

BankDirector®

RANKING BANKING

THE BEST BANKS

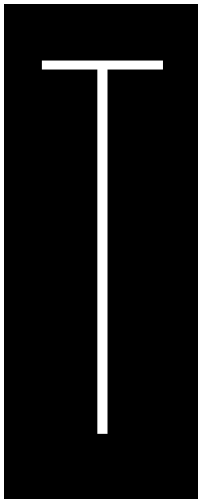
2022

RANKINGBANKING.[®] THE BEST BANKS

SPONSORED BY:



There's Not One Path to Success



he best banks in the nation have survived perilous times, demonstrating high profitability, robust growth and qualities essential to survive: strong leadership and innovation.

The 2022 RankingBanking study, sponsored by Crowe LLP, identifies the industry's top banks: 50 financial institutions that include the biggest, \$3.8 trillion JPMorgan Chase & Co., as well as small public banks such as \$401 million Oregon Bancorp. We ranked each bank within its peer group, based on asset size, examining metrics including growth in loans, revenue and profitability. But we also factored in the intangible elements that drive strong performance: leadership, board oversight and technological innovation. Durable growth and profitability don't occur without a long-term vision, developed and executed by bank leadership. And amid the industry's digital acceleration, banks will be hard pressed to compete effectively and efficiently

without moving the needle on technology.

As uncovered in past RankingBanking studies, the best banks reveal that delivering value to the company's stakeholders isn't limited to a specific business model, geography or size. Oregon Bancorp, which operates as Willamette Valley Bank in Salem, Oregon, proves that small banks can generate a high level of profitability. Other high performers in our study excel by leveraging unique business lines, such as SVB Financial Group, which serves startups and private equity firms; Signature Bank, which offers blockchain-based payments to commercial customers; and Axos Financial, one of the pioneers of internet banking.

The banking industry has experienced something of a mixed bag since the onset of the pandemic in early 2020. Ultra-low interest rates compressed net interest margins and bank profitability — but also resulted in a mortgage boom. Banks have been awash in deposits, but loan demand has been tepid, aside from the Paycheck Protection Program and aforementioned mortgage loans.

The banks featured in the 2022 RankingBanking study have performed admirably amid these challenging conditions.

Emily McCormick

Vice President of Research

Bank Director

CONTENTS

- 2** Letter
- 4** Ranking the Best Banks
- 8** Best National Banks (Above \$150 Billion)
- 12** Best Regional Banks (\$50 Billion to \$150 Billion)
- 16** Best Emerging Regional Banks (\$15 Billion to \$50 Billion)
- 20** Best Small Regional Banks (\$5 Billion to \$15 Billion)
- 24** Best Community Banks (Under \$5 Billion)
- 28** Best Growth Strategy
- 32** Most Innovative Banks
- 36** Best Leadership Teams
- 40** Best Boards
- 44** The CEOs Behind the Best Banks
- 48** Acknowledgments

RANKING THE BEST U.S. BANKS



Since 2017, Bank Director has analyzed the best in banking through its RankingBanking reports — looking at everything from building shareholder value to the best M&A deals. For the 2022 RankingBanking study, we've identified the best U.S. banks: those that balance growth and profitability, deliver long-term shareholder value and execute their goals in a safe and sound manner. We also examined the factors that drive this performance: growth, leadership, board oversight and — especially in today's environment — technological innovation.

Banks that excelled in 2020 and early 2021 — the period examined in the 2022 RankingBanking study — “knew how to consistently adapt and pivot and turn while still managing risk,” says Kara Baldwin, a partner at Crowe LLP, which sponsored this report.

We sorted the banks into peer groups based on asset size, selecting the 10 best in each category using data from S&P Global Market Intelligence. The categories are:

- National Banks (Above \$150 Billion)
- Regional Banks (\$50 Billion - \$150 Billion)
- Emerging Regional Banks (\$15 Billion - \$50 Billion)
- Small Regional Banks (\$5 Billion - \$15 Billion)
- Community Banks (Under \$5 Billion)

To determine the top 10 in each category, we calculated a profitability score based on return on average assets (ROAA) and return on average equity (ROAE) as of year-end 2020. We also looked at year-over-year growth in pre-provision net revenue (PPNR) from 2019 to 2020, as well as absolute PPNR as of year-end 2020. Credit quality was also examined, based on net charge offs and non-performing loans as a percentage of total loans for 2020. To award building shareholder value, we included five-year

total shareholder return from 2015 to 2020. All of these factors were ranked and then averaged — with profitability receiving a double weight — to develop a score.

The final list includes the biggest banks, as well as regional and community banks leveraging traditional operating models in robust markets. Many took advantage of the mortgage boom, and some leaned into the digital economy. While high-performing, privately-held banks can be found across the country, we focused on public banks due to the wealth of data available on these institutions via Securities and Exchange Commission filings, press releases and other public information. We also excluded banks that issued announcements before July 1, 2021, that their organization would be acquired or merged into another institution.

Once the top 10 in each size category were selected, Bank Director then studied each institution across four subcategories that contribute to overall performance: leadership, board, innovation and growth. Each category has its own unique methodology, and each bank's within-peer rank factored into its final score in the asset size categories. The result was a ranking of the best banks in the nation, banks that excel across multiple criteria: profitability, credit, shareholder value, executive and board leadership, and innovation.

The Best of the Best

CATEGORY	TOP-RATED BANK	TICKER	CATEGORY SCORE
Best National Banks (Over \$150 Billion)	JPMorgan Chase & Co.	JPM	2.43
Best Regional Banks (\$50 Billion - \$150 Billion)	SVB Financial Group	SIVB	3.00
Best Emerging Regional Banks (\$15 Billion - \$50 Billion)	Western Alliance Bancorp.	WAL	2.57
Best Small Regional Banks (\$5 Billion - \$15 Billion)	Merchants Bancorp	MBIN	3.43
Best Community Banks (Under \$5 Billion)	FS Bancorp	FSBW	3.29
Best Growth Strategy	University Bancorp	UNIB	3.94
Most Innovative Banks	Bank of America Corp.	BAC	3.00
Best Leadership Teams	FS Bancorp	FSBW	7.60
Best Boards	East West Bancorp	EWBC	9.38

Banks that excelled in 2020 and early 2021 — the period examined in the 2022 RankingBanking study — “knew how to consistently adapt and pivot and turn while still managing risk.”

Kara Baldwin / partner, Crowe LLP

The size-based category winners are:

- JPMorgan Chase & Co., in New York (Best National Bank)
- SVB Financial Group, in Santa Clara, California (Best Regional)
- Western Alliance Bancorp., in Phoenix (Best Emerging Regional)
- Merchants Bancorp, in Carmel, Indiana (Best Small Regional)
- FS Bancorp, in Mountlake Terrace, Washington (Best Community Bank)

The Best Growth Strategy subcategory considered year-over-year growth from 2019 to 2020 in pre-provision net revenue (PPNR), total loans and total deposits, evaluating organic as well as total growth. These factors were ranked and averaged to produce a final score. University Bancorp rode the mortgage wave to a first-place finish. The \$558 million, Ann Arbor, Michigan-based institution has spent years building a competitive niche in mortgage subservicing, which CEO Stephen Lange Ranzini says has led to 16 years of revenue growth and strong profitability. “There’s not that many businesses of any type across any industry that have a long-term track record of rapid growth and high profitability at the same time,” he says.

The growth category received a double weight in the final analysis due to its contribution to earnings potential going forward.

To select the Most Innovative Banks, we evaluated disclosed initiatives and projects in 2020 and midway through 2021. Given the importance of bringing in internal and external know-how, we also looked at whether the bank disclosed staff focused on digital, data or innovation, board-level expertise, partnerships with financial technology companies, as well as investments in and acquisitions of financial technology firms. Finally, we calculated technology spend as a percentage of noninterest expense, based on annual report data. Bank of America Corp., which applied for more than 400 patents in the first half of 2021, took top honors in this category.

“These companies, from a growth standpoint, saw the challenges of Covid, and challenges that we experienced in 2020, and reacted [in two ways]. One was, ‘how do we manage our workforce and our customer base safely?’ ... At the same time, they [were] looking at, ‘how do we serve our clients? Where does growth come from? And what opportunities exist as a result of this?’”

Rick Childs / partner, Crowe LLP

FS Bancorp came out on top in the Best Leadership Teams category. Metrics examined included five-year total shareholder return and the combined tenure of the CEO and CFO, which reward long-term vision and execution. Diversity was examined, based on gender as well as total diversity, meaning the percentage of women, professionals from different ethnic and racial backgrounds, and members of the LGBTQ community, where disclosed. Ratings from the job search platforms Indeed and Glassdoor consider the leadership team’s reputation among current and former employees. Finally, an accomplishment bonus rewards significant initiatives, including M&A.

Leadership is vital to achieving long-term goals and establishing a vision that will carry the organization forward. FS Bancorp CEO Joseph Adams and his team have spent the past decade building a collaborative culture where the best ideas win out — one that prioritizes diverse perspectives. “Celebrate diversity and support equality for all’ is [a] core value,” Adams says.

Finally, boards play an important role in overseeing the bank, from safety and soundness and strategy to profitability and risk management. To determine the Best Boards, Bank Director evaluated several variables, including both gender

MEDIAN ROAA BY CATEGORY, YE 2020

Best National Banks: 0.86%

Best Regional Banks: 1.01%

Best Emerging Regional Banks: 1.35%

Best Small Regional Banks: 1.48%

Best Community Banks: 3.18%

diversity and total diversity, as defined in the leadership category, as well as board-level skills and expertise, including technology, audit, risk and related areas. We compared median compensation in 2020 to each bank's ROAE as of December 2020 to examine the juxtaposition between the board's pay and the performance of the institution. Scores developed by Institutional Shareholder Services to assess governance risk were incorporated where available. Finally, companies that disclose strong corporate governance practices — board evaluations or policies such as annual elections, term limits or mandatory retirement ages that can encourage new points of view — received bonus scores.

“[M]y job, as CEO, is to blend the culture. ... That's my role. Now we're embracing ESG, we're embracing [diversity, equity and inclusion]; we are embracing what needs to be embraced to make sure our culture is aligned.”

Thomas Cangemi / CEO, New York Community Bancorp

East West Bancorp's board earned top honors in the board category due to the diversity and skill sets reflected in the boardroom as well as its governance practices, including annual elections and a yearly evaluation of its performance that includes the board's composition, governance and risk practices, and committee operations.

The boards and leadership teams at successful banks weathered change while keeping their organization's long-term goals in mind.

“These companies, from a growth standpoint, saw the challenges of Covid, and challenges that we experienced in 2020, and reacted [in two ways]. One was, ‘how do we manage our workforce and our customer base safely?’” says Rick Childs, a partner at Crowe. “At the same time, they [were] looking at, ‘how do we serve our clients? Where does growth come from? And what opportunities exist as a result of this?’”

And growth shouldn't occur for growth's sake, he adds. “Growth [should be] profitable and from a risk standpoint, well managed.”

At the close of the 2022 RankingBanking report, we identify the CEOs Behind the Best Banks. This isn't a ranking on its own; rather, we identify the executives leading the best banks and explore the transformation of New York Community Bancorp — under new CEO Thomas Cangemi — from a thrift to a commercial bank positioned to meet today's competitive challenges. Cangemi and his team are accelerating this transition through the acquisition of Flagstar Bancorp, in Troy, Michigan, and partnerships with technology companies. And all that transformation — of the balance sheet, of its ability to leverage technology — means that the organization's culture will change, too.

“[The Flagstar] partnership is financially, strategically and culturally important,” says Cangemi. Big, transformative deals won't have a successful outcome if the cultural fit and integration aren't right. “[M]y job, as CEO, is to blend the culture. ... That's my role. Now we're embracing ESG, we're embracing [diversity, equity and inclusion]; we are embracing what needs to be embraced to make sure our culture is aligned.”

RANKING BANKING®

BEST NATIONAL BANKS

(OVER \$150 BILLION)

Summary Analysis

In an era that finds banks pursuing scale to invest in the technology that enables them to compete in the digital age, it's good to be big.

JPMorgan Chase & Co. "has scale at a time when it matters more to banks than ever before," wrote Piper Sandler Cos. Managing Director Jeffery Harte in an October 2021 note, adding that the biggest bank in the U.S. will spend as much as it takes to stay ahead of competitors from inside and outside the industry. "[T]he advantages of scale should allow JPM to defend the bottom line amid continued business investment."

The company ranked first among the national banks in the 2022 RankingBanking study, defined as banks with more than \$150 billion in assets. It rated second among its peers and sixth overall for its leadership team; second among its peers and third overall for its board of directors; and third overall for its approach to innovation, a category in which the largest banks performed exceptionally well due to their ability to hire a diverse range of technology talent and execute an array of innovative initiatives and investments. JPMorgan Chase invests \$12 billion annually in technology, including artificial intelligence, cloud and blockchain, all while expanding its geographic footprint in metropolitan areas across the U.S.

First Republic Bank ranked second among the national banks; the San Francisco-based institution ranked second overall and first among its peers for its leadership team, and reported the highest five-year total shareholder return of these banks, at 132.41%. It also rated best among the national banks for its growth strategy.

PNC Financial Services Group scored third, boasting the highest return

"[JPMorgan Chase] has scale at a time when it matters more to banks than ever before. ... [T]he advantages of scale should allow JPM to defend the bottom line amid continued business investment."

Jeffery Harte / managing director,
Piper Sandler

on average assets (ROAA) and return on average equity (ROAE) of the national banks, at 1.68% and 14.60%.

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

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

At first, JPMorgan Chase also reported a high TSR compared to peers, at 121.52%, and the second-highest ROAE, at 10.92%. It rated second among the national banks for its growth strategy, a category in which national banks underperformed compared to smaller institutions that are growing from a lower base. These smaller banks are also better able to leverage M&A, though acquisition activity was down in 2020.

"When you're at the top of the food chain, significant organic growth is difficult because you're talking about such a large base," says Rick Childs, a partner at Crowe LLP. "If you were to multiply it by a fairly large growth rate, it would be astronomical for these folks. So, they have to look at how they grow revenue that's not [tied to the] balance sheet."

Large-scale bank M&A has been rare among institutions above \$150 billion in assets, but recent deals promise to

HIGHEST FIVE-YEAR TSR

First Republic Bank

132%

LOWEST EFFICIENCY RATIO, YE 2020

JPMorgan Chase & Co.

55.8%

shake up the competitive landscape. PNC closed its acquisition of BBVA USA Bancshares in July 2021, turning it into a national player.

"Right now, all of the focus is on successful integration of the BBVA transaction," says Scott Siefers, managing director at Piper Sandler. PNC acquired an underperforming, under-invested franchise in BBVA USA, he explains, and will bring it up to PNC's high level of performance — all while realizing revenue opportunities and cost savings. "It's pretty clear that PNC has national aspirations in terms of who it wants to be," Siefers adds. "I wouldn't be surprised if there are further acquisitions in the future, and beyond acquisitions and organic growth, I think you'll continue to see them invest very heavily in their digital presence, as all banks are."

At fourth, Bank of America Corp. rated well for TSR, at 98.68%, and earned the honor of being the most innovative bank of the 50 institutions examined in this year's study.

KeyCorp and U.S. Bancorp tied for fifth. KeyCorp rated well among its peers for PPNR growth, at 5.45%. U.S. Bancorp ranked second overall for its approach to innovation and the strength of its board, and had the third highest ROAA of the national banks, at 0.94%.

How They Ranked: Best National Banks



		TICKER	SCORE	ROAA, YE 2020	TSR, 2015-2020
1	JPMorgan Chase & Co.	JPM	2.43	0.91%	121.52%
2	First Republic Bank	FRC	2.71	0.82%	132.41%
3	PNC Financial Services Group	PNC	4.14	1.68%	80.26%
4	Bank of America Corp.	BAC	5.71	0.67%	98.68%
5	KeyCorp (TIE)	KEY	6.14	0.82%	47.35%
5	U.S. Bancorp (TIE)	USB	6.14	0.94%	26.49%
7	Regions Financial Corp.	RF	6.57	0.79%	96.43%
8	Truist Financial Corp.	TFC	6.71	0.90%	49.85%
9	M&T Bank Corp.	MTB	6.86	1.00%	19.11%
10	Fifth Third Bancorp	FITB	7.43	0.73%	61.57%

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

“When you’re at the top of the food chain, significant organic growth is difficult because you’re talking about such a large base. If you were to multiply it by a fairly large growth rate, it would be astronomical for these folks. So, they have to look at how they grow revenue that’s not [tied to the] balance sheet.”

Rick Childs / partner, Crowe LLP

RANKING BANKING®

BEST REGIONAL BANKS

(\$50 BILLION - \$150 BILLION)

Summary Analysis



Change — accomplished through large, strategic mergers — may be the constant that defined many of the institutions in the regional banking space in 2020-21.

Just one of the 10 best regional banks, defined as those between \$50 billion and \$150 billion in assets in the 2022 RankingBanking study, closed a significant acquisition in 2020, the period examined by Bank Director.

The environment rapidly shifted in 2021. Huntington Bancshares, based in Columbus, Ohio, closed its acquisition of TCF Financial Corp. in June, creating a \$174 billion institution. SVB Financial Group, in

Santa Clara, California, purchased Boston Private Financial Holdings in July, resulting in a \$191 billion company. (Banks were examined within their respective asset categories based on first quarter 2021 data.)

SVB boasted a high level of profitability in 2020, and the Boston Private acquisition significantly beefs up its ability to serve the “innovation economy” — offering a suite of financial services to technology, life science and health care companies, as well as private equity and venture capital firms. “There was so much wealth being created in the innovation economy, and growing by adding one or two people here or there was just too slow,” says CEO Greg Becker. “[I]t was important not just to bring in a wealth platform. It was the full suite of private bank and wealth capabilities.”

SVB topped Bank Director’s ranking of the best regional banks, posting the strongest profitability metrics among its peers, with a 1.51% return on average assets (ROAA) and 17.09% return on average equity (ROAE) at year-end 2020. It also had the strongest five-year total shareholder return (TSR) of the group, at 226.18%.



“Many of these institutions feel, from a growth standpoint, that they need to do a combination, a significant strategic merger, to continue their growth ... so they can compete with these larger banks and challenger institutions.”

Rick Childs / partner, Crowe LLP

“[SVB is] in a real sweet spot” due to the low-rate environment and the acceleration of growth in the technology space, says Timothy Coffey, director, banks and thrifts at the investment firm Janney Montgomery Scott. With the Boston Private deal, “what you have now is a highly functioning business bank overlaid with strong tailwinds, and more processes and capabilities on the wealth management side, which is designed to keep all of those clients in house.”

Two announced deals were still pending when this report went to press: Raleigh, North Carolina-based First Citizens BancShares’s acquisition of CIT Group, and Hicksville, New York-based New York Community Bancorp’s combination with Flagstar Bancorp.

“Many of these institutions feel, from a growth standpoint, that they need to do a combination, a significant strategic merger, to continue their growth ... so they can compete with these larger banks and challenger institutions,” says Rick Childs, a partner at Crowe LLP.

First Horizon Corp., which merged with IBERIABANK Corp. in 2020, ranked second in its peer group, with the highest growth in pre-provision net revenue (PPNR), at 46.03%. It also boasted robust profitability metrics, at 1.33% ROAA and 12.97% ROAE, and bested its peers in the growth category, ranking fifth overall. First Citizens placed third, ranking first among its peers and third overall for the strength of its leadership team; it had the second highest TSR of the group, at 126.62%.

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

Once the top 10 were selected, Bank Director studied each

HIGHEST FIVE-YEAR TSR

SVB Financial Group

226%

LOWEST EFFICIENCY RATIO, YE 2020

Synchrony Financial

32.99%

bank further for its performance across four subcategories: leadership, board, innovation and growth. (The methodologies about each specific subcategory can be found later in this report.) Each institution’s within-peer rank for these categories was factored into the final scoring, with growth receiving a double weight due to its contribution to future earnings.

SVB ranked eighth overall and third within its asset class for its growth strategy, and fifth overall within the leadership category. “[Becker is] exceptionally bright,” says Coffey. “Greg has created a moat that surrounds [SVB] and makes them the dominant bank in the valley.”

Driving Signature Bank’s fourth place finish was its growth strategy, where the New York-based bank rated sixth overall and second among its peers in part due to a digital assets initiative that added \$7.32 billion in deposits to its balance sheet in 2020. Janney Montgomery Scott noted the bank’s “early mover advantage” in an August 2021 report. “We expect this to continue through 2022 in the form of industry-leading deposit growth metrics,” wrote Jake Civello, director of banks and thrifts. It demonstrated strong PPNR growth compared to peers, at 16.68%

At fifth, Pasadena, California-based East West Bancorp rated well for profitability; it also topped all 50 banks in the study for the strength of its board.

How They Ranked: Best Regional Banks



		TICKER	SCORE	ROAA, YE 2020	TSR, 2015-2020
1	SVB Financial Group	SIVB	3.00	1.51%	226.18%
2	First Horizon Corp.	FHN	3.14	1.33%	3.34%
3	First Citizens BancShares	FCNC.A	4.71	1.07%	126.62%
4	Signature Bank	SBNY	5.00	0.87%	-7.30%
5	East West Bancorp	EWBC	5.29	1.16%	35.10%
6	Zions Bancorp.	ZION	5.86	0.71%	76.66%
7	Popular	BPOP	6.14	0.85%	126.38%
8	Huntington Bancshares	HBAN	7.00	0.70%	37.80%
9	Synchrony Financial	SYF	7.14	1.42%	27.80%
10	New York Community Bancorp	NYCB	7.71	0.94%	-13.90%

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

“[SVB is] in a real sweet spot ... what you have now is a highly functioning business bank overlaid with strong tailwinds, and more processes and capabilities on the wealth management side, which is designed to keep all of those clients in house.”

Timothy Coffey / director, banks & thrifts, Janney Montgomery Scott

RANKING BANKING®

**BEST
EMERGING
REGIONAL
BANKS**

(\$15 BILLION - \$50 BILLION)

Summary Analysis

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

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

and Montana, where it's based in Kalispell.

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

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

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

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

"Our model ... attracts really good people, and gives them the tools to get out there and do a great job. And that is the primary reason for our success."

Randall Chesler / CEO, Glacier Bancorp

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

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

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

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

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

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

HIGHEST FIVE-YEAR TSR

Independent Bank Group

109%

LOWEST EFFICIENCY RATIO, YE 2020

Western Alliance Bancorp.

39.4%

category.

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

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

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

How They Ranked: Best Emerging Regional Banks



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

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

“It’s very simple. [Western Alliance Bancorp. hires] good bankers, and they know their customers well enough that [when] customers want to do a new deal, they can get back to them with a decision rather quickly. It’s not rocket science – that’s actually just what good banks do.”

Timothy Coffey / director of banks and thrifts, Janney Montgomery Scott

RANKING BANKING®

**BEST
SMALL
REGIONAL
BANKS**

(\$5 BILLION - \$15 BILLION)



SOLD

Summary Analysis

Few banks were as well positioned as Axos Financial to compete for business during the pandemic, an environment that forced customers to interact digitally.

“In some respects, I think the market came to us,” says Gregory Garrabrants, CEO of the Las Vegas-based, \$14.9 billion institution. Axos — formerly Bank of Internet — was one of the first web-based banks when it launched in 2000, and it’s continued to evolve along with the digital world. “[W]e had spent a lot of time and effort over the last five years, completely building our own software,” he explains.

In addition to quickly reacting to the needs of small business customers during the crisis — Garrabrants says that Axos quadrupled the number of small business accounts opened as a result — the bank was able to respond to the high demand for mortgage refinancing in the low rate environment. The process is fully digitized. “We’ve done a lot to automate that process; we had that very well constructed.”

Leveraging 2020’s mortgage boom proved common ground among the top three small regional banks — institutions between \$5 billion and \$15 billion in assets. Each has put their unique spin on it.

In first place, Merchants Bancorp in Carmel, Indiana, benefited from its long-term niche in mortgage warehouse lending. Abilene, Texas-based First Financial Bankshares, through its geographic footprint in that state, achieved record mortgage growth in 2020, and ranked second. Digital-only Axos scored third, growing pre-provision net revenue (PPNR) by 39.99% from year-end 2019 to year-end 2020.

“These banks have demonstrated an ability to be good at [what they do],” says Kara Baldwin, a partner at Crowe LLP. “Whether it’s being

“In some respects, I think the market came to us ... [W]e had spent a lot of time and effort over the last five years, completely building our own software.”

Gregory Garrabrants / CEO,
Axos Financial

unique or being a traditional bank, they're consistently good at it."

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

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

Axos outperformed its peers in the innovation category, where it ranked eighth overall. Its performance was also buoyed by a strong ROAE, at 16.93%.

In addition to consumer and business banking, Axos has been building its capabilities in the securities space to further its positioning as a one-stop digital shop for financial services. It's also working with independent financial advisors nationwide, allowing them to white label the bank's technology. "We're essentially taking our consumer technology, and we're modifying it to be B2B," says Garrabrants.

Merchants Bancorp ranked first in the category due to strong PPNR growth, at 141.25% year-over-year. The \$11 billion bank was also the most profitable in the category, with 2.12% ROAA and 25.09% ROAE. Merchants also topped its peers for its growth strategy, ranking fourth over-

HIGHEST FIVE-YEAR TSR

First Financial Bankshares

161%

LOWEST EFFICIENCY RATIO, YE 2020

Merchants Bancorp

27.0%

all in that category.

Merchants "tends to fly under the radar because of its size, but they have done an excellent job over time," says Scott Siefers, managing director at Piper Sandler Cos. Aside from traditional banking operations, Merchants specializes in multifamily and mortgage warehouse lending, both on a national scale. "If they see an opportunity to make money in a prudent fashion, they're not afraid to go after it," he says. "It's a very entrepreneurial spirit."

First Financial Bankshares, at third, scored best in the group for TSR, at 160.8% over the five-year period we examined. The \$12.5 billion bank also rated well for ROAA, at 1.98%.

The Bancorp, based in Wilmington, Delaware, with \$6.3 billion in assets, and \$7.7 billion First Foundation, headquartered in Dallas, tied for fourth. First Foundation also rated well for ROAE, at 13.14%, and scored well for its high PPNR growth, at 51.33%. The Bancorp boasted the second-highest TSR, at 114.29%, and also rated well for ROAE, at 15.08%. The Bancorp earns much of its income through its payments division that includes prepaid cards, and has carved out a niche working with fintech companies such as Chime.

How They Ranked: Best Small Regional Banks



	TICKER	SCORE	ROAA, YE 2020	TSR, 2015-2020	
1	Merchants Bancorp	MBIN	3.43	2.12%	80.67%
2	First Financial Bankshares	FFIN	3.86	1.98%	160.80%
3	Axos Financial	AX	4.29	1.59%	78.29%
4	The Bancorp <i>(TIE)</i>	TBBK	4.43	1.34%	114.29%
4	First Foundation <i>(TIE)</i>	FFWM	4.43	1.26%	75.09%
6	Lakeland Financial Corp. <i>(TIE)</i>	LKFN	5.29	1.55%	93.61%
6	ServisFirst Bancshares <i>(TIE)</i>	SFBS	5.29	1.59%	80.81%
8	HomeStreet	HMST	6.57	1.10%	58.75%
9	National Bank Holdings Corp.	NBHC	8.14	1.40%	66.50%
10	Park National Corp.	PRK	9.00	1.38%	42.76%

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

“These banks have demonstrated an ability to be good at [what they do] ... Whether it’s being unique or being a traditional bank, they’re consistently good at it.”

Kara Baldwin / partner, Crowe LLP

RANKING BANKING®

**BEST
COMMUNITY
BANKS**

(UNDER \$5 BILLION)



Summary Analysis

A

gong features prominently in the conference room at FS Bancorp.

Bank leaders bang the gong to celebrate individual and team accomplishments at the \$2.2 billion bank, but it's actually not the first gong that Chief Financial Officer Matthew Mullet purchased; the first one wasn't big enough.

"He loves that thing," jokes CEO Joseph Adams. "It's a symbol of who he is and how he wants to celebrate individual and team [achievements]." It's also an indicator of the culture that the bank's leadership team has spent about a decade building.

Looking back 10 years ago, "bank profitability wise, we had difficulty attracting top talent in our market," says Adams. Around that time, the Mountlake Terrace, Washington-based bank converted from a mutual to a stock company, and Adams charged Chief Human Resources Officer Vickie Jarman and a select group of employees with establishing the bank's vision. "It's one sentence: to build a truly great place to work and bank," says Adams. "We believe if you build a great place to work, it will be a great place to bank. We intentionally put those words in that order."

That drives who they want to hire and promote: "smart, driven, nice" people who want to work in a collaborative environment. "We don't just seek to fill seats here," says Jarman. "We want to make sure we're building a really strong team."

FS Bancorp scored best among the community banks below \$5 billion in assets in the RankingBanking study, rating well for its strong leadership team — No. 1 among the 50 banks in our analysis. In terms of financial metrics, the bank performed well across the board, and generated a five-

"We believe if you build a great place to work, it will be a great place to bank. We intentionally put those words in that order."

Joseph Adams / CEO, FS Bancorp

year total shareholder return of 125% from 2015 to 2020. Ann Arbor, Michigan-based University Bancorp ranked second. Its model — focused heavily on mortgage subservicing — launched it to the top of the growth category. It also earned a return on average assets (ROAA) of 7.85% as of year-end 2020, and a return on average equity (ROAE) of 64.21%.

Having a clear vision and empathetic leaders can have a tremendous impact on a bank's success. "When people care about the company that they work in — because [they're] cared for by [their] leadership team — they are so much more invested in making the success happen," says Crowe LLP Partner Rick Childs.

FS Bancorp focuses on five business areas: indirect consumer lending, centered around home improvement; home lending, as a portfolio originator and seller to Fannie Mae and Freddie Mac; commercial and industrial (C&I) lending; commercial real estate, specializing in infill development in the Seattle area; and deposits. Consistent with the mortgage lending boom, the bank's home loan and home improvement areas proved particularly robust in 2020-21.

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

Once the top 10 were selected, Bank Director studied each bank further for its performance in the four subcategories that contribute to overall performance: leadership, board, innovation and growth. (The methodologies about each specific subcategory can be found later in this report.)

HIGHEST FIVE-YEAR TSR

Oregon Bancorp
1,077%

LOWEST EFFICIENCY RATIO, YE 2020

Hingham Institution for Savings
24.9%

Each institution's within-peer rank for these categories was factored into the final scoring, with the growth category receiving double weight due to its potential to drive future earnings.

With the merger between two prominent Pacific Northwest banks — Umpqua Holdings Corp. and Columbia Banking System — announced in October 2021, Janney Montgomery Scott's Timothy Coffey believes FS Bancorp is well positioned for growth. "They've got longevity and a runway [because] they've got a very good culture over there," he says. That "lowers attrition, improves the institutional knowledge and ultimately improves customer service [so they'll] be a place that customers want to bank."

Fresno, California-based Communities First Financial Corp., which ranked third, generated a strong TSR at 205%. This is second only to fourth-ranked Oregon Bancorp, with a TSR exceeding 1,000%. Salem-based Oregon Bancorp, which operates as Willamette Valley Bank, boasted a 8.57% ROAA at year-end 2020, and 60.2% ROAE. Placing fifth, CF Bankshares in Worthington, Ohio, rated well for growth, ranking second overall in the Growth Strategy subcategory.

How They Ranked: Best Community Banks



	TICKER	SCORE	ROAA, YE 2020	TSR, 2015-2020	
1	FS Bancorp	FSBW	3.29	2.02%	124.91%
2	University Bancorp	UNIB	3.71	7.85%	99.13%
3	Communities First Financial Corp.	CFST	4.14	1.60%	205.22%
4	Oregon Bancorp (TIE)	ORBN	5.00	8.57%	1,076.98%
4	CF Bankshares (TIE)	CFBK	5.00	2.59%	144.20%
6	BNCCORP	BNCC	5.86	4.21%	175.91%
7	Waterstone Financial	WSBF	6.00	3.77%	73.58%
8	Hingham Institution for Savings	HIFS	7.14	1.88%	91.09%
9	NASB Financial	NASB	7.29	4.49%	165.07%
10	First Bancorp	FBLV	7.57	1.47%	112.26%

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

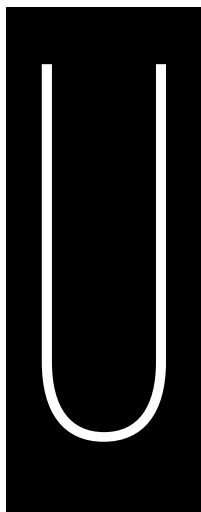
“When people care about the company that they work in — because [they’re] cared for by [their] leadership team — they are so much more invested in making the success happen.”

Rick Childs / partner, Crowe LLP

RANKING BANKING®

BEST
GROWTH
STRATEGY

Summary Analysis



University Bancorp generated remarkable results for 2020, and it's all due to its unique business model.

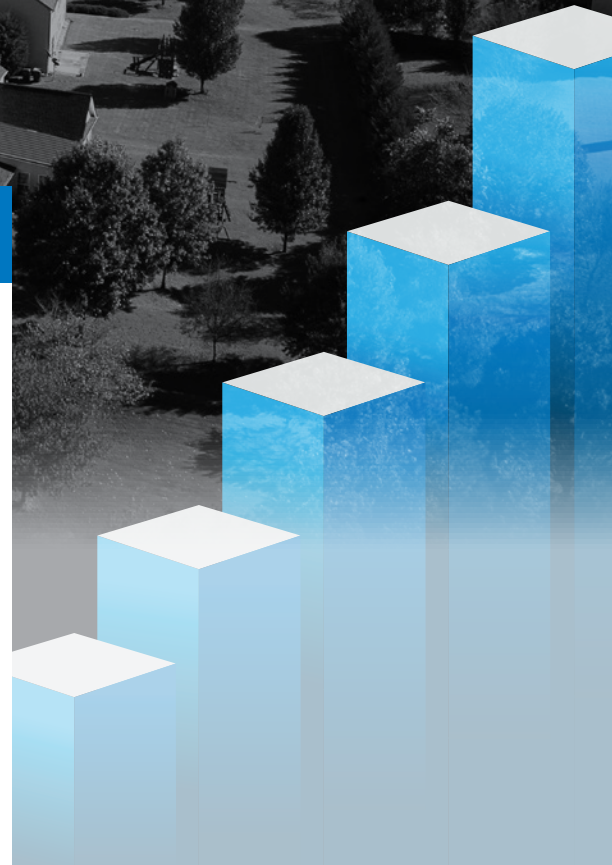
The Ann Arbor, Michigan-based bank offers mortgage subservicing to other banks, credit unions and mortgage firms, receiving a monthly, fixed per-loan fee to take care of administrative, compliance and financial servicing, including payment. The bank has spent years building a competitive advantage in this space. "To be successful, you either have to be really large and have tremendous economies of scale, or you have to have some kind of a niche business that has the sort of Warren Buffett attributes of a high barrier to entry,

a high return on equity and some economies of scale that go into that," says Stephen Lange Ranzini, CEO of the \$558 million bank. "There's not that many businesses of any type across any industry that have a long-term track record of rapid growth and very high profitability at the same time."

Ranzini has led the bank since 1988, making him one of the longest-tenured CEOs of the 50 banks in the RankingBanking study; he's also a major shareholder of the bank.

While University Bancorp has made a few nondepository acquisitions over the years — such as its 2013 acquisition of Ann Arbor Insurance Centre for \$1.1 million — like much of the industry, their growth story is largely an organic one.

Driven by the decline in mortgage rates, 2020 proved to be the biggest year in the history of the mortgage industry, Fannie Mae Chief Economist Douglas Duncan told Bank Director in May 2021. Mortgage servicing is University Bancorp's largest business unit, generating revenue in addition to "zero-cost" deposits, according to Ranzini. The bank also originates



"If you are going to have a really good growth strategy, and you're doing M&A, you have to be really good at M&A. ... You have to connect with those new markets [and] customers so that growth can then be exponential."

Kara Baldwin / partner, Crowe LLP

mortgages, specializing in Federal Housing Administration (FHA) and Veterans Affairs (VA) loans with quick, 24-hour underwriting term times and condition waivers. “If you’re a mortgage loan originator who focuses on realtor-referred business and purchase business, and has a heavy focus on FHA or VA lending, there’s no better place in the country to work than us,” says Ranzini. University Bancorp has also carved out a niche serving religious minorities that are barred from paying or receiving fixed interest.

A perfect storm of long-term strategy and a stellar year for mortgage lending positioned University Bancorp to take top honors in Bank Director’s ranking of the growth strategies of the best banks. In fact, institutions in the Community Banks category, under \$5 billion in assets, took the top three spots. Worthington, Ohio-based CF Bankshares, with \$1.4 billion in assets, ranked second; it originated over \$2 billion in residential mortgages in 2020, according to its annual report. Communities First Financial Corp., with \$1 billion in assets in Fresno, California, ranked third.

Successful community banks “stick to their knitting pretty well. They know what they’re good at,” says Rick Childs, a partner at Crowe LLP. Mortgages proved to be a silver lining to an uncertain 2020 and 2021, but successful banks will pivot when mortgage demand tapers off. “They recognize when the opportunities are there, they adapt to them, and they take advantage of that for the most revenue they can generate. And then when they need to scale back, they’re good at being able to do that when the market changes against them.”

To examine the growth strategies of the RankingBanking banks, Bank Director analyzed year-over-year growth from 2019 to 2020 in pre-provision net revenue (PPNR), total loans and total deposits. We also considered organic growth by omitting acquired deposits and loans. These factors were ranked and averaged to produce a final score.

University Bancorp ranked first due to its exceptional year-over-year PPNR growth, exceeding 400%. Loan and deposit growth exceeded 50% and 45%, respectively. CF

HIGHEST PERCENTAGE YEAR-OVER-YEAR PPNR GROWTH

University Bancorp

465.64%

LARGEST M&A DEAL

First Horizon Corp.

IBERIABANK Corp.

Deal Value: \$2.4B

Bankshares reported similar outsized growth metrics: 292% year-over-year PPNR growth, 48% growth in loans and 49% growth in deposits.

PPNR growth for Communities First Financial Corp. was 43%; the bank also demonstrated strong loan (64%) and deposit (50%) growth. For Merchants Bancorp in Carmel, Indiana, revenue growth exceeded 100%; mortgage warehousing is an important business line for the bank.

Memphis, Tennessee-based First Horizon Corp. was one of just four of the best banks examined in this study that closed a bank acquisition in 2020 — IBERIABANK Corp., which closed in July 2020. Overall, the bank grew PPNR at 46% year-over-year, and rated well for overall loan and deposit growth, at 87% and 116% respectively.

“If you are going to have a really good growth strategy, and you’re doing M&A, you have to be really good at M&A,” says Crowe Partner Kara Baldwin. “You have to connect with those new markets [and] customers so that growth can then be exponential.”

How They Ranked: Best Growth Strategy



	TICKER	SCORE	LOAN GROWTH* YOY, 2019-2020	PPNR GROWTH* YOY, 2019-2020	
1	University Bancorp	UNIB	3.94	51.72%	465.64%
2	CF Bankshares	CFBK	4.78	48.30%	291.98%
3	Communities First Financial Corp.	CFST	5.89	63.92%	42.76%
4	Merchants Bancorp	MBIN	6.11	68.01%	141.25%
5	First Horizon Corp.	FHN	8.33	87.19%	46.03%
6	Signature Bank	SBNY	12.17	24.98%	16.68%
7	Western Alliance Bancorp.	WAL	12.50	28.07%	19.16%
8	SVB Financial Group	SIVB	12.83	36.23%	0.75%
9	Glacier Bancorp	GBCI	14.72	17.82%	36.00%
10	Oregon Bancorp	ORBN	15.17	45.48%	146.08%

SOURCE: S&P Global Market Intelligence

*Loan growth and PPNR growth includes growth related to acquisitions closed in 2020, where applicable.

“To be successful, you either have to be really large and have tremendous economies of scale, or you have to have some kind of a niche business that has the sort of Warren Buffett attributes of a high barrier to entry, a high return on equity and some economies of scale that go into that.”

Stephen Lange Ranzini / CEO, University Bancorp

RANKING BANKING®

MOST INNOVATIVE BANKS



Summary Analysis

Two factors drive bank technology strategies, according to Bank Director's 2021 Technology Survey: generating efficiencies and improving the customer experience. Pursuing these goals — along with the recent digital acceleration driven by the pandemic — has many traditional, community banks scrambling to compete with big, global institutions, challenger banks and digital, nonbank lenders — all of which have positioned themselves to leverage technology to attract market share.

In fact, some bank CEOs now refer to their organizations as technology companies.

"We're clearly a technology company," Bank of America Corp. CEO Brian Moynihan told Yahoo Finance in October 2021. "We spend about \$3.5 billion a year on new code implementation; new products and services are driven by technology."

Bank of America spent roughly \$8.7 billion on technology in 2020, according to an estimate calculated by Bank Director based on the bank's annual report. Of this, roughly 40% went to new initiatives. These include projects such as Balance Assist, a payday loan alternative, application programming interfaces (APIs) that add new features to its commercial banking app, and Life Plan, which launched in late 2020 and had provided personalized insights to more than 4 million clients as of August 2021 — the bank's most rapidly adopted feature to date, according to the company.

Doing all this requires money and know-how. In addition to executives and employees focused on areas such as digital delivery and data science, Bank of America has staff focused on cryptocurrency and digital assets. The big bank has collaborated with and invested in fintech companies, including Axia Technologies, a health care payments company that it ac-

"We're clearly a technology company. ... We spend about \$3.5 billion a year on new code implementation; new products and services are driven by technology."

Brian Moynihan / CEO, Bank of America Corp.

quired in April 2021. “We are adding a talented team that brings great domain expertise and technology,” said Bank of America executive Mark Monaco in a release announcing the transaction. “Working together, we can leverage our joint expertise and capabilities to deliver a comprehensive range of payment and settlement solutions to our [health care] clients and their patients.”

And Bank of America employs inventors such as Manu Kurian, who has filed more than 360 patents since 2014, putting him among the top 300 patent holders worldwide, according to the company. This talent led Bank of America to a company-record 227 patents granted by the U.S. Patent Office in the first half of 2021, covering areas such as artificial intelligence and machine learning, information security, data analytics, payments and mobile banking.

These dedicated efforts put Bank of America at the top of Bank Director’s list of the most innovative banks in the 2022 RankingBanking study, followed by two other large institutions at second and third, respectively: U.S. Bancorp and JPMorgan Chase & Co.

The big banks were investing in technology to improve products and processes before the various fintech players emerged as competitive threats, notes Rick Childs, a partner at Crowe LLP. “A strong part of their growth strategy is to be innovative.”

To determine the most innovative banks, Bank Director ranked each institution based on disclosed initiatives and projects in 2020 and midway through 2021; this scoring received a double weight as it’s based on actual results. We also considered expertise: internal staffing focused on data, digital, innovation and similar areas; technology, cybersecurity and digital skills in the boardroom; and disclosed partnerships with fintechs, including investments and acquisitions. We also calculated technology spend as a percentage of noninterest expense. Banks don’t often share this information in a consistent, transparent manner; Bank Director relied on information disclosed under the noninterest expense breakdown in each bank’s 2020 annual filing.

HIGHEST TECHNOLOGY SPEND, 2020

JPMorgan Chase & Co.
\$10.3B

MOST ACTIVE TECH COLLABORATOR

SVB Financial Group
28 Known Relationships

U.S. Bancorp’s initiatives in 2020 included a voice assistant that mimics interactions with a human teller, enhancements to its freight payment platform and real-time payments capabilities for business owners, with 10,000 merchants using these features as of June 2021. Roughly a third of these clients were new to the bank.

David Ness, U.S. Bank’s vice president of innovation and R&D, leads a “dedicated fintech engagement unit” that scouts out potential partnerships that help the bank “innovate, challenge the status quo and think big about what’s possible,” according to a blog post.

Just one smaller institution ranked among the most innovative of the 50 best banks in our study: Axos Financial, based in Las Vegas. The digital pioneer ranked eighth for its approach to innovation due in part to its acquisition of E-Trade Advisor Services and subsequent integration of what’s been rebranded as Axos Invest into its mobile app. It also white labels its technology to independent financial advisors.

“You have to be able to address — not just how do you build the technology or the innovation — but also how you execute on it and make sure it’s exactly what your customers are looking for,” says Crowe Partner Kara Baldwin. Banks can’t afford to lag behind. “If you turn your blinders on completely to innovation, I do think that is short sighted.”

How They Ranked: Most Innovative Banks

		TICKER	SCORE	ESTIMATED TECH SPEND, 2020 (000)	NOTABLE INITIATIVE	
	1	Bank of America Corp.	BAC	3.00	\$8,655,000	"LifePlan" personalized financial advice
	2	U.S. Bancorp	USB	4.33	\$1,294,000	Real-time payments for merchants
	3	JPMorgan Chase & Co.	JPM	6.50	\$10,338,000	"My Chase Plan" buy now, pay later option
	4	Fifth Third Bancorp	FITB	7.78	\$362,000	"Early Pay" advance paycheck access
	5	Zions Bancorp.	ZION	8.93	undisclosed	Machine learning helps bankers advise clients
	6	Huntington Bancshares	HBAN	9.89	\$384,000	"The Hub" financial health platform
	7	Synchrony Financial	SYF	10.17	\$492,000	APIs deliver new features to clients
	8	Axos Financial	AX	10.56	\$40,719	"Axos Invest" investment tool
	9	KeyCorp (TIE)	KEY	11.39	\$246,540	"Laurel Road for Doctors" national digital bank
	9	First Republic Bank (TIE)	FRC	11.39	\$298,632	Gained 150,000 hours through automation

SOURCE: Bank annual reports, Bank Director's FinXTech database, and public information including press releases and LinkedIn

RANKING BANKING®

BEST LEADERSHIP TEAMS

Summary Analysis

First Citizens BancShares is building the largest family-run bank in the U.S. The Raleigh, North Carolina-based financial holding company, with \$56.9 billion in assets as of the third quarter 2021, will become one of the 20 largest banks in the country once its pending merger with CIT Group, announced in October 2020, finally closes. First Citizens is “graduating into the big bank club,” says Brady Gailey, managing director at Keefe, Bruyette & Woods. He doesn’t see any red flags barring regulatory approval of the deal; on Sept. 30, 2021, the two banks extended their merger agreement to March 1, 2022. “[First Citizens] is a high quality, impressive southeast franchise,” he says. “The combined new bank can reach a level of higher profitability that neither bank could have reached on their own before.”

First Citizens ranked third in our analysis of the best leadership teams; the Holding family owns about 25% of the company, explains Gailey, and controls 50% through its class A/B share structure. Frank Holding’s grandfather was elected president in 1935; a Holding has led the bank since. “They’re very much a family bank.”

Strong leaders generate long-term, consistent results, says Crowe LLP Partner Kara Baldwin. “A great leader isn’t necessarily going to switch and change” their overarching strategy, she explains. They may exhibit flexibility in achieving those goals, but consistency is the name of the game.

FS Bancorp, with \$2.2 billion in assets in Mountlake Terrace, Washington, ranked first in our examination of the best leadership teams. San Francisco-based First Republic Bank, with \$173 billion in assets as of the third quarter 2021, placed second.

“We need all different ideas, with people with different backgrounds and genders and thought processes to make this the place that it is today.”

Vickie Jarman / chief human resources officer, FS Bancorp

Executive teams develop and execute a company's long-term vision; they also foster its culture. With that in mind, Bank Director examined a bevy of metrics to analyze the leadership teams of the best banks. The combined tenure of CEO and CFO teams, along with total shareholder return, were examined to reward long-term performance and commitment; as a direct measure of this, TSR received a double weight. Diversity also received a double weight, and was examined based on gender and total diversity (the percentage of women, professionals from different ethnic and racial backgrounds, and members of the LGBTQ community, where disclosed). Ratings from Indeed and Glassdoor, two job search platforms that collect employee feedback, provide a view on how the leadership teams are viewed by current and former employees. An accomplishment bonus rewards significant initiatives such as M&A. All of these factors were ranked and averaged to create a final score.

Earning the top spot, FS Bancorp rated among the best for diversity within the leadership team; more than half represent women or other diverse characteristics. The bank's collaborative culture "puts a priority on implementing the best ideas, period," says Chief Human Resources Officer Vickie Jarman. "We need all different ideas, with people with different backgrounds and genders and thought processes to make this the place that it is today," she says. Demonstrating diversity within leadership also opens the door for others, she adds.

"We really do try to hire and promote the best and the brightest," says CEO Joseph Adams — candidates that fit into the bank's "smart, driven, nice" employee culture, which drove the bank to the top spot in the community banks category. "A lot of those have turned out to be women." Like the much larger First Citizens, FS Bancorp more than doubled TSR over the five-year period we examined.

Second-ranked First Republic Bank has the most tenured team; CEO James Herbert II founded the bank in 1985. A quarter of the leadership team exhibits diversity. It rated well with employees, based on Glassdoor and Indeed reviews.

MOST TENURED CEO/CFO TEAM

First Republic Bank

42 years

HIGHEST CEO APPROVAL, GLASSDOOR

TowneBank

100%

While none of the banks in our analysis are currently led by a woman, First Republic named one as co-CEO in 2021: Hafize Gaye Erkan, who has served as president since 2017.

First Citizens rated moderately well for diversity, with one-third women. Holding's sister, Hope Holding Bryant, serves on the executive team, along with Chief Risk Officer Lorie Rupp. Rounding out the top five, NASB Financial ranked fourth with one of the more diverse leadership teams in the ranking. Half exhibit diverse characteristics, and the bank earned a five-year TSR of 165%. Like First Republic, employees gave fifth-ranked SVB Financial Group favorable ratings on Glassdoor and Indeed. And the company has made bold moves in line with its mission to serve the so-called innovation economy: It closed its acquisition of Boston Private Financial Holdings in July 2021, bolstering its wealth management and private banking capabilities.

How They Ranked: Best Leadership Teams



		TICKER	SCORE	CEO APPROVAL, GLASSDOOR (AUG. 2021)	CEO/CFO COMBINED TENURE (YEARS)
1	FS Bancorp	FSBW	7.60	n/a	27
2	First Republic Bank	FRC	9.00	96%	42
3	First Citizens BancShares	FCNC.A	9.50	87%	20
4	NASB Financial	NASB	9.75	86%	27
5	SVB Financial Group	SIVB	11.00	95%	14
6	JPMorgan Chase & Co.	JPM	12.58	82%	16
7	University Bancorp	UNIB	12.80	n/a	38
8	PNC Financial Services Group	PNC	13.06	86%	16
9	Popular	BPOP	14.08	92%	12
10	Lakeland Financial Corp.	LKFN	14.83	n/a	14

SOURCE: S&P Global Market Intelligence, Glassdoor, Indeed, bank websites and other public information. Glassdoor/Indeed scoring not included if there were fewer than 20 reviews.

“[First Citizens] is a high quality, impressive southeast franchise ... The combined new bank can reach a level of higher profitability that neither bank could have reached on their own before.”

Brady Gailey / managing director, Keefe, Bruyette & Woods

RANKING BANKING®

BEST BOARDS



Summary Analysis


For Pasadena, California-based East West Bancorp, diversity in the boardroom helps the \$61 billion bank align itself with the needs of its customer base. The country's second-largest minority depository institution (MDI) has an extensive history serving Asian American and other minorities in the U.S.; it also operates in China. (The largest MDI, San Juan, Puerto Rico-based Popular, also appears in the 2022 RankingBanking study.) East West's eight-member board includes three women and six members representing diverse ethnic and racial backgrounds.

That diversity enriches deliberations, says board member Molly Campbell.

"We have so many broad perspectives in the room," says Campbell, an infrastructure advisor with the U.S. Treasury; she's also an African American woman. "We're not all in agreement all the time, [but] we're comfortable with expressing our opinions and making the bank that much better."

Corporate stakeholders increasingly view diversity as a smart business decision that boosts performance — and they're prodding companies to improve. The Securities and Exchange Commission approved in August 2021 rules that require Nasdaq-listed boards to disclose diversity statistics beginning in 2022. By 2025, larger boards without at least two diverse board members will have to explain why. Corporations are also feeling pressure from institutional investors, and the passage of gender diversity requirements in California and Washington.

"[Board members] have to be willing to challenge management's decisions," says Crowe LLP Partner Kara Baldwin. Diversity "makes you think through things in a different way."



"Boards are not there to be management's rubber stamp. ... They're there to lend their expertise, ask good questions, and be engaged and knowledgeable."

Rick Childs / partner, Crowe LLP

East West Bancorp topped our ranking of the best boards, due to its diverse, skilled board and strong governance practices. It outperformed two of the largest banks in the country — U.S. Bancorp and JPMorgan Chase & Co., which placed second and third, respectively.

Given their role in oversight, strategy and risk management, strong boards are critical to driving performance at the best banks. To determine the top boards, Bank Director considered the diversity of their composition, based on gender and total diversity (the percentage of women, professionals from different ethnic and racial backgrounds, and members of the LGBTQ community, where disclosed). We also looked at board-level skills and expertise: technology, cybersecurity and digital; legal; accounting, audit and finance; and risk and regulatory compliance. To gauge whether board pay matched performance, we compared median compensation in 2020 to each bank's return on average equity as of December 2020. The Governance QualityScore and Board Pillar Score, developed by Institutional Shareholder Services to assess governance risk, were incorporated where available. All these elements were ranked and averaged, with the factors relevant to board composition — diversity and skills — receiving a double weight in calculating a final score. Finally, companies that disclose strong corporate governance practices — board evaluations or policies such as annual elections, term limits or mandatory retirement ages that can encourage new points of view — received bonus scores.

U.S. Bancorp's board ranked second due to its diverse board and governance practices. Annual evaluations and individual self evaluations explore topics such as board oversight, including strategic planning and risk management; information received by directors; the effectiveness of meetings; board composition and structure; and areas for improvement.

Most of the top 10 boards disclosed that they conduct an annual evaluation of their performance. Comparing this to the industry more broadly, Bank Director's 2021 Governance Best Practices Survey found that 43% annually assess their performance.

MOST GENDER-DIVERSE BOARD

U.S. Bancorp
46% Women

HIGHEST-PAID BOARD, PER DIRECTOR

JPMorgan Chase & Co.
\$411K

JPMorgan Chase, at third, scored well for diversity as well as skills in accounting, audit and finance, and risk and regulations. At fourth, SVB Financial Group touted the best ISS scores of the group. In line with its strategic goals to serve the "innovation economy," the board features a high level of technology expertise.

The composition of fifth-ranked First Horizon Corp.'s board changed significantly upon its acquisition of IBERIABANK Corp. in July 2020 — eight of its 17 directors formerly served on the IBERIA board. The newly configured board of the Memphis, Tennessee-based bank rated well for its expertise, including technology. Both First Horizon and JPMorgan Chase have a retirement age of 72 years.

Half of the top 10 boards have a mandatory retirement age of 72 or 75. These policies can be controversial as they may force out an engaged, skilled director. But it's vital that boards have practices such as individual evaluations, term limits or annual elections that allow them to create space on the board for new skills and perspectives so they can effectively fulfill their fiduciary duty to shareholders.

"Boards are not there to be management's rubber stamp," says Rick Childs, a partner at Crowe. "They're there to lend their expertise, ask good questions, and be engaged and knowledgeable."

How They Ranked: Best Boards



		TICKER	SCORE	MEDIAN TOTAL DIRECTOR COMPENSATION (2020)	% WOMEN ON THE BOARD
1	East West Bancorp	EWBC	9.38	\$228,500	37.5%
2	U.S. Bancorp	USB	10.38	\$249,651	46.2%
3	JPMorgan Chase & Co.	JPM	10.63	\$411,250	40.0%
4	SVB Financial Group	SIVB	11.19	\$243,469	33.3%
5	First Horizon Corp.	FHN	11.38	\$188,298	23.5%
6	Synchrony Financial	SYF	11.44	\$242,061	33.3%
7	UMB Financial Corp.	UMBF	11.79	\$114,992	25.0%
8	HomeStreet	HMST	11.81	\$84,250	22.2%
9	Bank of America Corp.	BAC	12.00	\$350,473	37.5%
10	Popular	BPOP	12.31	\$221,314	33.3%

SOURCE: S&P Global Market Intelligence, Yahoo! Finance, bank websites, proxy statements and other public information

“We’re not all in agreement all the time, [but] we’re comfortable with expressing our opinions and making the bank that much better.”

Molly Campbell / director, East West Bancorp

RANKING BANKING®

THE CEOS BEHIND THE BEST BANKS

Summary Analysis

The banks topping the 2022 RankingBanking study are led by seasoned leadership teams, particularly when it comes to the CEO: More than half of the best banks are helmed by a CEO with a tenure exceeding 10 years.

But shifting demographics promise change for much of the industry: Bank Director's 2021 Compensation Survey found that 41% are led by a CEO aged 61 or older. While these executives may not be in a hurry to retire, they can't serve forever. A changing of the guard is underway.

New York Community Bancorp — which rated 10th among the best regional banks — experienced its own changing of the guard on Jan. 1, 2021, when CEO and Chairman Thomas Cangemi took the reins from former CEO Joseph Ficalora, who retired after more than five decades in banking. That leaves big shoes for Cangemi to fill — Ficalora grew NYCB from \$1 billion in assets to \$55 billion as of his departure in December 2020.

NYCB isn't the only bank in the 2022 RankingBanking study with a new CEO: KeyCorp, Synchrony Financial, Trustmark Corp., Merchants Bancorp and BNCCORP were all led by new CEOs in the 2020-21 period.

Although it's early to declare success on some of his initiatives, Cangemi's brief tenure has been uniquely characterized by bold moves aimed at transforming the Hicksville, New York-based bank from a thrift to a more diversified commercial bank. In April 2021, NYCB announced that it would acquire Flagstar Bancorp, creating a pro forma \$87 billion institution. In July, the bank elevated Andrew Kaplan as its first chief digital and banking as a service officer, leading the bank's technology and innovation efforts. And

“[T]he focus has been truly to transform the bank ... My original priority [on] becoming CEO was to seek out partnerships — both bank partnerships as well as technology partnerships — as we look at the space and try to play catch up.”

Thomas Cangemi / CEO, New York Community Bancorp

in August, NYCB announced its collaboration on “a series of blockchain initiatives” with Figure Technologies, along with joint investments in a blockchain-focused venture fund. It’s also ramping up its digital capabilities.

“[T]he focus has been truly to transform the bank,” says Cangemi, from a monoline, multi-family lender to a diversified, commercial bank. “My original priority [on] becoming CEO was to seek out partnerships — both bank partnerships as well as technology partnerships — as we look at the space and try to play catch up.”

Flagstar provides an example of one of those partnerships. Cangemi says NYCB is already deepening customer relationships, but the acquisition will help the bank achieve its transition much more quickly. “[T]here’s a lot of history out there; we see the legacy savings and loans try to become more commercial bank-like, and it really becomes a lengthy process,” Cangemi says. “[I]t’s] very difficult to do without a partner.”

Cangemi found that partner in Flagstar CEO Alessandro DiNello and his team, who have been leading the Michigan-based bank through its own transformation to diversify its traditionally monoline mortgage banking operation.

Flagstar, it should be noted, wasn’t considered for the 2022 RankingBanking study due to the announced merger with NYCB. If it had, it would have rated among the 10 best emerging regional banks, between \$15 billion and \$50 billion in assets, due to strong pre-provision net revenue growth, profitability metrics and five-year total shareholder return. When this report went to press, regulatory approval was still pending for the deal, with closure delayed to 2022.

As for Chief Digital and BaaS Officer Kaplan, he reports directly to the CEO. “I believe technology is moving so quickly that it needs to be prioritized [by] the CEO’s office,” Cangemi says. That includes the organization’s banking as a service and other innovative initiatives, like its partnership with Figure. “We truly believe there’s a lot of similarities in what we’re doing on our end and how we can help each other. In particular, [Figure CEO] Mike Cagney’s view of mortgage is very interesting; they just bought a mortgage

THE NEWEST CEOs (2020-21)

Thomas Cangemi, New York
Community Bancorp

Christopher Gorman, KeyCorp

Brian Doubles, Synchrony Financial

Duane Dewey, Trustmark Corp.

Michael Dunlap, Merchants Bancorp

Daniel Collins (interim), BNCCORP

company, they just signed a servicing deal, and they’re moving toward taking mortgage and servicing and leveraging the blockchain,” Cangemi explains. “[W]e’re sharing ideas and technology and resources to really look at an opportunity on the blockchain, and focus on speed and efficiency, and more importantly, the ability for customers to get better service through the blockchain.”

Cangemi joined NYCB in 2001, with its acquisition of Richmond County Financial Corp. He spent much of his two-decade career there as chief financial officer, working closely with former CEO Ficalora. Cangemi had a background in M&A prior to joining NYCB, which was a good fit for the company in the pre-Dodd-Frank Act days — it acquired eight banks between 2001 and 2010.

CEOs like Cangemi — who have deep experience in their organizations — can have a leg up when it comes to putting their own vision into action when they take the reins, says Kara Baldwin, a partner at Crowe LLP.

“You have to understand where you are,” says Baldwin. But new CEOs should identify where improvements can be made and lead through that change. “Even if you’re doing a

The CEOs Behind the Best Banks

CATEGORY	WINNING BANK	CEO	CEO SINCE ...
Best National Bank	JPMorgan Chase & Co.	Jamie Dimon	2005
Best Regional Bank	SVB Financial Group	Greg Becker	2011
Best Emerging Regional Bank	Western Alliance Bancorp.	Kenneth Vecchione	2018
Best Small Regional Bank	Merchants Bancorp	Michael Dunlap	2020
Best Community Bank/ Best Leadership Team	FS Bancorp	Joseph Adams	2004
Best Growth Strategy	University Bancorp	Stephen Lange Ranzini	1988
Most Innovative Bank	Bank of America Corp.	Brian Moynihan	2010
Best Board	East West Bancorp	Dominic Ng	1991

SOURCE: Bank websites and other public information

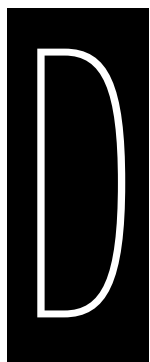
great job, there are always aspects you could improve upon," she adds. "You can then take what's great, and let it be great, and turn your focus to the things that could be improved."

Christopher Marinac, director of research at the investment bank Janney Montgomery Scott, describes Cangemi as a new leader for a new era at NYCB — collegial, and focused on where his organization fits into the future of banking and the broader economy. "[Cangemi is] dynamic in terms of thinking [about] where the industry is going," Marinac says, "and I think that balanced approach for the

business is long overdue."

Ficalora's retirement was characterized by some industry watchers as sudden, but Cangemi describes his predecessor as a "partner," adding that succession planning was occurring behind the scenes. "Joe and I are very close; we talk from time to time," says Cangemi. "He's still our largest individual shareholder — and he happens to be a very happy shareholder, as of current performance metrics."

Acknowledgments



Data used in the 2022 RankingBanking analysis was collected through S&P Global Market Intelligence, as well as publicly available information obtained via bank websites, Securities and Exchange Commission filings and other outlets.

Bank Director researchers Pete Dawkins and Simon Goettler also contributed to this report.

About Crowe LLP

Crowe LLP (www.crowe.com) is a public accounting, consulting and technology firm with offices around the world. Crowe uses its deep industry expertise to provide audit services to public and private entities. The firm and its subsidiaries also help clients make smart decisions that lead to lasting value with its tax, advisory and consulting services. Crowe is recognized by many organizations as one of the best places to work in the U.S. As an independent member of Crowe Global, one of the largest global accounting networks in the world, Crowe serves clients worldwide. The network consists of more than 200 independent accounting and advisory services firms in more than 130 countries around the world.

About Bank Director

Bank Director reaches the leaders of the institutions that comprise America's banking industry. Since 1991, Bank Director has provided board-level research, peer-insights and in-depth executive and board services. Built for banks, Bank Director extends into and beyond the boardroom by providing timely and relevant information through *Bank Director* magazine, board training services and the financial industry's premier event, Acquire or Be Acquired. For more information, please visit BankDirector.com.

Contact

Bank Director
201 Summit View Dr.
Suite 250
Brentwood, TN 37027
Tel: 615.777.8450
Fax: 615.777.8449
www.BankDirector.com

Inquiries about our research: Emily McCormick, vice president of research, emccormick@bankdirector.com

Inquiries about reprints: Andrew Pate, circulation associate, apate@bankdirector.com

The contents of this study are copyright © 2021 and may not be reproduced without written permission.

All rights are reserved.

