

BANKING

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INDUSTRY REPORT

2019 Raymond James Community Bankers Cup

- Raymond James Community Bankers Cup.** We are presenting the eighth annual Raymond James Community Bankers Cup awards, recognizing the top 10% of community banks based on various profitability, operational efficiency, and balance sheet metrics. The pool of banks considered for recognition includes all exchange-traded domestic banks, excluding mutual holding companies and potential acquisition targets, with assets between \$500 million and \$10 billion as of December 31, 2019.
- Superior financial performance...** Of the 255 community banks considered for the 2019 Community Bankers Cup, the top 10% demonstrated superior performance on a relative basis in one or more of the following measurements of financial performance and stability: 1) nonperforming assets to loans and real estate owned, 2) five-year average core deposit percentage, 3) net interest margin, 4) efficiency ratio, 5) return on average assets, and 6) return on average tangible common equity.
- ...drives superior industry stock price performance.** The one-year average price performance of the 2019 Raymond James Community Bankers Cup winners was 23.6%, slightly outperforming the industry as measured by the NASDAQ BANK Index which returned 21.2%. That said, the three-year and five-year total returns of 25.1%, and 123.1% for the Cup winners well outperformed the BANK Index returns of 3.0% and 48.3%, respectively. Unfortunately, 2019 was another tough year for community banks as a whole as the BANK Index's 21.2% return was well below both the NASDAQ Composite and the S&P 500 which returned 35.2% and 28.9%, respectively. Notably, the winners of the 2018 Community Bankers Cup also only slightly outperformed the aforementioned indices in 2019 at 23.2% on average, marking the sixth out of seven years where prior year winners outperformed in the following year. Please refer to our tables on pages three and four for information about individual stock returns.

2019 Raymond James Community Bankers Cup Winners					
Company Name	Ticker	Company Name	Ticker	Company Name	Ticker
BancFirst Corporation	BANF	First Choice Bancorp	FCBP	Plumas Bancorp	PLBC
Bank First Corporation	BFC	First Financial Bankshares, Inc.	FFIN	Preferred Bank	PFBC
CBTX, Inc.	CBTX	German American Bancorp, Inc.	GABC	Riverview Bancorp, Inc.	RVSB
Coastal Financial Corporation	CCB	HBT Financial, Inc.	HBT	ServisFirst Bancshares, Inc.	SFBS
Eagle Bancorp, Inc.	EGBN	Heritage Commerce Corp	HTBK	Sterling Bancorp, Inc.	SBT
Enterprise Financial Services Corp	EFSC	Merchants Bancorp	MBIN	Stock Yards Bancorp, Inc.	SYBT
Esquire Financial Holdings, Inc.	ESQ	Meta Financial Group, Inc.	CASH	Timberland Bancorp, Inc.	TSBK
Farmers National Banc Corp.	FMNB	Nicolet Bankshares, Inc.	NCBS	TriCo Bancshares	TCBK
First Bancorp	FBNC	People's Utah Bancorp	PUB		

- On a relative basis, Western regions remain overrepresented while Eastern regions remain underrepresented.** The West and Southwest regions combined were represented by 24% of the 255 community banks considered; however, these regions were represented by 46% of the Community Bankers Cup winners. Furthermore, while less skewed than the West regions, the Midwest region was still slightly overrepresented with 26% of the total banks considered but 38% of the winners. Conversely, the Southeast, Mid-Atlantic, and Northeast regions were underrepresented with 51% of the total banks considered, but only 15% of the winners.

Please read domestic and foreign disclosure/risk information beginning on page 6 and Analyst Certification on page 6.

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER | 880 CARILLON PARKWAY | ST. PETERSBURG FLORIDA 33716

Community Bankers Cup Methodology

After identifying the 255 domestic community banks with assets between \$500 million and \$10 billion that are exchange traded and not an acquisition target or a mutual holding company, we looked at the following six financial performance and stability measures:

- Nonperforming assets to loans and real estate owned
- Five-year average core deposit percentage
- Net interest margin
- Efficiency ratio
- Return on average assets
- Return on average tangible common equity

We percent ranked each of these measures and then summed all of the ranks to determine each community bank's standing relative to the 255 community banks being analyzed. We are recognizing the top 10% or 26 banks (rounding up) based on the overall score. The following table displays the 2019 winners in order of the overall sum rank of the six profitability, operational efficiency, and balance sheet metrics discussed above (see appendix for a view of rankings by measure).

2019 Raymond James Community Bankers Cup Winners

Top 10%						
Rank	Company Name	Ticker	Market Cap (M)	State	Region	2019 Assets (K)
1	Esquire Financial Holdings, Inc.	ESQ	\$128	NY	MA	\$798,008
2	Plumas Bancorp	PLBC	\$99	CA	WE	\$865,191
3	First Financial Bankshares, Inc.	FFIN	\$3,905	TX	SW	\$8,262,227
4	Stock Yards Bancorp, Inc.	SYBT	\$726	KY	MW	\$3,724,197
5	Timberland Bancorp, Inc.	TSBK	\$146	WA	WE	\$1,270,542
6	Nicolet Bankshares, Inc.	NCBS	\$556	WI	MW	\$3,577,260
7	First Choice Bancorp	FCBP	\$172	CA	WE	\$1,690,324
8	HBT Financial, Inc.	HBT	\$305	IL	MW	\$3,245,103
9	ServisFirst Bancshares, Inc.	SFBS	\$1,811	AL	SE	\$8,947,653
10	Heritage Commerce Corp	HTBK	\$497	CA	WE	\$4,109,463
11	People's Utah Bancorp	PUB	\$409	UT	SW	\$2,406,334
12	Preferred Bank	PFBC	\$535	CA	WE	\$4,628,481
13	TriCo Bancshares	TCBK	\$860	CA	WE	\$6,471,181
14	Meta Financial Group, Inc.	CASH	\$590	SD	MW	\$6,180,926
15	BancFirst Corporation	BANF	\$1,206	OK	SW	\$8,565,758
16	Enterprise Financial Services Corp	EFSC	\$776	MO	MW	\$7,333,791
17	Bank First Corporation	BFC	\$377	WI	MW	\$2,210,168
18	German American Bancorp, Inc.	GABC	\$764	IN	MW	\$4,397,672
19	CBTX, Inc.	CBTX	\$439	TX	SW	\$3,478,544
20	Eagle Bancorp, Inc.	EGBN	\$1,072	MD	MA	\$8,988,719
21	Coastal Financial Corporation	CCB	\$146	WA	WE	\$1,128,526
22	Farmers National Banc Corp.	FMNB	\$338	OH	MW	\$2,449,158
23	Riverview Bancorp, Inc.	RVSB	\$119	WA	WE	\$1,184,100
24	Sterling Bancorp, Inc.	SBT	\$174	MI	MW	\$3,239,764
25	Merchants Bancorp	MBIN	\$439	IN	MW	\$6,371,928
26	First Bancorp	FBNC	\$734	NC	SE	\$6,143,639

Note: Companies in bold are covered by Raymond James research. Priced as of 5/4/2019

Source: S&P Global, Raymond James research.

Strong Stock Performance over Time

As illustrated in the following table, in alphabetical order, the Community Bankers Cup winners have outperformed bank peers as measured by one-year, three-year, and five-year total returns. In our view, quality financial performance should drive peer outperformance over time, regardless of shorter-term variations in stock prices.

2019 Raymond James Community Bankers Cup Stock Performance

Company Name	Ticker	1-yr	3-yr	5-yr	RJ Analyst	RJ Rating
BancFirst Corporation	BANF	25.1%	34.2%	97.0%	NA	-
Bank First Corporation	BFC	50.2%	110.1%	214.3%	NA	-
CBTX, Inc.	CBTX	5.9%	NA	NA	NA	-
Coastal Financial Corporation	CCB	8.1%	NA	NA	NA	-
Eagle Bancorp, Inc.	EGBN	-0.2%	-20.2%	36.9%	NA	-
Enterprise Financial Services Corp	EFSC	28.1%	12.1%	144.3%	Long	Outperform
Esquire Financial Holdings, Inc.	ESQ	20.1%	NA	NA	NA	-
Farmers National Banc Corp.	FMNB	28.1%	14.9%	95.4%	Long	Market Perform
First Bancorp	FBNC	22.2%	47.1%	116.1%	Wallace	Market Perform
First Choice Bancorp	FCBP	19.3%	62.0%	83.7%	NA	-
First Financial Bankshares, Inc.	FFIN	21.7%	55.3%	134.9%	NA	-
German American Bancorp, Inc.	GABC	28.3%	1.6%	75.1%	Long	Market Perform
HBT Financial, Inc.	HBT	NA	NA	NA	Long	Outperform
Heritage Commerce Corp	HTBK	13.1%	-11.1%	45.3%	Feaster	Outperform
Merchants Bancorp	MBIN	-1.3%	NA	NA	Long	Outperform
Meta Financial Group, Inc.	CASH	88.3%	6.4%	212.6%	Wallace	Strong Buy
Nicolet Bankshares, Inc.	NCBS	51.3%	54.9%	195.4%	NA	-
People's Utah Bancorp	PUB	-0.1%	12.2%	NA	Feaster	Market Perform
Plumas Bancorp	PLBC	16.2%	38.8%	230.4%	NA	-
Preferred Bank	PFBC	38.6%	14.6%	115.5%	Feaster	Market Perform
Riverview Bancorp, Inc.	RVSB	12.8%	17.3%	83.3%	Feaster	Outperform
ServisFirst Bancshares, Inc.	SFBS	18.2%	0.6%	128.7%	Wallace	Market Perform
Sterling Bancorp, Inc.	SBT	16.5%	NA	NA	NA	-
Stock Yards Bancorp, Inc.	SYBT	25.2%	-12.5%	84.7%	Long	Market Perform
Timberland Bancorp, Inc.	TSBK	33.4%	43.9%	180.6%	NA	-
TriCo Bancshares	TCBK	20.8%	19.4%	65.2%	Feaster	Outperform
Average:		23.6%	25.1%	123.1%	NA	NA
NASDAQ BANK Index:		21.2%	3.0%	48.3%	NA	NA
NASDAQ Composite Index:		35.2%	66.7%	89.5%	NA	NA
S&P 500 Index:		28.9%	44.3%	56.9%	NA	NA

Note: CBTX, CCB, ESQ, HBT, MBIN, PUB, and SBT all completed initial public offerings within the past five years; therefore, historical return data is incomplete. Returns based on year-end prices. Companies in bold are covered by Raymond James research.

Source: FactSet, Raymond James research.

This analysis does not include transaction costs and tax considerations. If included these costs would reduce an investor's return. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A complete record of our bank stock recommendations for the trailing 12 months is available upon request.

Eight First-Time Cup Winners in 2019

The 2019 Community Bankers Cup saw eleven new winners in 2019 compared to 2018, including three prior winners and eight first-time winners (in bold): **First Choice Bancorp (FCBP)**, **HBT Financial, Inc. (HBT)**, Heritage Commerce Corp (HTBK), Preferred Bank (PFBC), **Trico Bancshares (TCBK)**, **Meta Financial Group, Inc. (CASH)**, **BancFirst Corporation (BANF)**, **Bank First Corporation (BFC)**, German American Bancorp, Inc., **Coastal Financial Corporation (CCB)**, and **First Bancorp (FBNC)**.

Only two winners have won every year since the Cup's inauguration: Eagle Bancorp (EGBN) and First Financial Bankshares (FFIN).

Eleven banks that won in 2018 dropped out in 2019, four because they surpassed \$10 billion in assets (Axos Financial, Inc. (AX), First Merchants Corporation (FRME), Independent Bank Group, Inc. (IBTX), and WSFS Financial Corporation (WSFS)), one because it was a target in a merger (Legacy Texas Financial Group, Inc. (LTXB)), and the remaining six because they compared less favorably in 2019 on one or more of the six financial performance metrics that we measure.

2018 Cup Winners Outperform in 2019 (Barely)

We believe it worth noting that the 2018 Community Bankers Cup winners performed marginally better on a relative basis in 2019, as displayed in the following table.

2018 Community Bankers Cup Winners			
2018 Rank	Company Name	Ticker	2019 Return
1	People's Utah Bancorp	PUB	-0.1%
2	Plumas Bancorp	PLBC	16.2%
3	Esquire Financial Holdings, Inc.	ESQ	20.1%
4	ServisFirst Bancshares, Inc.	SFBS	18.2%
5	Eagle Bancorp, Inc.	EGBN	-0.2%
6	Bank7 Corp.	BSVN	42.0%
7	First Financial Bankshares, Inc.	FFIN	21.7%
8	LegacyTexas Financial Group, Inc.	LTXB	32.6%
9	Stock Yards Bancorp, Inc.	SYBT	25.2%
10	Enterprise Financial Services Corp	EFSC	28.1%
11	Axos Financial, Inc.	AX	20.3%
12	Independent Bank Group, Inc.	IBTX	21.1%
13	Sterling Bancorp, Inc.	SBT	16.5%
14	First Merchants Corporation	FRME	21.4%
15	Nicolet Bankshares, Inc.	NCBS	51.3%
16	Timberland Bancorp, Inc.	TSBK	33.4%
17	WSFS Financial Corporation	WSFS	16.0%
18	Merchants Bancorp	MBIN	-1.3%
19	West Bancorporation, Inc.	WTBA	34.3%
20	Metropolitan Bank Holding Corp.	MCB	56.3%
21	RBB Bancorp	RBB	20.5%
22	FS Bancorp, Inc.	FSBW	48.8%
23	Riverview Bancorp, Inc.	RVSB	12.8%
24	CBTX, Inc.	CBTX	5.9%
25	Farmers National Banc Corp.	FMNB	28.1%
26	Central Valley Community Bancorp	CVCY	14.8%
Average:			23.2%
NASDAQ BANK Index:			21.2%
NASDAQ Composite Index:			35.2%
S&P 500 Index:			28.9%

Note: Returns based on year end prices. For banks that sold during the year, the last trading price is used.

Source: FactSet and Raymond James research

Appendix

The following table displays the percent rank of each of the six financial measures for the top 10% of the community banks considered. Where applicable, green text denotes the top 10% of the individual measure and red text denotes the bottom 10%.

Community Bankers Cup Winners Percent Rank by Financial Measure

Rank	Company Name	Ticker	Assets	Percent Rankings						Sum
				ROA (%)	5-yr Avg. Core Deposits	NPAs/ Lns	NIM (%)	ROATCE	Efficiency (%)	
1	Esquire Financial Holdings, Inc.	ESQ	798,008	99.6%	99.6%	88.2%	96.0%	92.9%	80.4%	557%
2	Plumas Bancorp	PLBC	865,191	96.8%	95.6%	61.9%	95.2%	97.6%	91.4%	539%
3	First Financial Bankshares, Inc.	FFIN	8,262,227	99.2%	94.0%	60.3%	73.6%	93.7%	93.4%	514%
4	Stock Yards Bancorp, Inc.	SYBT	3,724,197	97.2%	88.9%	80.4%	64.5%	96.8%	76.8%	505%
5	Timberland Bancorp, Inc.	TSBK	1,270,542	98.4%	74.0%	43.4%	93.3%	95.2%	88.6%	493%
6	Nicolet Bankshares, Inc.	NCBS	3,577,260	93.3%	76.3%	63.0%	83.0%	97.2%	79.2%	492%
7	First Choice Bancorp	FCBP	1,690,324	94.4%	70.0%	50.0%	97.6%	85.0%	92.6%	490%
8	HBT Financial, Inc.	HBT	3,245,103	98.8%	76.7%	30.4%	89.3%	99.2%	89.8%	484%
9	ServisFirst Bancshares, Inc.	SFBS	8,947,653	92.1%	91.3%	67.8%	33.4%	98.4%	98.9%	482%
10	Heritage Commerce Corp	HTBC	4,109,463	55.5%	95.2%	83.1%	87.0%	65.7%	91.0%	478%
11	People's Utah Bancorp	PUB	2,406,334	97.6%	90.1%	7.9%	96.4%	90.9%	93.8%	477%
12	Preferred Bank	PFBC	4,628,481	96.0%	14.5%	98.5%	71.6%	96.4%	99.3%	476%
13	TriCo Bancshares	TCBK	6,471,181	79.1%	94.4%	66.6%	90.9%	79.5%	65.8%	476%
14	Meta Financial Group, Inc.	CASH	6,180,926	91.3%	66.9%	61.5%	96.8%	99.6%	50.8%	467%
15	BancFirst Corporation	BANF	8,565,758	90.9%	90.5%	52.4%	66.9%	92.5%	73.3%	467%
16	Enterprise Financial Services Corp	EFSC	7,333,791	70.8%	81.8%	59.5%	64.5%	90.5%	92.2%	459%
17	Bank First Corporation	BFC	2,210,168	79.1%	61.0%	72.5%	70.8%	83.4%	90.6%	457%
18	German American Bancorp, Inc.	GABC	4,397,672	80.3%	74.4%	74.1%	68.8%	81.8%	74.9%	454%
19	CBTX, Inc.	CBTX	3,478,544	84.6%	84.2%	82.3%	90.1%	49.6%	62.6%	453%
20	Eagle Bancorp, Inc.	EGBN	8,988,719	90.1%	77.5%	54.4%	61.4%	70.8%	98.1%	452%
21	Coastal Financial Corporation	CCB	1,128,526	70.8%	86.6%	99.7%	88.5%	55.5%	46.5%	448%
22	Farmers National Banc Corp.	FMNB	2,449,158	82.2%	68.1%	80.0%	57.0%	86.6%	72.1%	446%
23	Riverview Bancorp, Inc.	RVSB	1,184,100	88.9%	83.8%	57.1%	93.3%	73.2%	48.5%	445%
24	Sterling Bancorp, Inc.	SBT	3,239,764	92.1%	24.0%	75.2%	63.7%	93.3%	96.1%	444%
25	Merchants Bancorp	MBIN	6,371,928	82.6%	62.9%	96.1%	3.9%	98.8%	98.5%	443%
26	First Bancorp	FBNC	6,143,639	87.4%	60.2%	47.3%	77.1%	92.1%	78.4%	443%

Source: S&P Global, Raymond James research.

Company Citations

Company Name	Ticker	Exchange	Closing Price	RJ Rating	RJ Entity
Axos Financial, Inc.	AX	NYSE	\$20.88	SB1	Raymond James & Associates
Central Valley Community Bancorp	CVCY	NASDAQ	\$13.72	MP3	Raymond James & Associates
Enterprise Financial Services Corp.	EFSC	NASDAQ	\$29.40	MO2	Raymond James & Associates
Farmers National Banc Corp.	FMNB	NASDAQ	\$11.20	MP3	Raymond James & Associates
First Bancorp	FBNC	NASDAQ	\$24.10	MP3	Raymond James & Associates
First Merchants Corporation	FRME	NASDAQ	\$26.35	MO2	Raymond James & Associates
FS Bancorp, Inc.	FSBW	NASDAQ	\$39.00	MP3	Raymond James & Associates
German American Bancorp, Inc.	GABC	NASDAQ	\$27.97	MP3	Raymond James & Associates
HBT Financial, Inc.	HBT	NASDAQ	\$11.10	MO2	Raymond James & Associates
Heritage Commerce Corp	HTBK	NASDAQ	\$8.11	MO2	Raymond James & Associates
Independent Bank Group, Inc.	IBTX	NASDAQ	\$28.91	MP3	Raymond James & Associates
Merchants Bancorp	MBIN	NASDAQ	\$14.57	MO2	Raymond James & Associates
Meta Financial Group, Inc.	CASH	NASDAQ	\$16.60	SB1	Raymond James & Associates
People's Utah Bancorp	PUB	NASDAQ	\$20.39	MP3	Raymond James & Associates
Preferred Bank	PFBC	NASDAQ	\$35.08	MP3	Raymond James & Associates
Riverview Bancorp, Inc.	RVSB	NASDAQ	\$5.03	MO2	Raymond James & Associates
ServisFirst Bancshares, Inc.	SFBS	NASDAQ	\$32.71	MP3	Raymond James & Associates
Stock Yards Bancorp, Inc.	SYBT	NASDAQ	\$31.17	MP3	Raymond James & Associates
TriCo Bancshares	TCBK	NASDAQ	\$27.57	MO2	Raymond James & Associates

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	RJA	RJL	RJA	RJL
Strong Buy and Outperform (Buy)	53%	52%	19%	21%
Market Perform (Hold)	43%	41%	13%	16%
Underperform (Sell)	3%	8%	3%	0%

* Columns may not add to 100% due to rounding.

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High Risk/Growth (H/GRW) Medium to higher risk equities of companies in fast growing and competitive industries, with less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial or legal issues, higher price volatility (beta), and potential risk of principal.

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