

INITIATION OF COVERAGE

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Market Statistics in USD

Price	\$ 20.30
52 week Range	\$19.13 - \$26.00
Daily Vol (3-mo. average)	2,320
Market Cap (M)	\$ 152.2
Shares Outstanding: (M)	7.5
Float (M)	6.3
Public Ownership	83.7%
Institutional Ownership	0.0%

Financial Summary in USD

Cash (M)	\$ 29.9
Cash/Share	\$ 3.99
Debt (M)	\$ 121.4
Equity (M)	\$ 188.4
Equity/Share	\$ 25.13

FYE: Dec	2022	2023E	2024E
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(all figures in M, expect per share information)

Int. Income	\$ 65.8	\$ 79.5	\$ 88.2
Chng%	9%	20.9%	10.9%

Net Income	\$ 22.2	\$ 20.7	\$ 21.5
EPS	\$ 2.95	\$ 2.75	\$ 2.86

NIM	3.18%	2.95%	2.99%
P/E	6.9x	7.4x	7.1x



COMPANY DESCRIPTION

Isabella Bank Corporation (the Company, the Bank, or Isabella) operates as a holding company that wholly owns Isabella Bank. Isabella Bank was founded in 1903 and is headquartered in Mount Pleasant Michigan. Isabella provides a variety of banking, lending, and wealth management services in Central Michigan. The Company serves institutions, businesses, individuals, and families in 7 counties across central Michigan.

ISABELLA BANK CORPORATION (OTCPK: ISBA)

Company Summary

Growth in the Second Quarter: Isabella grew considerably in the second quarter of 2023. Loans were up 5% in the quarter to \$64M, and with them interest income grew 21% Y/Y. The Wealth Management division grew assets under management by \$22M, or 4% in the quarter. Dividend yield as of June 30, 2023 was 5.46% at \$0.28 per share. This growth was seen despite the industry headwinds due to the current interest rate environment.

History of Acquisitions and Expansions: Isabella has a history of organic growth and acquisitive expansion. Since 2008, ISBA has acquired Greenville Community Bank, the Saginaw Office, and the Midland East Office. Concurrently, the Bank opened 6 offices in Lake Isabella, Freeland, and Saginaw. From this, Isabella had secured strong shares in its target markets, commanding 58% control of the Isabella county market and 41% of the Clare county market. Most recently, the Company has disclosed plans to expand further with an opening of a Loan Production Office in Bay County, expected in the near future.

Strategic Plan: The Company embarked on a strategic turn around starting in 2017 with a 5-year plan. Since the start of the plan, ISBA has grown its NIM from 2.95% at the end of 1Q18, which was approximately 80bps below peers. At the end of 2Q23 NIM stood at 3.11%, which is in line with industry comps. This growth trend is also shown in ISBA's deposits growing from \$1.3B at the end of 1Q18 to \$1.7B at the end of 2Q23. This growth was accomplished while growing the Wealth Management Division and paying a dividend yield that is consistently greater than peers.

Experienced Team: The Bank's executive leadership team has over 190 years of combined industry experience, with some officers serving the Bank for decades. Chief Executive Officer Jae Evans will retire in January 2024 and will be succeeded by President Jerome Schwind, who has been with ISBA for 24 years. Additionally, the Company shows strong employee retention metrics with approximately 37% of its workforce having a tenure greater than 10 years, and an overall employee turnover rate of 18% in 2022 vs peers at 28%.

ISBA Has Strong Ratios: At the end of 2Q23, tier 1 capital ratio was 13.08%. Isabella's non-performing loans to total loans percentage was 0.04%, which has steadily decreased from 0.25% in 3Q21. The Bank currently has \$26M in cash and equivalents with an additional \$344M in available lines of credit.

Valuation: We use a comp analysis on P/E and P/BV to frame our valuation of ISBA. Using a forward P/E range of 8.5x to 10.5x with a mid-point of 9.5x on FY24 estimates results in a valuation range of \$24.30 to \$30.02 with a mid-point of \$27.16. Using a P/BV range of 1.0x to 1.2x with a mid-point of 1.1x results in a valuation range of \$25.13 to \$30.16 with a mid-point of \$27.65.

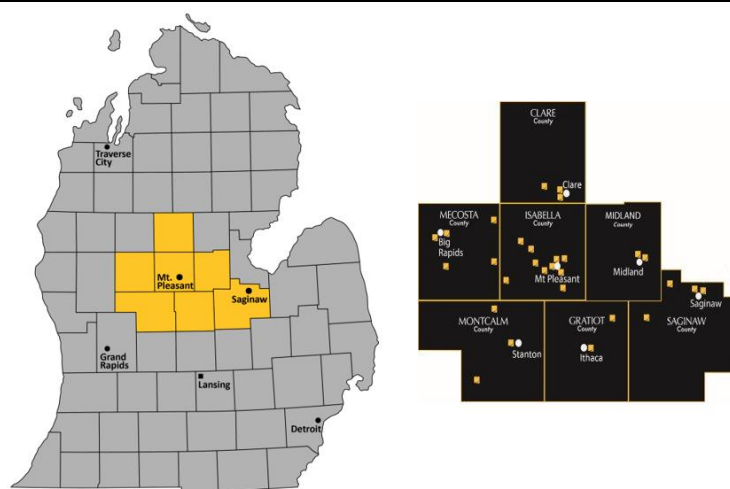
Business Overview

Isabella Bank Corporation (the Company, the Bank, or Isabella) operates as a holding company that wholly owns Isabella Bank. Isabella Bank was founded in 1903 and is headquartered in Mount Pleasant Michigan. Isabella provides a variety of banking, lending, and wealth management services in Central Michigan. The Company serves institutions, businesses, individuals, and families in 7 counties across central Michigan.

The Bank is primarily involved in the business of attracting deposits from the general public in the Bank's market areas. The Bank grows by investing these deposits, as well as other sources of funds, in loans that are secured by commercial and residential real estate, business assets, and personal guarantees. Isabella has kept itself competitive by offering competitively low rates and a diverse set of financing options.

Isabella also engages in wealth management services and currently has approximately \$2.9B in assets under management. The Bank offers comprehensive investment, trust, estate, and tax planning services as well as a full range of investment products, such as ETFs, mutual funds, and fixed and variable annuities. Through the wealth management division, Isabella provides group life, health, accident, disability, and other insurance services.

Exhibit 1: Company Location



Source: Company Reports

The Bank's performance is tied to its primary market in central Michigan. Isabella has strong market positions in the counties where it operates. There are plenty of nearby expansion opportunities for the Bank in Grand Rapids and the surrounding Kent County. Kent County has a total population of over 650,000 residents in 2021 per the U.S. Census Bureau, and should Isabella begin to penetrate that market, it could see a significant rise in demand.

As of March 31, 2023, Isabella operates through 30 banking offices across 7 central Michigan counties. 10 of these offices are located in Isabella County with 5 in Mt. Pleasant. The Bank has a top 5 deposit market share in 6 of the counties it operates in, while taking the 7th ranked position at 6% market penetration. Isabella has a considerable share in Isabella County, controlling 58% of the deposit

market. This growing market exposure has driven the Bank to be a significant player in Isabella County and the neighboring counties.

Exhibit 2: Deposit Market

County	Number Of Branches	Market Share / Rank	Population	Total Banks In The Market
CLARE	3	41% / 2	31,129	3
GRATIOT	2	19% / 3	40,392	4
ISABELLA	10	58% / 1	69,920	6
MECOSTA	5	31% / 1	44,624	7
MIDLAND	2	9% / 4	84,343	7
MONTCALM	3	24% / 2	64,195	7
SAGINAW	4	6% / 7	190,738	12

Branch and market share source: FDIC Summary of Deposits June 30, 2022
Population source: 2020 U.S. Census data

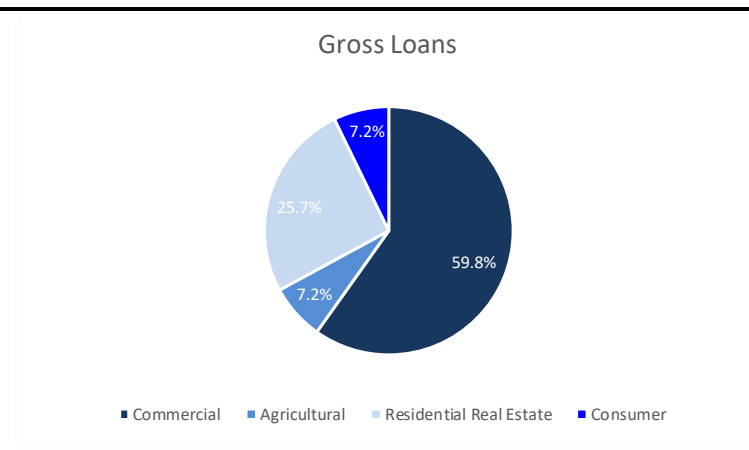
Source: Company Reports

Isabella has grown both organically and through acquisitions since its establishment. Organic growth has been driven from opening additional branches and expanding its geographical footprint within central Michigan. The Company has also grown through its acquisitions of other local banks, such as Greenville Community Bank (\$144M in assets) in 2008 and the Saginaw office (\$44m in deposits) in 2015. Management has historically shown it is more than willing to make savvy acquisitions in order to further grow the business.

Loan Portfolio

Isabella's primary source of revenue is generated by providing loans to commercial and retail customers in Isabella County and its neighboring counties. ISBA primary lending activities originate from commercial and residential real estate lending. At 2Q23 end, Isabella's loan portfolio was \$1.33B. The Bank's loan portfolio primarily consists of commercial loans and residential mortgage loans with a smaller portion consisting of consumer and agricultural loans.

Exhibit 3: Loan Portfolio

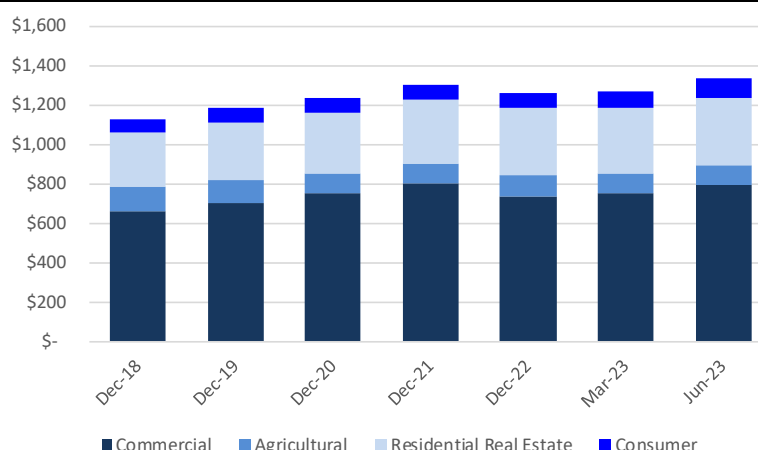


Source: Company Reports as of 06/30/2023

The Bank's one-to-four family residential real estate loans are secured by senior liens on the property and have terms of up to 30 years. Its residential loans are typically fixed interest rate, however adjustable-rate mortgages (ARMs) and Jumbo Loans are also offered.

Isabella provides commercial and agricultural loans for commercial real estate, commercial operating loans, advances to mortgage brokers, farmland, and agricultural production. The Bank's commercial loans are secured by various real estate, including business assets, and personal guarantees.

Exhibit 4: Loan Growth



Source: Company Reports

At 2Q23 end, the Bank's total loans were \$1.33B, increasing by \$63.8M, driven by growth in the consumer and commercial portfolios. Loans sold and serviced totaled \$255M in Q2.

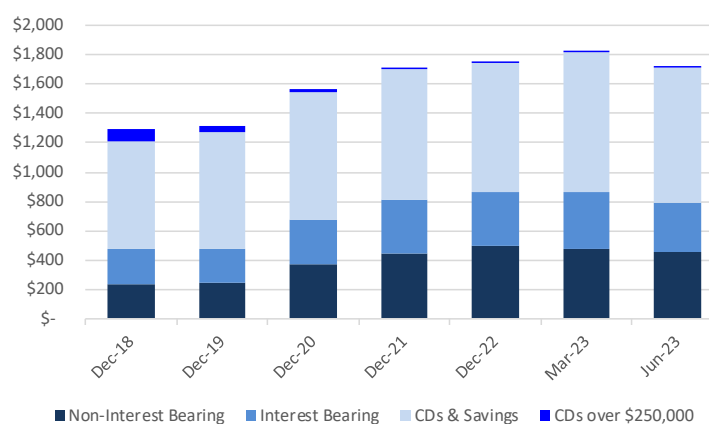
Deposits

Deposits are the primary source of funds for the Bank to use in its lending and investment activities. Isabella's deposits come from individuals and businesses who reside in Mt. Pleasant, Isabella County, and its neighboring counties. The Bank offer various deposits including:

- Checking
- Savings
- Money Market
- Individual Retirement Accounts
- CDs
- Jumbo CDs

Total deposits in 2Q23 were \$1.71B versus \$1.81 in 1Q23, decreasing by approximately \$98.6M. This was driven by declines in money market and CD accounts as well as strong price competition within the industry.

Exhibit 5: Total Deposit Growth Trends



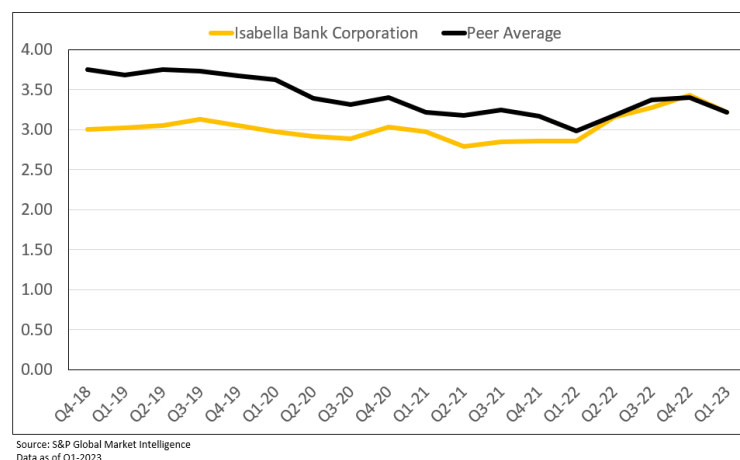
Source: Company Reports

Net Interest Income and Margins

Net interest margin (NIM) is a good indicator of how profitable banks are through their investments. Exhibit 6 provides ISBA's net interest margin trends.

While the effects of Covid-19 caused NIM to decline below 3%, it has since recovered. Since 1Q22, NIM has risen above 3% and now sits around 3.11% at 2Q23. After historically performing below competitors, Isabella is reaching an inflection point and is looking to outperform its peer group in the near future.

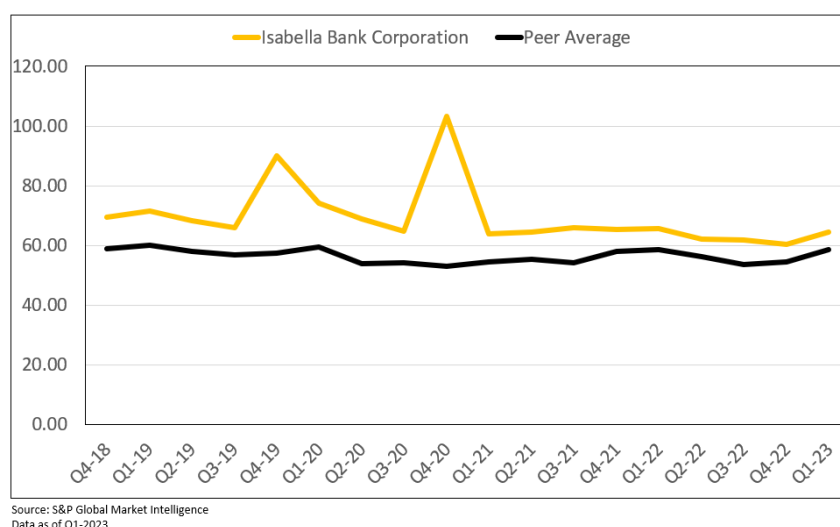
Exhibit 6: NIM Trends



Source: Company Reports

We note that in 2020, Isabella experienced a spike in its efficiency ratio, which was impacted by a

Exhibit 7: Efficiency Ratio



Source: Company Presentation

decision to extinguish \$100.0M worth of Federal Home Loan Bank Borrowings. This was a strategic decision by Isabella Bank. The Company incurred approximately \$6.0M worth of after-tax expenses from this extinguishment which in turn caused the spike in the efficiency ratio.

Strategic Plan

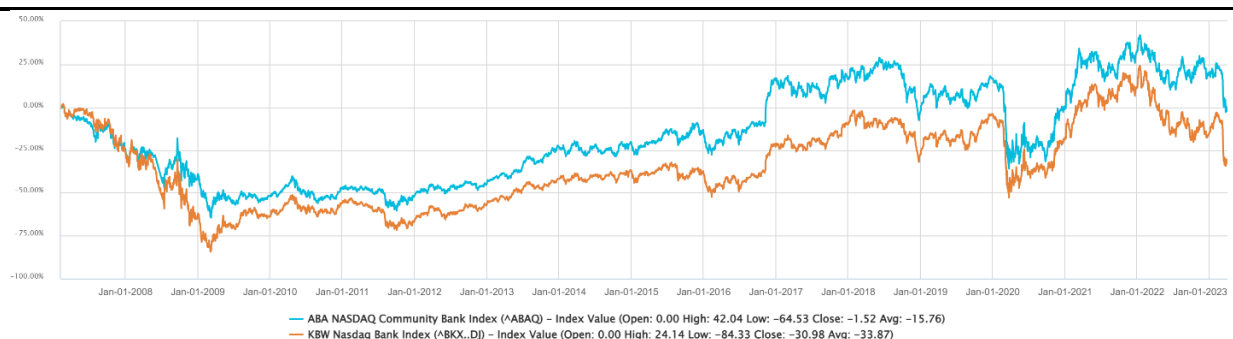
In 2019 ISBA embarked on a strategic plan to grow the business over the ensuing 5 years. Much of the plan has already been discussed in this report, however some of the highlights include improving NIM to be in line with peers, extinguishing the Federal Home Loans, and growth in the client base seen in the number of households serviced. We note that the Company is on pace to achieve significant growth by 2024 when the 5-year plan will come to term. Going forward it is expected that ISBA will continue to grow through the opening of new offices, improving operational efficiencies, and expanding its wealth management offerings.

Community Banking Market Environment

Given the current market environment in the wake of the highly publicized bank collapses there has been increased scrutiny placed on the banking sector. We believe that most of the volatility found in community banks related to this is unwarranted, as there are a significant number of differences between community banks like ISBA and regional banks such as SVB. Community banks tend to be more insulated from bank runs due to ~90% of their accounts being FDIC insured on average. This is in comparison to SVB, which only had ~5% of their accounts insured. Community banks also tend to be better diversified across loan holders as opposed to SVB which loaned heavily to the venture capital industry. We believe that it is unlikely that depositors or loan holders will be bringing their business to national banks due to the potential for decreased service quality and increased fees, in addition to the friction of changing banking institutions.

Additionally, we note that the community bank sector has seen increased deposit activity since the SVB collapse (per Bloomberg). We believe this can be attributed to depositors moving out of regional banks and into community banks.

Exhibit 8: Community bank returns compared to the banking sector, post-GFC



Source: Capital IQ

This combination of secure deposits along with the increased inflows makes us believe that the historical trend of heightened market volatility presenting an opportunistic time to invest into community banks will hold true following this market event. This historical trend is exemplified by Exhibit 8, showing the Nasdaq Community Bank Index (^ABAQ) outperforming the Nasdaq Bank Index (^BKX.DJ) since the market peak prior to the Great Financial Crisis.

Risks

Geographic concentration – Isabella Bank is concentrated in the state of Michigan, which exposes it to risks associated with lack of geographic diversification. A local or regional economic downturn could adversely affect the Company's profitability.

Changes in interest rates – Isabella's Bank's results depend on its net interest income; should the rates it earns on loans, securities and other interest-bearing assets fluctuate faster than the rates it is required to pay on deposits and borrowed funds, results would suffer.

Security of systems – Any material breaches in the security of Isabella's Bank's banking systems could cause material losses for the Bank. Protecting sensitive consumer data is essential as is maintenance and backup of key financial and customer information.

Trading of common shares is limited – Trading in the Isabella Bancorp's common shares is not very active, which could cause concern for current and future shareholders, and the limited trading can cause exaggerated price volatility for shares of ISBA.

Access to future capital – Should the Company incur significant loan losses, desire to execute acquisitions, or require additional funds for other operational purposes, the timing and terms of the capital may not be favorable given certain economic and/or market conditions.

External shocks – War, terrorism, other acts of violence or natural or manmade disasters such as a global pandemic may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

VALUATION SUMMARY

Isabella's experienced management and service teams bring not only valuable industry knowledge, but also a unique grasp of the local economy and target demographics. This experience, coupled with the Company's liquidity, should allow it to take advantage of any opportunities that may present themselves.

Company Name	Symbol	Price ⁽¹⁾	Mrkt Cap (M)	Financial			EPS			P/E 2022	P/E 2023E	Valuation P/E 2024E	P/BV	P/TBV	Profitability		
				Assets (M)	BV/sh	TBV/sh	2022	2023E	2024E						NIM	ROA	ROE
Ames National Corporation	ATLO	\$ 20.09	\$ 175.89	\$ 2,174.3	\$ 17.28	\$ 15.72	\$ 1.74	nm	nm	11.5x	nm	nm	1.2x	1.3x	2.2%	0.7%	10.0%
Bank First Corporation	BFC	\$ 87.95	\$ 910.93	\$ 4,092.1	\$ 54.95	\$ 35.18	\$ 4.63	\$ 5.75	\$ 5.56	19.0x	15.3x	15.8x	1.6x	2.5x	3.8%	1.4%	10.9%
Farmers & Merchants Banc	FMCB	\$ 985.00	\$ 743.12	\$ 5,250.4	\$ 674.65	\$ 674.65	\$ 80.15	nm	nm	12.3x	nm	nm	1.5x	1.5x	4.3%	1.6%	17.3%
Farmers National Banc Corp	FMNB	\$ 13.89	\$ 510.23	\$ 5,109.9	\$ 10.01	\$ 4.84	\$ 1.27	\$ 1.59	\$ 1.51	11.0x	8.8x	9.2x	1.4x	2.9x	3.1%	1.1%	13.5%
Hawthorn Bancshares, Inc.	HWBK	\$ 16.70	\$ 120.37	\$ 1,895.8	\$ 18.23	\$ 18.23	\$ 2.22	nm	nm	7.5x	nm	nm	0.9x	0.9x	3.2%	1.0%	13.3%
Independent Bank Corp.	INDB	\$ 58.14	\$ 2,452.80	\$ 19,400.9	\$ 64.69	\$ 41.88	\$ 4.78	\$ 5.40	\$ 4.97	12.2x	10.8x	11.7x	0.9x	1.4x	3.5%	1.4%	9.5%
LCNB Corp.	LCNB	\$ 17.22	\$ 181.08	\$ 1,950.8	\$ 7.10	\$ 1.64	\$ 1.50	\$ 1.61	\$ 1.77	11.5x	10.7x	9.7x	2.4x	10.5x	3.3%	1.1%	10.3%
Macatawa Bank Corporation	MCBC	\$ 9.94	\$ 336.75	\$ 2,637.2	\$ 7.60	\$ 7.60	\$ 0.79	\$ 1.34	\$ 1.28	12.6x	7.4x	7.8x	1.3x	1.3x	3.4%	1.5%	16.1%
Mercantile Bank Corporation	MBWM	\$ 34.03	\$ 540.94	\$ 5,137.6	\$ 29.89	\$ 26.78	\$ 2.97	\$ 4.84	\$ 4.00	11.5x	7.0x	8.5x	1.1x	1.3x	4.1%	1.6%	17.4%
Nicolet Bankshares, Inc.	NIC	\$ 80.02	\$ 1,145.67	\$ 8,482.6	\$ 66.76	\$ 39.57	\$ 5.72	\$ 4.07	\$ 6.50	14.0x	19.7x	12.3x	1.2x	2.0x	3.1%	0.8%	6.6%
Southern Missouri Bancorp.	SMBC	\$ 43.14	\$ 485.63	\$ 4,292.7	\$ 38.54	\$ 31.55	\$ 4.16	\$ 4.15	\$ 4.19	10.4x	10.4x	10.3x	1.1x	1.4x	3.5%	1.0%	9.7%
Average							\$ 9.99	\$ 3.59	\$ 3.72	12.1x	11.3x	10.7x	1.3x	2.4x	3.40%	1.18%	12.23%
Median							\$ 2.97	\$ 4.11	\$ 4.10	11.5x	10.5x	10.0x	1.2x	1.4x	3.44%	1.11%	10.89%
Isabella Bank Corporation	ISBA	\$ 21.75	\$ 163.1	\$ 2,042.4	\$ 25.13	\$ 18.69	\$ 2.95	\$ 2.75	\$ 2.86	7.4x	7.9x	7.6x	0.9x	1.2x	3.11%	1.08%	11.69%

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We use a comp analysis on P/E and P/BV to frame our valuation of ISBA. Using a forward P/E range of 8.5x to 10.5x with a mid-point of 9.5x on FY24 estimates results in a valuation range of \$24.30 to \$30.02 with a mid-point of \$27.16. Using a P/BV range of 1.0x to 1.2x with a mid-point of 1.1x results in a valuation range of \$25.13 to \$30.16 with a mid-point of \$27.65.

Price / Earnings

Comparable companies are trading at an average of 10.9x FY24 P/E. We believe ISBA should trade in a forward P/E range of 8.5x to 10.5x with a mid-point of 9.5x. Using this range on our FY24 EPS estimate results in a valuation range of \$24.30 to \$30.02 with a mid-point of \$27.16.

P/E			
2024 E	8.50x	9.50x	10.50x
EPS	\$ 2.86	\$ 2.86	\$ 2.86
Valuation	\$ 24.30	\$ 27.16	\$ 30.02

Price / Book Value

Isabella is trading at 0.8x P/BV vs. comps at 1.3x. We believe ISBA should trade in a price to book value range of 1.0x to 1.2x with a mid-point of 1.1x. This will bring ISBA more in line with comps. Using this range on current book value per share results in a valuation range of \$25.13 to \$30.16 with a mid-point of \$27.65.

P/BV			
	1.0x	1.1x	1.2x
BV/S	25.1	25.1	25.1
Valuation	\$ 25.13	\$ 27.65	\$ 30.16

BALANCE SHEET

Isabella Bank Corporation Consolidated Balance Sheets (\$M) Fiscal Year End: December													
ASSETS	FY 2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23
Cash and Equivalents	246.6	321.6	248.2	206.5	105.3	105.3	161.2	82.0	98.9	38.9	38.9	98.7	29.9
Available-for-sale securities	339.2	367.3	448.5	494.4	490.6	490.6	544.9	557.6	581.2	580.5	580.5	568.7	530.5
Mortgages Loans Available-for-sale	2.7	2.0	1.2	0.8	1.7	1.7	1.0	0.9	0.9	0.4	0.4	0.2	0.4
Net Loans	1,228.6	1,186.6	1,197.3	1,239.5	1,291.9	1,291.9	1,209.2	1,262.2	1,226.5	1,254.3	1,254.3	1,258.0	1,321.6
Total Current Assets	1,817.2	1,877.5	1,895.1	1,941.1	1,889.6	1,889.6	1,916.2	1,902.7	1,907.6	1,874.1	1,874.1	1,925.6	1,882.3
Property Plant and Equipment	25.1	24.9	24.5	24.6	24.4	24.4	24.3	24.2	25.1	25.6	25.6	26.3	26.4
Corporate owned life insurance policies	28.3	28.1	28.2	32.7	32.5	32.5	32.3	32.6	32.8	33.0	33.0	33.2	33.4
Equity Securities	17.4	17.4	17.4	17.4	17.4	17.4	15.1	15.1	15.5	15.7	15.7	15.7	15.7
Goodwill	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3	48.3
Accrued Interest Receivable and Other Assets	21.1	19.3	17.9	18.6	20.0	20.0	24.6	25.5	34.8	33.6	33.6	35.5	36.3
Total Assets	1,957.4	2,015.4	2,031.4	2,082.7	2,032.2	2,032.2	2,060.9	2,048.4	2,064.0	2,030.3	2,030.3	2,084.6	2,042.4
LIABILITIES AND SHAREHOLDERS' EQUITY													
Noninterest Bearing	375.4	404.7	428.4	431.0	448.4	448.4	461.5	488.1	510.1	494.3	494.3	478.8	458.8
Interest Bearing Demand Deposits	302.4	328.4	327.0	374.1	364.6	364.6	387.2	370.3	368.5	372.2	372.2	383.6	335.9
CD under \$250	781.3	823.9	796.2	806.2	818.8	818.8	843.3	834.9	842.1	810.6	810.6	867.4	824.3
CD over \$250	107.2	86.5	85.0	81.0	78.6	78.6	72.2	66.5	70.3	67.1	67.1	83.7	95.9
Total Deposits	1,566.3	1,643.6	1,636.5	1,692.3	1,710.3	1,710.3	1,764.2	1,759.9	1,791.0	1,744.3	1,744.3	1,813.5	1,714.9
Federal Funds Purchased	68.7	32.8	62.3	67.5	50.2	50.2	51.4	47.2	52.5	57.8	57.8	32.0	37.1
Federal Home Loan Bank Advances	90.0	80.0	70.0	60.0	20.0	20.0	10.0	10.0	-	-	-	-	55.0
Subordinated Debt	-	29.1	29.1	29.1	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.3	29.3
Accrued Interest Payable and Other Liabilities	13.7	11.6	12.5	12.1	11.5	11.5	10.4	11.4	14.6	12.8	12.8	16.5	17.7
Total Liabilities	1,738.8	1,797.2	1,810.4	1,861.1	1,821.1	1,821.1	1,865.1	1,857.7	1,887.4	1,844.1	1,844.1	1,891.3	1,854.0
Common Stock	142.2	141.4	140.7	140.0	129.1	129.1	129.2	129.1	129.1	128.7	128.7	127.7	126.3
Shares To Be Issued	4.2	4.3	4.4	4.5	4.5	4.5	4.7	4.8	4.9	5.0	5.0	5.3	5.4
Retained Earnings	64.5	67.7	70.2	72.8	75.6	75.6	78.3	81.6	85.5	89.7	89.7	90.6	93.2
Accumulated Other Comprehensive Income	7.7	4.9	5.7	4.4	1.9	1.9	(16.3)	(24.8)	(42.9)	(37.2)	(37.2)	(30.3)	(36.4)
Total Consolidated Equity	218.6	218.3	221.0	221.6	211.0	211.0	195.8	190.7	176.6	186.2	186.2	193.3	188.4
Total Liabilities and Shareholders' Equity	1,957.4	2,015.4	2,031.4	2,082.7	2,032.2	2,032.2	2,060.9	2,048.4	2,064.0	2,030.3	2,030.3	2,084.6	2,042.4
Book Value Per Share	\$ 21.29	\$ 21.35	\$ 21.73	\$ 21.87	\$ 21.61	\$ 21.61	\$ 19.56	\$ 18.85	\$ 16.96	\$ 18.25	\$ 18.25	\$ 19.24	\$ 18.69
Return on Average Assets (%)	0.57%	1.09%	0.91%	0.91%	0.96%	0.96%	0.92%	1.04%	1.13%	1.08%	1.08%	1.04%	0.91%
Return on Average Equity (%)	4.93%	9.78%	8.35%	8.35%	8.83%	8.83%	9.02%	10.83%	12.13%	11.41%	11.41%	11.35%	9.47%
Non-Performing Assets to Total Assets	0.31%	0.26%	0.19%	0.18%	0.08%	0.08%	0.05%	0.05%	0.04%	0.05%	0.05%	0.05%	0.05%
Non-Performing Loans to Total Loans	0.43%	0.38%	0.28%	0.25%	0.10%	0.10%	0.06%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Isabella Bank Corporation
Consolidated Statements of Income (in \$M, except per share amounts)
Fiscal Year End: December

	FY 2019	FY 2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 E Sep-23	Q4 E Dec-23	FY 2023E	Q1 E Mar-24	Q2 E Jun-24	Q3 E Sep-24	Q4 E Dec-24	FY 2024E
Interest income																		
Loans Including Fees	\$ 54.2	\$ 54.1	\$ 51.4	\$ 12.4	\$ 13.2	\$ 13.6	\$ 14.2	\$ 53.3	\$ 14.9	\$ 15.9	\$ 16.9	\$ 17.0	\$ 64.7	\$ 17.7	\$ 17.9	\$ 18.4	\$ 18.9	\$ 72.9
Federal Funds sold and Other	1.2	1.0	0.7	0.1	0.2	0.5	0.5	1.3	0.5	0.5	0.6	0.6	2.1	0.6	0.6	0.6	0.6	2.3
Taxable	7.2	5.2	4.9	1.6	2.0	2.2	2.5	8.4	2.5	2.4	2.5	2.5	9.9	2.5	2.5	2.5	2.5	10.0
Exempt from Federal income taxes	4.7	3.8	3.1	0.7	0.7	0.7	0.7	2.8	0.7	0.7	0.7	0.8	2.8	0.8	0.8	0.8	0.8	3.0
Total interest income	67.3	64.2	60.1	14.8	16.1	17.0	17.9	65.8	18.6	19.5	20.6	20.8	79.5	21.5	21.7	22.2	22.8	88.2
Interest expense																		
Deposits	11.6	8.9	5.4	0.9	0.9	0.9	1.3	4.0	2.8	4.1	4.4	4.9	16.1	5.2	5.2	5.3	5.4	21.1
Federal Funds Purchased and Repo Agreements	-	-	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.6	0.2	0.2	0.2	0.2	0.6
FHLB Advances	6.3	4.9	1.3	0.1	0.0	0.0	-	0.2	-	0.3	0.3	0.3	0.8	0.3	0.3	0.3	0.3	1.0
Subordinated Debt	-	-	0.6	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1
Total Interest Expense	17.9	13.8	7.4	1.3	1.2	1.2	1.6	5.3	3.2	4.8	5.0	5.5	18.6	5.8	5.9	6.0	6.1	23.8
Net interest income	49.4	50.3	52.7	13.5	14.9	15.8	16.3	60.5	15.4	14.7	15.6	15.3	60.9	15.7	15.8	16.2	16.7	64.4
Provisions for loan losses	0.0	1.7	(0.5)	0.0	0.5	0.0	(0.1)	0.5	0.0	0.2	0.2	0.2	0.6	0.2	0.2	0.2	0.2	0.8
Net interest income after loan losses	49.4	48.7	53.2	13.4	14.4	15.8	16.3	60.0	15.3	14.5	15.4	15.1	60.3	15.5	15.6	16.0	16.5	63.7
Non-interest income																		
Service charges	6.3	6.5	7.6	2.2	2.3	2.1	2.1	8.7	2.0	2.0	2.3	2.3	8.5	2.3	2.3	2.3	2.3	9.0
Wealth Management Fees	2.8	2.6	3.1	0.8	0.8	0.7	0.8	3.0	0.8	1.0	1.1	1.1	3.9	1.2	1.2	1.2	1.2	4.6
Earnings on Corporate Owned Life Insurance	0.8	0.8	0.8	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9
Net Gain on Sale of Mortgage Loans	0.7	2.7	1.7	0.2	0.2	0.2	0.1	0.6	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.3
Other	(2.5)	1.8	0.6	0.2	0.1	0.1	0.1	0.4	0.2	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.2
Total non-interest income	8.0	14.4	13.8	3.5	3.6	3.3	3.3	13.7	3.3	3.6	3.9	3.9	14.7	4.0	4.0	4.0	4.0	16.0
Non-interest expense																		
Compensation and Benefits	23.2	23.8	23.7	6.1	6.0	6.4	6.4	24.9	6.6	6.6	6.6	6.6	26.4	7.2	7.2	7.5	7.5	29.4
Furniture and Equipment	5.9	5.8	5.5	1.5	1.4	1.5	1.6	6.0	1.6	1.6	1.6	1.6	6.4	1.6	1.6	1.6	1.6	6.5
Occupancy	3.4	3.6	3.7	1.0	0.9	0.9	0.9	3.7	1.0	1.0	1.0	1.0	4.1	1.0	1.0	1.0	1.0	4.2
Other	10.6	18.1	10.8	2.8	3.3	3.1	3.0	12.2	3.0	3.4	3.4	3.4	13.2	3.4	3.4	3.4	3.4	13.7
Total Non-interest Expense	43.1	51.2	43.7	11.3	11.7	11.9	11.9	46.8	12.2	12.5	12.7	12.7	50.1	13.3	13.3	13.6	13.6	53.7
Net income before income taxes	14.4	11.9	23.3	5.7	6.4	7.1	7.7	26.8	6.4	5.5	6.6	6.3	24.9	6.2	6.3	6.5	6.9	25.9
Provision for income taxes	1.4	1.0	3.8	0.9	1.1	1.2	1.4	4.6	1.1	0.9	1.1	1.1	4.2	1.1	1.1	1.1	1.2	4.4
Net income	\$ 13.0	\$ 10.9	\$ 19.5	\$ 4.7	\$ 5.3	\$ 5.9	\$ 6.3	\$ 22.2	\$ 5.3	\$ 4.6	\$ 5.5	\$ 5.2	\$ 20.7	\$ 5.2	\$ 5.2	\$ 5.4	\$ 5.7	\$ 21.5
Basic EPS - GAAP	\$ 1.65	\$ 1.37	\$ 2.48	\$ 0.63	\$ 0.70	\$ 0.78	\$ 0.84	\$ 2.95	\$ 0.70	\$ 0.62	\$ 0.73	\$ 0.70	\$ 2.75	\$ 0.69	\$ 0.70	\$ 0.71	\$ 0.76	\$ 2.86
Diluted EPS - GAAP	\$ 1.61	\$ 1.34	\$ 2.45	\$ 0.62	\$ 0.69	\$ 0.77	\$ 0.83	\$ 2.91	\$ 0.70	\$ 0.61	\$ 0.72	\$ 0.69	\$ 2.73	\$ 0.68	\$ 0.69	\$ 0.71	\$ 0.76	\$ 2.83
Cash dividends declared per share	\$ 1.04	\$ 1.08	\$ 1.08	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.28	\$ 1.09	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 1.12	\$ 0.28	\$ 0.28	\$ 0.28	\$ 0.28	\$ 1.12
Weighted average shares outstanding																		
Basic	7,910	7,960	7,853	7,534	7,545	7,555	7,559	7,550	7,557	7,499	7,502	7,506	7,506	7,510	7,514	7,517	7,521	7,521
Diluted	8,095	8,106	7,966	7,640	7,650	7,651	7,648	7,648	7,634	7,568	7,571	7,575	7,575	7,579	7,583	7,586	7,590	7,590

Margin Analysis

Net income margin	19.4%	17.0%	32.4%	32.1%	32.9%	34.6%	35.3%	33.8%	28.6%	23.7%	26.6%	25.2%	26.0%	24.0%	24.2%	24.1%	25.2%	24.4%
Net Interest margin	3.07%	2.96%	2.87%	2.86%	3.16%	3.28%	3.43%	3.18%	3.22%	3.11%	3.01%	2.96%	2.95%	2.98%	3.01%	3.06%	3.10%	2.99%
Interest Income %	4.6%	4.4%	4.0%	4.1%	4.2%	4.4%	4.5%	4.2%	4.7%	4.8%	5.1%	5.1%	4.8%	5.2%	5.2%	5.3%	5.4%	5.2%
Interest Expense %	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%	0.3%	0.0%	0.6%	1.0%	1.0%	1.1%	0.0%	1.2%	1.2%	1.2%	1.2%	0.0%
Net Provision Ratio	0.1%	3.3%	-1.0%	0.3%	3.2%	0.1%	-0.4%	0.8%	0.3%	1.3%	1.2%	1.2%	1.0%	1.2%	1.2%	1.2%	1.2%	1.2%
Tax %	9.6%	8.3%	16.5%	16.5%	17.0%	17.3%	17.7%	17.2%	16.9%	16.5%	17.0%	17.0%	16.9%	17.0%	17.0%	17.0%	17.0%	17.0%

Growth Rate Y/Y

Interest and Dividend Income	5.4%	-4.7%	-6.3%	-3.5%	10.0%	12.4%	19.1%	9.5%	26.0%	21.1%	21.1%	16.3%	20.9%	15.7%	11.3%	7.9%	9.3%	10.9%
Interest expense	14.3%	-22.6%	-46.4%	-38.6%	-39.0%	-33.5%	4.9%	-28.3%	152.8%	309.9%	314.4%	237.5%	250.7%	79.7%	22.6%	18.8%	9.3%	27.5%
Net Income Interest after loan losses	4.6%	-1.5%	9.3%	-2.1%	13.9%	17.6%	21.9%	12.7%	13.9%	0.3%	-2.6%	-7.5%	0.5%	1.2%	7.7%	4.4%	9.3%	5.6%
Earnings Before Taxes	-6.4%	-17.6%	96.7%	-12.0%	15.9%	27.1%	32.3%	15.0%	13.0%	-13.0%	-7.4%	-17.8%	-7.4%	-3.0%	13.8%	-2.0%	9.6%	4.2%
Net Income	-7.1%	-16.4%	79.1%	-12.3%	14.6%	25.6%	31.9%	14.0%	12.4%	-12.6%	-7.1%	-17.1%	-7.1%	-3.1%	13.2%	-2.0%	9.6%	4.1%
Non Interest Income	-26.8%	79.4%	-4.2%	0.4%	8.4%	-3.4%	-9.3%	-1.1%	-7.2%	0.3%	19.6%	18.9%	7.4%	21.2%	10.7%	2.6%	2.6%	8.7%
Non Interest Expense	0.5%	19.0%	-14.7%	4.7%	11.1%	6.5%	6.5%	7.2%	7.8%	7.5%	6.4%	6.3%	7.0%	8.8%	5.9%	7.1%	7.1%	7.2%

Source: Company Reports, Stonegate Capital Partners estimates

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