00
146	Ledyard Financial Group (LFGP)	Hanover, NH	476,263	69.34	21.75	9.14	8.45	0.80	3.40	3,845	10,794	79.39	16.41

TOP 200 COMMUNITY BANKS

Rank	Institution/Ticker	Location	Total Assets ($000)	Market Value ($Millions)	Closing Price ($)	3-YR ROAE Avg. (%)	ROAE (%)	ROAA (%)	Net Interest Margin (%)	Net Income ($000)	Total Noninterest Income ($000)	Efficiency Ratio (%)	Total Risk-Based Capital (%)
147	Mountain Commerce (MCBI)	Knoxville, TN	746,860	115.43	19.20	9.11	8.80	0.80	3.54	5,473	1,696	53.15	12.09
148	Muncy Bank Financial (MYBF)	Muncy, PA	427,433	49.69	33.95	9.11	6.44	0.69	3.65	2,800	2,465	68.42	16.99
149	Pacific Alliance Bank (PFBN)	Rosemead, CA	262,437	34.20	10.90	9.07	6.03	0.72	3.16	1,898	403	53.48	16.07
150	IFB Holdings (IFBH)	Chillicothe, MO	73,152	7.42	42.25	9.04	9.23	1.16	3.82	827	321	54.31	29.74
151	Clover Community Bankshares	Clover, SC	127,870	NA	NA	9.04	7.72	0.80	4.53	1,056	1,202	72.17	16.64
152	MutualFirst Financial (MFSF)	Muncie, IN	1,588,932	312.56	36.45	9.03	8.40	0.78	3.38	12,315	17,368	67.07	13.52
153	Pinnacle Bancshares (PCLB)	Jasper, AL	217,836	24.21	23.20	9.03	9.05	1.03	3.55	2,296	1,630	66.74	19.39
154	Andover Bancorp (ANDC)	Andover, OH	410,640	59.50	23.90	9.01	9.51	0.95	3.68	3,865	2,966	67.16	20.71
155	First Capital (FCAP)	Corydon, IN	758,956	144.42	43.02	8.99	9.39	0.99	3.64	7,452	6,626	61.03	14.49
156	Benton Financial Corp. (BTOF)	Fowler, IN	158,922	10.29	14.50	8.99	9.07	1.28	4.03	2,037	646	64.99	20.56
157	Northeast Bancorp (NBN)	Lewiston, ME	1,034,446	172.99	21.60	8.99	12.54	1.48	5.18	15,378	8,385	58.02	20.30
158	Valley Republic Bancorp (VLLX)	Bakersfield, CA	667,625	113.82	29.50	8.98	9.73	0.83	3.24	5,247	1,883	54.69	11.57
159	Logansport Financial Corp. (LOGN)	Logansport, IN	168,500	25.61	41.25	8.97	9.06	1.15	3.82	1,990	818	60.64	20.80
160	QNB Corp. (QNBC)	Quakertown, PA	1,152,337	153.68	44.50	8.97	8.17	0.74	3.14	8,289	5,387	60.22	12.52
161	FNB Bancorp (FNBG)	So. San Francisco, CA	1,265,238	285.64	38.29	8.96	9.17	0.85	3.95	10,711	3,650	59.73	12.61
162	Exchange Bankshares (EXCH)	Milledgeville, GA	244,573	25.22	39.75	8.96	7.09	0.90	3.81	2,178	1,824	70.03	21.07
163	MBT Financial Corp. (MBTF)	Monroe, MI	1,347,420	240.02	10.45	8.95	8.04	0.79	3.33	10,609	15,969	63.55	17.39
164	Ames National Corp. (ATLO)	Ames, IA	1,375,060	270.95	29.10	8.95	8.02	1.00	3.25	13,697	7,415	49.75	17.63
165	S.B.C.P. Bancorp (SBBI)	Cross Plains, WI	935,691	55.88	58.00	8.95	8.02	0.90	3.60	8,086	8,130	64.46	13.55
166	Lighthouse Bank (LGHT)	Santa Cruz, CA	261,064	62.60	24.50	8.91	9.14	1.25	4.98	3,007	530	53.28	14.70
167	First Freedom Bancshares	Lebanon, TN	444,332	NA	NA	8.91	8.06	0.81	4.08	3,501	2,301	58.89	11.64
168	Croghan Bancshares (CHBH)	Fremont, OH	842,647	119.44	52.25	8.90	9.06	1.16	4.21	9,570	6,112	63.27	12.90
169	Evans Bancorp (EVBN)	Hamburg, NY	1,295,633	222.00	46.25	8.89	9.11	0.89	3.76	10,479	12,703	70.32	12.97
170	Eagle Financial Services (EFSI)	Berryville, VA	765,751	111.06	32.20	8.88	9.50	1.08	4.06	7,786	6,470	67.57	15.22
171	Sound Financial Bancorp (SFBC)	Seattle, WA	645,244	90.36	36.00	8.87	8.13	0.87	4.35	5,125	3,859	68.89	13.08
172	Citizens B & T Holdings (CBTH)	Guntersville, AL	452,039	21.30	15.50	8.82	8.23	0.80	4.04	3,486	2,693	68.50	13.80
173	BNCCORP (BNCC)	Bismarck, ND	946,150	92.37	26.50	8.81	6.22	0.50	3.18	4,878	17,890	82.90	19.98
174	First Community Financial (FMFP)	Mifflintown, PA	504,400	70.30	24.90	8.81	7.70	0.76	3.35	3,711	2,697	65.74	17.65
175	Henderson Bancshares	Troy, AL	899,667	NA	NA	8.77	10.16	1.08	3.75	9,527	5,247	60.22	14.38
176	Avidbank Holdings (AVBH)	San Jose, CA	782,993	147.03	24.95	8.77	7.64	0.78	4.32	5,654	1,887	60.46	13.13
177	Royal Financial (RYFL)	Chicago, IL	459,242	40.29	16.07	8.76	2.28	0.23	3.76	761	680	68.34	18.67
178	Oak Valley Bancorp (OVLY)	Oakdale, CA	1,034,852	179.06	22.11	8.75	10.41	0.91	3.77	9,094	4,643	61.58	11.30
179	Skagit Bancorp	Burlington, WA	928,022	NA	NA	8.71	9.64	0.82	3.66	7,381	5,848	67.12	12.99
180	ACNB Corp. (ACNB)	Gettysburg, PA	1,595,432	210.01	29.90	8.69	7.12	0.69	3.61	9,788	14,149	62.37	14.04
181	Northrim BanCorp (NRIM)	Anchorage, AK	1,519,109	247.73	36.05	8.68	6.98	0.89	4.28	13,478	36,018	73.13	15.90
182	Penns Woods Bancorp (PWOD)	Williamsport, PA	1,474,492	201.09	42.88	8.66	6.91	0.69	3.47	9,773	10,299	65.62	11.84
183	Century Next Financial (CTUY)	Ruston, LA	283,613	32.84	30.10	8.65	8.70	0.90	4.18	2,355	1,652	61.34	13.26
184	InsCorp (IBTN)	Nashville, TN	448,073	50.54	17.40	8.65	6.97	0.73	3.40	3,024	2,670	63.28	11.78
185	County Bank Corp (CBNC)	Lapeer, MI	602,033	73.09	41.80	8.64	9.03	0.90	3.79	5,345	5,900	69.33	16.58
186	Peoples Bancorp of N.C. (PEBK)	Newton, NC	1,092,166	185.25	30.90	8.64	8.78	0.93	4.18	10,268	13,077	70.46	16.06
187	Grand Bank Corp. (GABK)	Marblehead, MA	318,311	69.49	6190.25	8.63	10.45	1.17	3.44	3,698	1,836	52.30	21.72
188	CB Financial Services (CBFV)	Carmichaels, PA	934,486	123.90	30.25	8.63	7.53	0.78	3.55	6,944	7,601	66.13	13.89
189	County Bancorp (ICBK)	Manitowoc, WI	1,397,045	203.65	30.45	8.62	7.58	0.80	3.11	10,425	7,684	52.49	13.08
190	Liberty Bancorp (LBCP)	Kansas City, MO	458,470	58.85	23.80	8.60	8.68	0.99	4.77	4,398	4,208	61.85	11.89
191	LCNB Corp. (LCNB)	Lebanon, OH	1,295,638	199.52	19.90	8.59	8.74	0.99	3.58	12,972	10,118	62.41	13.66
192	First Farmers and Merchants (FFMH)	Columbia, TN	1,375,819	179.75	40.00	8.58	8.55	0.76	3.04	10,378	12,219	71.11	13.81
193	Central Valley Community (CVCY)	Fresno, CA	1,661,655	284.93	20.72	8.55	7.69	0.94	4.41	14,026	8,034	62.03	14.07
194	Virginia National Bankshares (VABK)	Charlottesville, VA	643,886	101.30	42.00	8.53	10.40	1.04	3.63	6,554	5,881	57.54	12.96
195	Colony Bankcorp (CBAN)	Fitzgerald, GA	1,232,755	140.94	16.70	8.47	8.51	0.65	3.46	7,751	9,735	69.11	15.56
196	River Valley Community (RVCB)	Yuba City, CA	333,982	43.13	18.00	8.47	9.46	0.78	2.81	2,572	509	52.61	13.00
197	Virginia Community (VCBS)	Louisa, VA	249,763	25.88	34.50	8.46	9.14	0.94	4.49	2,254	1,512	75.96	12.64
198	FVCBankcorp (FVCB)	Fairfax, VA	1,052,805	190.78	17.40	8.43	8.64	0.80	3.45	7,690	1,293	57.86	12.83
199	Southern Michigan Bancorp (SOMC)	Coldwater, MI	712,345	83.71	36.40	8.41	7.72	0.80	3.69	5,421	6,405	69.32	12.05
200	York Traditions Bank (YRKB)	York, PA	441,289	53.32	19.00	8.39	9.07	0.81	3.49	3,394	5,550	70.88	15.42
	Median for the top 200 institutions		**672,752**	**97.21**	**30.63**	**9.98**	**9.89**	**0.99**	**3.79**	**6,526**	**5,185**	**62.08**	**14.12**
	Median for all 633 institutions		**473,273**	**66.60**	**22.13**	**7.24**	**6.95**	**0.72**	**3.66**	**3,174**	**2,832**	**68.76**	**14.83**
	Average for the top 200 institutions		**782,448**	**129.42**	**191.59**	**10.68**	**10.38**	**1.06**	**3.86**	**7,697**	**7,873**	**61.74**	**15.13**
	Average for all 633 institutions		**624,969**	**96.02**	**100.99**	**6.74**	**6.53**	**0.68**	**3.70**	**4,511**	**5,372**	**70.07**	**16.46**

Source: Capital Performance Group analysis of data provided by S&P Global Market Intelligence. Ranking is of bank holding companies, banks, and thrifts that had total assets of less than $2 billion as of Dec. 31, 2017, and that are publicly traded or report financials to the SEC. Ranking is based on three-year average ROAE for 2015 to 2017. Additional data shown is for the 12 months ended Dec. 31, 2017. Financials are sourced from SEC filings. If unavailable, regulatory financials were used. Excludes institutions that failed to report GAAP or regulatory data for any year during the ranking period. Excludes institutions with a leverage ratio of less than 5%, a Tier 1 risk-based capital ratio of less than 6%, or a total risk-based capital ratio of less than 10% in any quarter. Excludes industrial banks and institutions that operated as a subchapter S corporation at any time during the ranking period. Also excludes institutions that received a tax benefit of greater than 10% of net income in 2015, 2016 or 2017. Using the preceding criteria, 128 publicly traded institutions in this size range were excluded. A total of 633 institutions qualified for the ranking. All data as of March 16, including closing prices. * Denotes institutions that were acquired or merged between Jan. 1, 2018, and April 3, 2018

Lessons from a mobile payments revolution

There is no disputing that China is ahead of the rest of the world in mobile payments. What insight does it offer U.S. bankers?

By John Engen

Illustration by Kasia Bogdańska

WHEN DARREN BUCKLEY MOVED TO CHINA LAST AUGUST to be the head of Citigroup's consumer bank there, he did what most people do when they arrive in a new country: head for an ATM to grab some local currency.

Nine months later, that stash of renminbi sits in his briefcase untouched, a relic of the past in a country where the majority of payments are now made with smartphones.

"Even the smallest merchants on the street, they don't want cash," said Buckley, who came to Shanghai after six years at the helm of Citi's Thailand operations. "You pay for everything with your phone and a QR code."

"If you're a banker in the United States, trying to envision what consumer banking could be like, this is pretty close to the end state," Buckley added. "The level of convenience, 24/7, is well beyond what you can deliver through a traditional banking model."

Only five years ago, paying for things by phone was a novelty in this nation of 1.4 billion. Today, it's embraced with a fervor that has radically transformed how money moves in the world's second-largest economy.

According to the research firm eMarketer, 76% of Chinese smartphone users made a mobile point-of-sale purchase in 2017, compared with 25% of American users. In total, 61.8% of all such transactions globally are Chinese.

In the first 10 months of last year, China processed a whopping $12.8 *trillion* in mobile payments, according to the state-run news agency, Xinhua — 38% higher than for all of 2016.

Though it's not exactly an apples-to-apples comparison, the U.S. market in 2017 had just $49.3 *billion* in mobile point-of-sale transactions, according to Shelleen Shum, eMarketer's forecasting director.

"China has leapfrogged checks and cards … and gone straight from cash to mobile," said Neil Shah, a research director at Counterpoint Research in Mumbai. "The growth has been fast, it's been huge, and they're really just scratching the surface."

There is no disputing that China is ahead of the rest of the world in mobile payments. Whether it represents a vision of America's payments future — signaling a disintermediation threat to banks — or is more of a cultural curiosity remains to be seen.

Either way, China's mobile payments revolution offers lessons for bankers elsewhere looking to keep pace in a

world filled with smartphones and third-party "ecosystems" eager to encroach on traditional bank space.

While it's tempting to dismiss what's happening in the Middle Kingdom as being mostly about an underdeveloped nation playing catch-up, China is a budding economic rival, and this particular style of payments is spreading rapidly across the globe.

"What we see with China is that the evolution of payments is not going to be a linear extension of what we've seen in the past, where countries move up the curve and adopt our card-based system," said Thad Peterson, a senior analyst with Aite Group in Boston.

It won't be long before Chinese-style mobile payments surpass cards in popularity in other countries, he said. In an interconnected world, "bankers in the U.S. need to start thinking about the impact of another payments process that could disrupt their business models and affect their customers."

More than 90% of Chinese mobile payments run through Alipay and WeChat Pay, rival platforms backed by China's two largest internet conglomerates — Alibaba, essentially the Amazon of China, and Tencent Holdings, owner of WeChat, the nation's must-have messaging and social-media app with more than 1 billion users.

It's as if Amazon and Facebook were the major conduits for payments. (China UnionPay, the nation's dominant card network, is a distant third in mobile market share.)

The two services have flourished by making mobile payments cheap and easy to use. They benefit enormously from their association with WeChat and Alibaba, which have blossomed into full-blown digital "ecosystems" — always-on hubs for managing the minutiae of daily life.

A key feature of the ecosystems is the "app-within-an-app" concept. WeChat users can schedule doctor appointments, order food, hail rides and much more, all through "mini-apps" that reside on the core app. It's not necessary to install or sign onto separate apps for each function.

Alipay, which touts itself as a "global lifestyle super-app," has similar functionality.

Mobile payments work in much the same way, greasing the skids of commerce within those ecosystems while also providing fee revenue for Alipay's parent, Ant Financial, and for WeChat.

Consumers can pay for everything — a cup of tea, train tickets, even tax and utility bills — with their mobile apps. They also can make person-to-person payments; every individual has a QR code of his or her own, and transfers are free.

"The model in China is exactly the opposite of what it is in the U.S.," said Drew Luca, co-head of PwC's U.S. payments practice. "They started with a social platform and moved to becoming a payments facilitator. In the U.S., it's been financial services first, with social and loyalty on the other end."

The fast growth and meshing of payments with ecosystems has made China a lab of sorts for banks eager to understand the threats and opportunities of a world dominated by mobile payments.

Citi's consumer banking team in New York, which has long had a "mobile-first" strategy, is studying Chinese usage patterns, behaviors and analytic data in anticipation of similar ecosystems emerging in other markets.

"While WeChat, at its core, is very specific to the local market, we think we're going to be seeing more customers spending time in these kinds of ecosystems," said Gavin Michael, head of technology for Citi's global consumer bank.

He's been particularly interested in the linkages between loyalty and payments, and how customers spend their time on the app. "Our challenge is to understand and integrate financial services into them," he said.

With Alipay and WeChat Pay, users don't need to sign into a stand-alone bank or payments app when transacting. Instead, they simply press the "pay" button on the ecosystem's main app and a QR code, unique to the individual and linked to his or her mobile wallet, appears for the merchant to scan.

A growing number of retailers, including McDonald's and Starbucks, have self-scanning devices near the cash register to read QR codes. The process takes seconds, moving customers along so quickly that anyone using cash gets eye-rolls for slowing things down.

Merchants that lack a point-of-sale device can simply post a piece of paper with their QR code near the register for customers to point their phones' cameras at and execute payments in reverse.

A system built on QR codes might not be as secure as the near-field communication technology used by ApplePay and other apps in the U.S. market. But it's cheaper for merchants, who don't have to buy a piece of technology to accept a payment.

"One of the big keys driving adoption is that there's a no-cost way to get merchants on-boarded," said Shiv Putcha, principal analyst with Mandala Insights, another Mumbai research firm.

"They can just print a QR code and stick it on the counter. It's easy."

So easy, it's quickly become part of daily life. In Hangzhou, Alibaba's headquarters city, an estimated 90% of all consumer transactions are mobile.

Usage is approaching those levels in Shanghai and other big cities. James Chang, a Beijing-based financial services leader with PwC, pays for everything from coffee to haircuts with his phone. "I almost never bring my credit card with me, and have no need for cash," he said. "It's becoming a truly mobile, cashless society."

Walk the bustling streets and alleys of Shenzhen, a large southern technology hub, and merchant QR codes are ubiquitous — posted on food stalls, fruit stands, convenience stores, gas stations and more.

And there's still plenty of room for growth. In Kunming, a fast-growing southwestern city, QR codes aren't yet as omnipresent as they are in the coastal cities. But a growing number of storefronts have the codes, and individuals — especially the younger ones — are embracing them.

Suzie Lu, a 20-year-old student at Yunnan University, said she started using WeChat Pay last year, and is hoping Kunming turns into full-out QR-code territory quickly.

"It makes things so easy," Lu said as she pointed her iPhone's camera at a rental bike's QR code to unlock it. When Lu is done, she will repeat the process and leave the locked bike waiting on a sidewalk for the next renter to pick up. "It's much better than carrying [cash]."

It's a stimulating environment for bankers with the technology chops and resources to participate. Buckley said

Citigroup's Darren Buckley says it's only a matter of time before China's model influences payments in the United States..

that working with the ecosystems has been good for business, generating new customers and allowing Citi to cut its branch count to about 25 from 45 a few years ago.

"Our path to growth here is acknowledging that we can't do everything ourselves," he said. "It's a massive market, and we have the opportunity to work with partners that have developed more advanced technology and data skills."

As one of only four foreign banks — and the only U.S. one — with a retail banking license, Citi links customers' credit cards to both services' wallets.

It also has its own mini-app on WeChat Pay's platform that contains 80% of the features of its proprietary CitiPay app and, among other things, can make pitches for wealth management products and short-term loans.

"Almost 90% of our new customers sign up and activate their cards through WeChat," Buckley said, "and about 97% of our active card base is digitally engaged with us because we're connected to the ecosystem they like to use."

Other banks have a similar perspective. Alipay has signed up about 200 Chinese banks as partners for the chance to be part of what Souheil Badran, president of Alipay-Americas, calls customers' "mobile lifestyle."

"They love it, because we have the ability to create trust and loyalty," he said.

But some bankers worry that they're slowly being driven out of business by the services. "We are losing money and, worse, customers," a Chinese banker complained in a story in Hong Kong's South China Morning Post. "Alipay and WeChat have become a duopoly that is impossible to fight."

With the ecosystems, banks often are reduced to so-called "dumb pipes" — silent funders whose accounts are used to top up customers' digital wallets.

A requirement that the wallets be linked to a bank account or card means more customers and deeper involvement in their social lives.

But the bank also bears the compliance and other account-related expenses, and doesn't get the fees or branding opportunities typical of cards or other bank-run solutions.

"The bank is seen as a place where you deposit money and link it to WeChat or Alipay. The trust is aligned more with the platform than the bank," Shah said. "Banks have to worry, because they don't own the customer relationship. They're being disintermediated."

Significantly, the setup also limits the transaction data banks get to help sell other products and services, such as wealth management, insurance or even loans.

"Banks need to be aware that there's a different model spreading," said Dana Nino, an executive vice president at Geoswift, a Hong Kong payments firm. "In China, it's the platform that gets the direct data from purchases, not the bank."

Until recently, Chinese banking

authorities haven't interfered much with the services' strategies or growth. In June, a new government-run clearinghouse is expected to come online to better track payments.

That could provide banks with greater insight on customer behavior, Peterson said. But WeChat Pay and Alipay get that information too, and are using their central positions to offer high-rate money-market accounts, investment advice and short-term loans, among other financial services.

Last year, Alipay-affiliated Yu'e Bao (the name means "leftover treasures") surpassed JPMorgan Chase's government market fund as the world's largest money-market fund, with more than $200 billion in assets.

"The speed of migration to their wealth-management and money-market funds has been tremendous," PwC's Chang said. "That's bad news for traditional banks, where deposits are the foundation of the business."

China's mobile payments movement dates back to 2004 when Alipay was launched as a trusted middleman for sales on Alibaba's popular Taobao e-commerce websites. It evolved into the must-have wallet to buy things on Alibaba's sites.

When the smartphone arrived on the scene five years ago, the service migrated to mobile, and WeChat jumped in. That set off a heated competition between the two services.

In 2014, WeChat Pay created a sensation with a promotion tied to the Lunar New Year tradition of giving family, friends and acquaintances red envelopes, or "hongbao," with small amounts of money. WeChat Pay users sent more than 20 million gifts in two days, and the service gained 5 million new wallet accounts.

Since then, the popularity of digital red envelopes has increased exponentially. During this February's celebration, punctuated by a star-studded extravaganza on national television, an incredible 768 million Chinese sent digital gifts via WeChat Pay.

Alipay sponsors Singles Day, a November sales event on Alibaba's platforms that generates more sales than Black Friday and Cyber Monday combined. In 2017, Alipay processed more than 1.5 billion transactions on one day. The two are constantly jostling for position. When Alipay declared the first week of last August "cashless week," WeChat came back with its own "cashless month." Both firms offered rebates and cash prizes for using their services.

In September, Alipay broke WeChat Pay's monopoly in China's 2,800 Starbucks locations; two months later, WeChat Pay was granted the ability to process ticket payments on the nation's massive rail system, formerly Alipay's exclusive turf.

Increasingly, they're taking the battle outside of China — including the States. Yet for all the action and eye-popping numbers, analysts say most U.S. bankers are unaware of the ecosystems' meteoric rise, let alone their encroachment onto banker turf or expansion plans.

To be sure, there are significant differences between the markets. Cards are common in China, but not widely used. Until recently, cash was king. Counterfeiting was rampant and a thriving black-market economy frustrated government efforts to collect taxes and track money.

"There was no real retail payments network to disrupt," Chang said. "When the smartphone came, it created an opportunity."

Americans are more guarded about privacy than the Chinese, and the technology standards — the mobile platform and the reliance on QR codes over more-secure NFC technology used in the States — are different.

More fundamentally, Americans don't perceive mobile payments as superior to a card-based system that works well — and provides lots of points and miles.

"U.S. consumers don't consider paying with a phone to be more convenient or faster than a card," Shum said. "There's no sense of urgency, like there was in China, to make a change … no problem to fix."

That doesn't mean bankers can ignore the trend. WeChat Pay and Alipay are both already operating in the States — efforts that, for now, target Chinese tourists in Las Vegas casinos or New York's Chinatown.

"Chinese people are habituated to using Alipay, and these merchants want to offer the same opportunities" in the States, said Nandan Sheth, a senior vice president with payments processor First Data Corp., which is working with Alipay.

Officials say they have no designs on the U.S. consumer, and Washington would likely balk over concerns about the Chinese government having access to American citizens' data.

Even so, Sheth said he's gotten the sense that WeChat Pay and Alipay hope to target U.S. consumers in the future. Others expect they could find success.

"As soon as it is readily available in the U.S. for sending money, it will likely gain quick popularity," Nino predicted.

Homegrown firms, including Facebook, Amazon and PayPal, also are attempting to embrace ecosystem strategies, though success on China's scale would be tough to duplicate. Regulators would take a heavier hand, and the U.S. market isn't "mobile-first" like China, Putcha said.

Peterson said the good news for banks is that such efforts would likely be card-based — extensions of an Amazon Prime account, for example — which could boost bank interchange revenue.

Facebook in April announced plans to enhance privacy safeguards, foreshadowing a potential move to work more closely with banks.

The bad news is that ecosystems are by their nature dynamic, and the funding mechanisms could change with time. "If you have a large base of customers using a wallet, they'll find a cheaper way to top it off that doesn't include credit or debit," Sheth warned.

That should create a sense of urgency for bankers to find their own mobile payments solution — perhaps something akin to Zelle, the industry-run P2P offering.

"To protect their business, banks need to put together a viable mobile payments platform of their own that is ubiquitous to all banks and is easy for merchants to adopt," Sheth said.

Individually, banks should monitor the space's evolution and think through how, or if, they might participate.

"You want to have a thorough understanding of how each of these new wallets work with relation to pricing, data sharing and consumer trends so you can map out a strategy" for dealing with the services, Nino said.

Even if mobile payments continue to languish domestically, banks might need to understand how ecosystems elsewhere work. "Cross-border commerce is usually more important to your merchant clients than you think it is," Peterson said. "You need to be able to support those customers or they'll go to someone who can."

For now, China's mobile payments explosion and the ecosystems behind it might represent more of an educational freak show than any kind of opportunity or threat for U.S. banks. But as a banker who lives with China's ecosystems, Buckley says it's only a matter of time before the model influences payments in the States. His advice is simple: "Don't fight it. Don't resist it. Embrace it and learn it."

"You need to become forward-compatible," Buckley said. "Otherwise you will be disintermediated." ☐

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MARK BOWER

ELECTED EXECUTIVE VICE PRESIDENT

CHIEF FINANCIAL OFFICER OF CENTRAL BANK

Houston – February 8, 2018 – Central Bank today announced the election of Mr. Mark Bower as Executive Vice President – Chief Financial Officer.

"We are excited to have Mark Bower join Central Bank's executive management team," said Robert Mrlik, President and Chief Executive Officer. "Mark's industry experience and excellent financial management skills will serve the bank well in its commitment to providing long-term value to our stakeholders."

Bower comes to Central Bank with 36 years of commercial banking experience; with the last 23 years at Home State Bank, Loveland, CO.

Bower, a Certified Public Accountant, is a graduate of Augustana College. Mark and his wife Annie, have three children, Elizabeth, Hannah and Michal.

Central Bank was founded in 1956 as Montrose National Bank and in 1961 changed its name to Central National Bank of Houston. In 1979, the bank converted to a state bank charter. As of December 31, 2017 Central Bank reported total assets of more than $650 million and total deposits of $583 million. It operates four locations in Houston.

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Missouri lawmaker, discussing payday loan reform in his state

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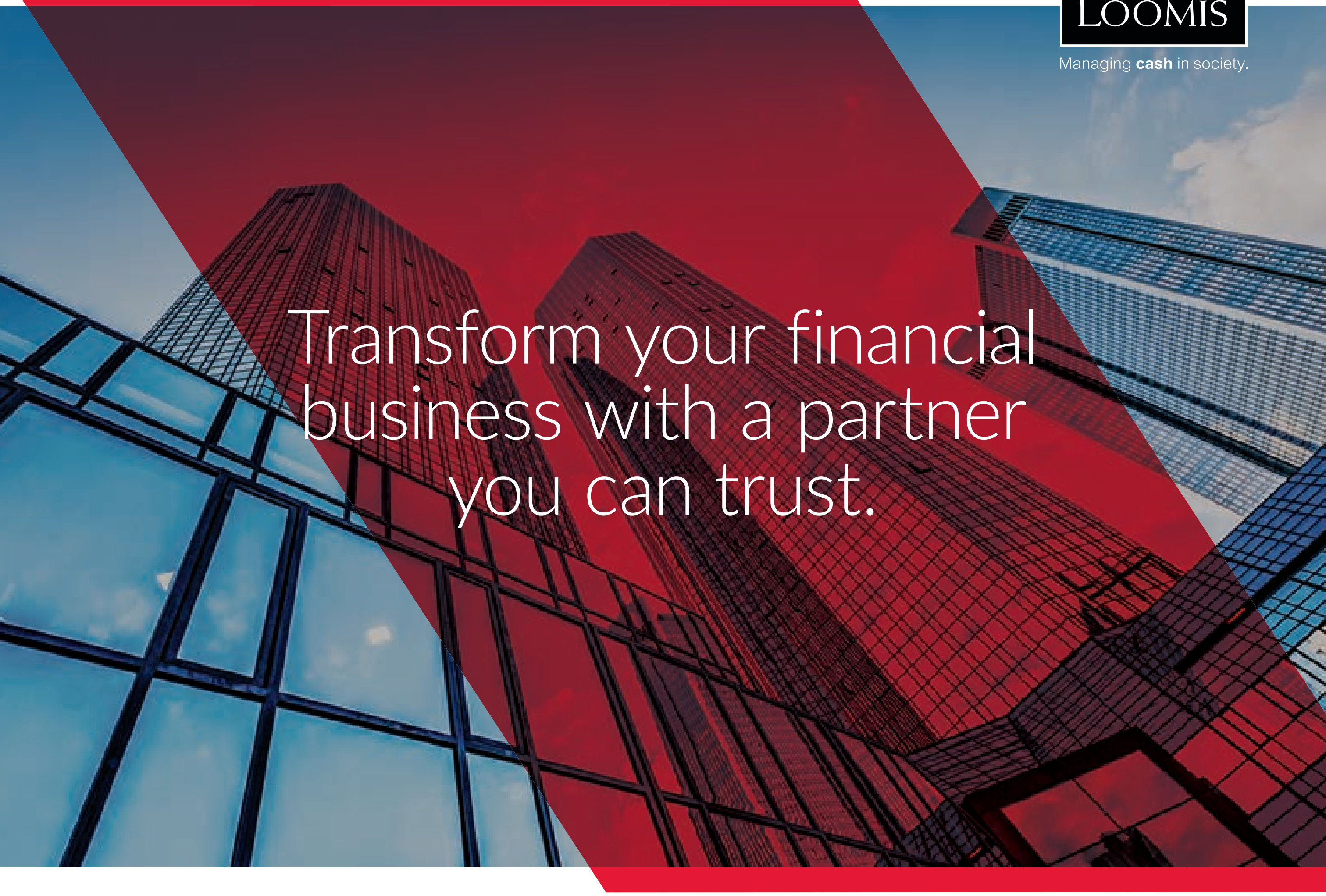

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