First Community Corporation (FCCO) — Neutral

2Q21 Earnings Review; Maintain Neutral Rating

CONCLUSION

Updating Estimates; Maintain Neutral Rating - We are lowering our 2021/22E's to $1.87/$1.75 (from $1.90/$1.84) on lower NIM and fee expectations. Our PTPP earnings are expanding marginally from our previous estimates, but most of the change is coming from the lower credit costs. The biggest driver of near-term upside to estimates would likely come from better than expected loan growth - which we are estimating at ~8% in 2021 and 10% in 2022. We are maintaining our $21 PT and Neutral rating. Our PT is still 1.2x TBVPS, which implies ~12x our 2022E. FCCO remains a steady, profitable bank in attractive markets, but we simply do not see any sizable catalyst today to move the shares meaningfully higher. Ultimately, the ability to re-mix the balance sheet remains the key, and some sort of acquisition may be necessary to move the needle on that front.

Click here for our first look note.

- **Growth Outlook -** EOP HFI growth of 13.3% LQA easily outpaced our expectations, but management was hesitant to commit to anything above a high-single digit growth target due to uncertainty around CRE paydowns. To be fair, paydowns have been lumpy in the past for FCCO and it likely makes sense to remain conservative on growth outlook for now. That said, the loan pipeline remains strong, production was up ~$20M q/q to $61.1M, and we think FCCO is positioned in business-friendly markets that will continue to benefit from population inflows (Greenville, SC particularly). We are now modeling for loan growth to approximate a 7.5% rate in 2H21 before increasing to a 10% level in '22.

- **NIM Ex-PPP Set to Move Lower as New Loans Dilute Avg Yield -** The NIM ex-PPP fell by 5 bps to 3.11% as the AEA mix worsened slightly on the bank's recent securities investments and loan yields fell by 8 bps q/q to 4.38%. 5 bps of relief in the cost of deposits provided a slight offset. It sounds like the NIM ex-PPP will continue to be pressured lower from here as new loan yields come on at or below ~4%, while the bank plans on buying more short-term securities if loan demand proves insufficient to soak up excess liquidity. Additionally, FCCO is getting closer to the floor on deposit costs. We are modeling for the NIM to decline to be steady in 2021 as PPP fees run-out, but decline in 2022 to 3.20% for the full-year.

- **Jump in Past Dues Not A Significant Concern** - A $0.2M LLP and 5 bps of NCOs led the LLR to down to 1.28%. Loans 90 days past due did increase to $4.2M due to one relationship, but management noted that this was paying as agreed as of 7/6/21. FCCO sees no real loss content here as the project is currently cash flowing sufficiently to service the interest. We do not see this influencing the LLR, and expect FCCO to grow into its LLR over time.

RISKS TO ACHIEVEMENT OF PT & RECOMMENDATION

Include higher-than-anticipated credit costs, a capital raise, and a longer recession.

COMPANY DESCRIPTION

First Community is a $1.5B-in-asset bank based in the Columbia, SC. MSA.

YEAR	EARNINGS PER SHARE (US$)					
	Mar	Jun	Sep	Dec	FY	FY P/E
2020A	0.24	0.30	0.29	0.46	1.29	16.0x
2021E	0.42A	0.49A	0.50	0.46	1.87	11.0x
2022E	0.40	0.44	0.44	0.47	1.75	11.8x

PRICE: US$20.59
TARGET: US$21.00
Our price target assumes the shares will trade at ~1.2x year-out TBVPS and implies ~12x our 2022E.

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Changes	Previous	Current
Rating	—	Neutral
Price Tgt	—	US$21.00
FY21E EPS	US$1.90	US$1.87
FY22E EPS	US$1.84	US$1.75
Market Cap. (mil)		US$153.6
Book Value/Share		US$18.29
Tang. Book/Share		$16.22
Price/Book		113%
Price/Tang.Book		127%
52-Week High / Low		US$22.00 / US$12.23
Avg Daily Vol (000)		37
Div Yield		2.33%
Total Assets ($mil)		1,515
Shares Out (mil)		7.5
Div (ann)		US$0.48
Fiscal Year End		Dec

Price Performance - 1 Year

Source: Bloomberg

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Piper Sandler Companies
First Community Corporation
($'s in millions, except per share amounts)
FCCO

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	2019	%Δ	1Q20	2Q20	3Q20	4Q20	2020	%Δ	1Q21	2Q21A	3Q21E	4Q21E	2021E	%Δ	1Q22E	2Q22E	3Q22E	4Q22E	2022E	%Δ
	$ 1.44		$ 0.24	$ 0.30	$ 0.29	$ 0.46	$ 1.29		$ 0.42	$ 0.49	$ 0.50	$ 0.46	$ 1.87		$ 0.40	$ 0.44	$ 0.44	$ 0.47	$ 1.75	
Income Statement																				
Net Interest Income	36.85	3%	9.42	9.74	10.18	10.69	40.02	9%	10.57	11.09	11.28	11.05	43.98	10%	10.69	10.89	11.12	11.23	43.93	0%
FTE adjustment	0.36	-22%	0.08	0.10	0.11	0.10	0.39	8%	0.11	0.12	0.12	0.12	0.47	22%	0.12	0.12	0.12	0.12	0.48	2%
Net Interest Income (FTE)	**37.21**	**3%**	**9.50**	**9.85**	**10.28**	**10.79**	**40.41**	**9%**	**10.68**	**11.22**	**11.40**	**11.17**	**44.46**	**10%**	**10.81**	**11.01**	**11.24**	**11.35**	**44.41**	**0%**
Loan Loss Provision	0.14	-60%	1.08	1.25	1.06	0.28	3.66	2535%	0.18	0.17	0.37	0.33	1.04	-72%	0.34	0.50	0.53	0.32	1.68	61%
Net Income After LLP	**37.07**	**3%**	**8.42**	**8.60**	**9.22**	**10.51**	**36.75**	**-1%**	**10.50**	**11.05**	**11.03**	**10.84**	**43.42**	**18%**	**10.47**	**10.52**	**10.71**	**11.03**	**42.73**	**-2%**
Operating Revenue	**49.09**	**4%**	**12.42**	**13.23**	**13.58**	**14.39**	**53.63**	**9%**	**13.89**	**14.63**	**14.96**	**14.64**	**58.12**	**8%**	**14.27**	**14.68**	**14.92**	**15.04**	**58.91**	**1%**
Deposit Service Charges	1.65	-7%	0.40	0.21	0.24	0.27	1.12	-32%	0.25	0.21	0.23	0.23	0.92	-18%	0.19	0.25	0.26	0.25	0.95	4%
Mortgage Banking Income	4.56	17%	0.98	1.57	1.40	1.60	5.56	22%	0.99	1.14	1.15	1.00	4.28	-23%	0.95	1.20	1.12	1.05	4.32	1%
Wealth Management	2.02	20%	0.63	0.67	0.67	0.74	2.72	35%	0.88	0.96	1.03	1.07	3.94	45%	1.14	1.05	1.09	1.14	4.42	12%
Other income	3.66	1%	0.91	0.93	0.98	0.99	3.81	4%	1.11	1.11	1.14	1.17	4.52	18%	1.19	1.17	1.21	1.24	4.81	6%
Core Fee Income	**11.89**	**8%**	**2.92**	**3.4**	**3.3**	**3.6**	**13.21**	**11%**	**3.2**	**3.4**	**3.6**	**3.5**	**13.66**	**3%**	**3.5**	**3.7**	**3.7**	**3.7**	**14.50**	**6%**
Securities gains	0.14	-140%	0.00	0.00	0.10	0.00	0.10	-27%	0.00	0.00	0.00	0.00	0.00	-100%	0.00	0.00	0.00	0.00	0.00	NA
Non-recurring income	-0.29	-1288%	0.01	0.00	0.45	0.00	0.46	-261%	0.08	0.00	0.00	0.00	0.08	-83%	0.00	0.00	0.00	0.00	0.00	-100%
Total Fee Income	**11.74**	**10%**	**2.93**	**3.39**	**3.85**	**3.60**	**13.77**	**17%**	**3.30**	**3.42**	**3.56**	**3.47**	**13.74**	**0%**	**3.46**	**3.67**	**3.68**	**3.69**	**14.50**	**6%**
Salaries and employee benefits	21.26	9%	5.65	5.84	6.09	6.45	24.03	13%	5.96	5.95	5.98	6.02	23.91	0%	6.17	6.11	6.20	6.27	24.75	4%
Occupancy and Equipment	4.19	8%	0.96	0.98	1.05	0.95	3.95	-6%	1.01	1.07	1.08	1.08	4.24	8%	1.10	1.13	1.15	1.16	4.55	7%
Marketing	1.12	21%	0.35	0.25	0.34	0.10	1.04	-6%	0.40	0.31	0.42	0.36	1.49	43%	0.38	0.32	0.35	0.33	1.39	-7%
FDIC	0.29	-23%	0.04	0.09	0.14	0.14	0.40	41%	0.17	0.15	0.15	0.15	0.61	50%	0.15	0.15	0.15	0.15	0.59	-3%
CDI Amortization	0.52	-7%	0.11	0.10	0.10	0.07	0.36	-31%	0.06	0.05	0.05	0.05	0.22	-41%	0.05	0.06	0.06	0.06	0.22	4%
Other Non-Interest Expense	7.39	9%	1.89	1.84	1.92	1.90	7.55	2%	1.92	2.11	2.02	2.08	8.13	8%	2.14	2.17	2.18	2.21	8.70	7%
Non credit expense	**34.77**	**9%**	**9.00**	**9.09**	**9.64**	**9.60**	**37.33**	**7%**	**9.51**	**9.64**	**9.70**	**9.75**	**38.60**	**3%**	**10.00**	**9.93**	**10.09**	**10.18**	**40.19**	**4%**
OREO costs	0.08	-17%	0.04	0.04	0.08	0.05	0.20	148%	0.03	0.06	0.06	0.06	0.19	-3%	0.06	0.06	0.06	0.06	0.22	13%
Core Non-interest Expense	**34.85**	**8%**	**9.04**	**9.13**	**9.71**	**9.65**	**37.53**	**8%**	**9.54**	**9.69**	**9.76**	**9.80**	**38.79**	**3%**	**10.06**	**9.99**	**10.14**	**10.23**	**40.41**	**4%**
Non-recurring expense	-0.23	NA	0.00	0.00	0.00	0.00	0.00	-100%	0.00	0.19	0.00	0.00	0.19	NA	0.00	0.00	0.00	0.00	0.00	-100%
Total Non-interest Expense	**34.62**	**8%**	**9.04**	**9.13**	**9.71**	**9.65**	**37.53**	**8%**	**9.54**	**9.88**	**9.76**	**9.80**	**38.98**	**4%**	**10.06**	**9.99**	**10.14**	**10.23**	**40.41**	**4%**
Efficiency Ratio	**71.0%**		**72.8%**	**69.0%**	**71.5%**	**67.0%**	**70.0%**		**68.7%**	**66.2%**	**65.3%**	**67.0%**	**66.7%**		**70.5%**	**68.0%**	**68.0%**	**68.0%**	**68.6%**	
Net non-recurring items	**0.1**	**-125%**	**0.0**	**0.0**	**0.6**	**0.0**	**0.6**	**588%**	**0.1**	**-0.2**	**0.0**	**0.0**	**-0.1**	**-120%**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-100%**
Pre-tax, pre-provision income	14.25	-5%	3.38	4.10	3.87	4.74	16.09	13%	4.35	4.94	5.20	4.84	19.33	20%	4.21	4.69	4.78	4.81	18.50	-4%
Pre-tax, pre-credit costs income	14.33	-5%	3.41	4.14	3.95	4.79	16.29	14%	4.38	5.00	5.25	4.89	19.52	20%	4.27	4.75	4.84	4.86	18.72	-4%
Operating Income	14.11	-4%	2.30	2.85	2.81	4.47	12.43	-12%	4.18	4.77	4.83	4.51	18.29	47%	3.87	4.20	4.25	4.49	16.82	-8%
Pretax Income	13.83	-1%	2.23	2.75	3.25	4.36	12.60	-9%	4.15	4.46	4.71	4.39	17.70	41%	3.75	4.08	4.13	4.37	16.34	-8%
Total Tax Expense	**2.86**	**6%**	**0.44**	**0.53**	**0.60**	**0.93**	**2.50**	**-13%**	**0.89**	**0.92**	**0.97**	**0.90**	**3.69**	**48%**	**0.77**	**0.84**	**0.85**	**0.90**	**3.37**	**-9%**
Effective Tax Rate	20.7%	7%	19.6%	19.4%	18.4%	21.3%	19.8%	-4%	21.5%	20.6%	20.6%	20.6%	20.8%	5%	20.6%	20.6%	20.6%	20.6%	20.6%	-1%
Net Income before Extraordinary	10.97	-2%	1.79	2.22	2.65	3.44	10.10	-8%	3.26	3.54	3.74	3.48	14.02	39%	2.98	3.24	3.28	3.47	12.97	-7%
Net Income	10.97	-2%	1.79	2.22	2.65	3.44	10.10	-8%	3.26	3.54	3.74	3.48	14.02	39%	2.98	3.24	3.28	3.47	12.97	-7%
Preferred Dividends (& accretion)	0.0	NA	0.00	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0	0.0	NA
Net Income to Common	**10.97**	**-2%**	**1.79**	**2.22**	**2.65**	**3.44**	**10.10**	**-8%**	**3.26**	**3.54**	**3.74**	**3.48**	**14.02**	**39%**	**2.98**	**3.24**	**3.28**	**3.47**	**12.97**	**-7%**
Core Net Income	**10.91**	**-5%**	**1.79**	**2.22**	**2.20**	**3.44**	**9.65**	**-12%**	**3.19**	**3.69**	**3.74**	**3.48**	**14.10**	**46%**	**2.98**	**3.24**	**3.28**	**3.47**	**12.97**	**-8%**
Per Share Information																				
Avg Diluted Shares (mil)	7.6	-2%	7.5	7.5	7.5	7.5	7.5	-1%	7.5	7.5	7.5	7.5	7.5	1%	7.5	7.4	7.4	7.3	7.4	-2%
EOP Shares	7.4	-3%	7.5	7.5	7.5	7.5	7.5	1%	7.5	7.5	7.5	7.5	7.5	1%	7.5	7.4	7.4	7.3	7.3	-3%
Est. (buyback) / issuance	-0.2		0.0	0.0	0.0	0.0	0.1		0.0	0.0	0.0	0.0	0.0		-0.1	-0.1	-0.1	-0.1	-0.2	
Est. price/share	0.0		0.0	0.0	0.0	14.5	3.6		0.0	18.8	17.5	18.5	13.7		20.5	21.0	22.0	22.5	21.5	
Total $'s of Capital	$0.00		$0.00	$0.00	$0.00	$0.00	$0.00		$0.00	-$0.27	$0.00	$0.00	-$0.27		-$1.03	-$1.05	-$1.10	-$1.13	-$4.30	
Reported EPS	$ 1.45	-1%	$ 0.24	$ 0.30	$ 0.35	$ 0.46	$ 1.35	-7%	$ 0.43	$ 0.47	$ 0.50	$ 0.46	$ 1.86	38%	$ 0.40	$ 0.44	$ 0.44	$ 0.47	$ 1.75	-6%
Core EPS	$ 1.44	-3%	$ 0.24	$ 0.30	$ 0.29	$ 0.46	$ 1.29	-10%	$ 0.42	$ 0.49	$ 0.50	$ 0.46	$ 1.87	45%	$ 0.40	$ 0.44	$ 0.44	$ 0.47	$ 1.75	-7%
EPS growth rate (%)	-3.3%		-144%	96%	-4%	222%	-10.3%		-29%	61%	5%	-27%	45.2%		-55%	37%	8%	26%	-6.6%	
P/E Ratio LTM	0.0x	NA	0.0x	0.0x	0.0x	0.0x	0.0x	NA	0.0x	0.0x	0.0x	0.0x	0.0x	NA	0.0x	0.0x	0.0x	0.0x	0.0x	NA
Book Value per share	$ 16.16	10%	$ 16.70	$ 17.47	$ 17.78	$ 18.18	$ 18.18	13%	$ 17.63	$ 18.29	$ 18.67	$ 19.01	$ 19.01	5%	$ 19.28	$ 19.58	$ 19.89	$ 20.22	$ 20.22	6%
Tangible Book Value per share	$ 13.99	11%	$ 14.55	$ 15.35	$ 15.67	$ 16.08	$ 16.08	15%	$ 15.55	$ 16.22	$ 16.60	$ 16.94	$ 16.94	5%	$ 17.19	$ 17.49	$ 17.78	$ 18.10	$ 18.10	7%
TBV Growth (%)	11.5%	NA	16%	22%	8%	10%	14.9%	NA	-13%	17%	9%	8%	5.4%	NA	6%	7%	7%	7%	6.9%	NA
Dividend	$ 0.45	13%	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.48	7%	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.48	0%	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.48	0%
Payout Ratio (%)	31%	16%	50%	40%	41%	26%	37%	19%	28%	25%	24%	26%	26%	-31%	30%	28%	27%	25%	27%	7%
Performance Ratios																				
Return on Average Assets	0.98%	-8%	0.61%	0.70%	0.65%	0.98%	0.74%	-24%	0.90%	0.98%	0.98%	0.92%	0.95%	27%	0.81%	0.87%	0.87%	0.91%	0.87%	-9%
Return on Average Common Equity	9.33%	-13%	5.83%	7.03%	6.65%	10.26%	7.49%	-20%	9.56%	10.95%	10.74%	9.82%	10.27%	37%	8.53%	9.08%	9.02%	9.44%	9.02%	-12%
Return on Tangible Common Equity	10.48%	-13%	6.63%	7.76%	7.46%	11.34%	8.00%	-24%	11.07%	12.11%	11.85%	10.81%	11.04%	38%	9.38%	9.98%	9.91%	10.36%	9.76%	-12%
PTPP Income	14.2	-5%	3.4	4.1	3.9	4.7	16.1	13%	4.4	4.9	5.2	4.8	19.3	20%	4.2	4.7	4.8	4.8	18.5	-4%
PTPP Income / Shr	1.88		0.45	0.55	0.52	0.63	2.15	15%	0.58	0.66	0.69	0.64	2.57	19%	0.56	0.63	0.65	0.66	2.50	-3%
PTPP ROA	1.28%	-9%	1.16%	1.30%	1.14%	1.36%	1.24%	-3%	1.23%	1.31%	1.36%	1.28%	1.30%	5%	1.15%	1.27%	1.26%	1.26%	1.24%	-5%
Net Interest Margin, FTE	3.65%	-1%	3.55%	3.38%	3.28%	3.31%	3.37%	-8%	3.23%	3.20%	3.24%	3.22%	3.22%	-4%	3.19%	3.20%	3.19%	3.20%	3.20%	-1%
Avg Earning Asset Yield	4.22%	3%	4.03%	3.77%	3.53%	3.54%	3.72%	-12%	3.43%	3.37%	3.40%	3.37%	3.39%	-9%	3.33%	3.34%	3.33%	3.34%	3.33%	-2%
Cost of Interest Bearing Liabilities	0.80%	44%	0.69%	0.47%	0.38%	0.34%	0.47%	-41%	0.29%	0.24%	0.22%	0.21%	0.24%	-49%	0.19%	0.19%	0.19%	0.20%	0.19%	-20%
Fee Income / Operating Revenue	24.2%	4%	23.5%	25.6%	24.3%	25.0%	24.6%	2%	23.2%	23.4%	23.8%	23.7%	23.5%	-5%	24.3%	25.0%	24.7%	24.5%	24.6%	5%
Fee Income / Average Assets	1.07%		1.00%	1.07%	0.98%	1.03%	1.02%		0.91%	0.91%	0.93%	0.92%	0.92%		0.95%	0.99%	0.97%	0.96%	0.97%	
Effective Tax Rate (FTE)	20.7%	7%	19.6%	19.4%	18.4%	21.3%	19.8%	-4%	21.5%	20.6%	20.6%	20.6%	20.8%	5%	20.6%	20.6%	20.6%	20.6%	20.6%	-1%
Statutory Tax Rate	35.0%	NA	35.0%	35.0%	35.0%	35.0%	35.0%	NA	35.0%	35.0%	35.0%	35.0%	35.0%	NA	35.0%	35.0%	35.0%	35.0%	35.0%	NA
Quarterly Growth Rates																				
Average HFI Loan Growth	7.1%		-3.2%	15.3%	6.7%	10.3%	5.4%		-3.5%	13.1%	9.0%	6.0%	6.9%		6.5%	13.0%	11.0%	6.5%	9.5%	
EOP HFI Loan Growth	2.6%		6.8%	10.7%	13.0%	1.0%	8.1%		3.9%	13.3%	9.0%	6.0%	8.3%		6.5%	13.0%	11.0%	6.5%	9.6%	
Average Earning Assets	3.8%		10%	35%	26%	15%	17.7%		13%	20%	-2%	-6%	15.0%		-1%	2%	5%	3%	0.8%	
Average Total Deposits	2.2%		0.8%	37.6%	28.9%	15.7%	16.3%		9.0%	25.6%	0.7%	-2.2%	16.4%		-4.1%	-1.3%	2.7%	3.7%	0.5%	
Total Assets	7.2%		5.2%	47.3%	17.1%	3.9%	19.2%		28.2%	6.0%	-1.3%	-6.2%	6.5%		-1.7%	2.0%	6.7%	2.0%	2.3%	
Net Interest Income (FTE)	2.8%		3%	15%	18%	20%	8.6%		-4%	20%	7%	-8%	10.0%		-13%	8%	8%	4%	-0.1%	
Non-interest Income	8.4%		-36%	64%	-10%	37%	11.2%		-43%	25%	16%	-9%	3.4%		-1%	24%	1%	1%	6.1%	
Operating Revenues	4.1%		-7%	26%	10%	24%	9.2%		-14%	21%	9%	-8%	8.4%		-10%	12%	6%	3%	1.4%	
Non-interest Expense	7.8%		8%	4%	25%	-3%	8.4%		-5%	14%	-5%	2%	3.8%		11%	-3%	6%	4%	3.7%	

First Community Corporation
($'s in millions, except per share amounts)
FCCO

stephen.scouten@psc.com
Last Updated: 7/22/2021

	$ 1.44		$ 0.24	$ 0.30	$ 0.29	$ 0.46	$ 1.29		$ 0.42	$ 0.49	$ 0.50	$ 0.46	$ 1.87		$ 0.40	$ 0.44	$ 0.44	$ 0.47	$ 1.75	
	2019	%Δ	1Q20	2Q20	3Q20	4Q20	2020	%Δ	1Q21	2Q21A	3Q21E	4Q21E	2021E	%Δ	1Q22E	2Q22E	3Q22E	4Q22E	2022E	%Δ
Balance Sheet Ratios																				
Loans / Deposits	78.66%	5%	76.56%	72.66%	68.90%	68.00%	71.28%	-9%	65.94%	64.01%	65.33%	66.68%	65.48%	-8%	68.61%	71.06%	72.52%	73.01%	71.31%	9%
Avg Loans / Avg Earning Assets	72.20%	3%	68.89%	65.77%	62.74%	61.96%	64.65%	-10%	59.49%	58.58%	60.25%	62.04%	60.09%	-7%	63.29%	65.04%	65.99%	66.61%	65.24%	9%
Avg. Earning Assets / Assets	91.25%	0%	91.57%	92.27%	92.83%	93.17%	92.50%	1%	93.30%	93.14%	92.29%	91.83%	92.63%	0%	92.61%	93.00%	93.17%	92.79%	92.89%	0%
Securities / Avg Earning Assets	25.29%	-9%	26.58%	25.18%	24.02%	24.85%	25.10%	-1%	27.88%	30.68%	31.06%	31.19%	30.23%	20%	30.93%	30.17%	29.42%	29.04%	29.88%	-1%
Avg. Equity / Avg Assets	10.48%	5%	10.50%	10.00%	9.79%	9.57%	9.94%	-5%	9.45%	8.97%	9.13%	9.39%	9.23%	-7%	9.55%	9.63%	9.62%	9.61%	9.60%	4%
TCE (%)	**9.02%**	**1%**	**9.29%**	**8.78%**	**8.60%**	**8.74%**	**8.74%**	**-3%**	**7.92%**	**8.16%**	**8.37%**	**8.68%**	**8.68%**	**-1%**	**8.79%**	**8.84%**	**8.77%**	**8.83%**	**8.83%**	**2%**
Estimated Excess Capital (7% TCE tgt.)	$11.74	19%	$15.06	$10.17	$8.14	$10.21	$10.21	-13%	-$1.16	$2.33	$5.56	$10.03	$10.03	-2%	$11.58	$12.30	$11.60	$12.45	$12.45	24%
Tier 1 Leverage Ratio	9.97%		9.91%	9.31%	8.95%	8.84%	8.84%		8.73%	8.48%										
Tier 1 Risk-Based Capital Ratio	13.47%		13.35%	13.02%	12.97%	12.83%	12.83%		13.13%	13.52%										
Total Capital Ratio	14.26%		14.25%	14.03%	14.08%	13.94%	13.94%		14.26%	14.66%										
Tier 1 Common Ratio	13.47%		13.35%	13.02%	12.97%	12.83%	12.83%		13.13%	13.52%										
Average Balance Sheet																				
HFI Loans	$ 735	7%	$ 742	$ 770	$ 783	$ 804	$ 775	5%	$ 797	$ 823	$ 841	$ 854	$ 828	7%	$ 870	$ 898	$ 922	$ 937	$ 907	9%
HFS Loans	$ -	NA	$ 12	$ 23	$ 36	$ 41	$ 27.8	NA	$ 34	$ 17	$ 11	$ 11	$ 18.7	-33%	$ 11	$ 10	$ 11	$ 11	$ 10.7	-42%
PPP Loans	$ -	NA	$ -	$ 32	$ 49	$ 48	$ 32	NA	$ 56	$ 56	$ 42	$ 26	$ 45	39%	$ 13	$ 5	$ 1	$ -	$ 5	-90%
Total Loans	$ 735	7%	$ 754	$ 825	$ 868	$ 893	$ 835	14%	$ 886	$ 896	$ 894	$ 891	$ 892	7%	$ 893	$ 913	$ 934	$ 948	$ 922	3%
Total Loans (ex. PPP)	$ 735	7%	$ 754	$ 793	$ 819	$ 845	$ 803	9%	$ 831	$ 840	$ 853	$ 865	$ 847	6%	$ 880	$ 908	$ 933	$ 948	$ 918	8%
Securities	$ 258	-5%	$ 286	$ 295	$ 300	$ 322	$ 301	17%	$ 373	$ 431	$ 434	$ 429	$ 417	39%	$ 425	$ 416	$ 411	$ 409	$ 415	0%
Other Earning Assets	$ 26	10%	$ 37	$ 51	$ 81	$ 82	$ 63	146%	$ 79	$ 78	$ 68	$ 56	$ 70	12%	$ 56	$ 51	$ 53	$ 50	$ 52	-25%
Earning Assets	$ 1,018	4%	$ 1,077	$ 1,171	$ 1,249	$ 1,297	$ 1,198	18%	$ 1,339	$ 1,404	$ 1,396	$ 1,376	$ 1,379	15%	$ 1,374	$ 1,380	$ 1,398	$ 1,407	$ 1,390	1%
Non-int Assets	$ 98	2%	$ 99	$ 98	$ 97	$ 95	$ 97	-1%	$ 96	$ 103	$ 117	$ 122	$ 110	13%	$ 110	$ 104	$ 103	$ 109	$ 106	-3%
Assets	$ 1,116	4%	$ 1,176	$ 1,269	$ 1,345	$ 1,392	$ 1,296	16%	$ 1,435	$ 1,508	$ 1,513	$ 1,498	$ 1,488	15%	$ 1,484	$ 1,484	$ 1,500	$ 1,517	$ 1,496	1%
Non-interest Bearing Deposits	$ 264	8%	$ 282	$ 349	$ 368	$ 377	$ 344	30%	$ 390	$ 420	$ 408	$ 412	$ 407	19%	$ 402	$ 412	$ 432	$ 436	$ 420	3%
Interest Bearing Deposits	$ 671	0%	$ 688	$ 711	$ 769	$ 805	$ 743	11%	$ 818	$ 865	$ 880	$ 868	$ 858	15%	$ 866	$ 852	$ 840	$ 848	$ 851	-1%
Total Deposits	$ 935	2%	$ 969	$ 1,060	$ 1,137	$ 1,182	$ 1,087	16%	$ 1,208	$ 1,285	$ 1,287	$ 1,280	$ 1,265	16%	$ 1,267	$ 1,263	$ 1,272	$ 1,284	$ 1,272	1%
Other Borrowings	$ 52	14%	$ 70	$ 69	$ 63	$ 64	$ 67	27%	$ 78	$ 75	$ 74	$ 64	$ 73	10%	$ 61	$ 64	$ 70	$ 73	$ 67	-8%
Interest Bearing Liabilities	$ 723	1%	$ 758	$ 780	$ 833	$ 869	$ 810	12%	$ 896	$ 940	$ 954	$ 933	$ 931	15%	$ 927	$ 916	$ 910	$ 921	$ 918	-1%
Other Liabilities	$ 12	45%	$ 13	$ 13	$ 13	$ 13	$ 13	12%	$ 13	$ 12	$ 13	$ 13	$ 13	-3%	$ 14	$ 14	$ 14	$ 14	$ 14	7%
Total Liabilities	$ 999	3%	$ 1,053	$ 1,142	$ 1,213	$ 1,259	$ 1,167	17%	$ 1,300	$ 1,372	$ 1,374	$ 1,358	$ 1,351	16%	$ 1,342	$ 1,341	$ 1,356	$ 1,371	$ 1,353	0%
Average Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Average Common Equity	$ 117	9%	$ 123	$ 127	$ 132	$ 133	$ 129	10%	$ 136	$ 135	$ 138	$ 141	$ 137	7%	$ 142	$ 143	$ 144	$ 146	$ 144	5%
Average Total Equity	$ 117	9%	$ 123	$ 127	$ 132	$ 133	$ 129	10%	$ 136	$ 135	$ 138	$ 141	$ 137	7%	$ 142	$ 143	$ 144	$ 146	$ 144	5%
EOP Balance Sheet																				
Cash and Equivalents	$ 48	48%	$ 49	$ 93	$ 124	$ 65	$ 65	36%	$ 113	$ 131	$ 121	$ 109	$ 109	68%	$ 98	$ 93	$ 95	$ 93	$ 93	-15%
HFI Loans	$ 737	3%	$ 750	$ 770	$ 795	$ 797	$ 797	8%	$ 804	$ 831	$ 850	$ 863	$ 863	8%	$ 877	$ 905	$ 930	$ 945	$ 945	10%
HFS Loans	$ 11	246%	$ 12	$ 33	$ 38	$ 45	$ 45	304%	$ 23	$ 11	$ 12	$ 11	$ 11	-75%	$ 10	$ 11	$ 11	$ 11	$ 11	-5%
PPP Loans	$ -	NA	$ -	$ 48	$ 50	$ 47	$ 47	NA	$ 65	$ 49	$ 34	$ 17	$ 17	-64%	$ 9	$ 1	$ -	$ -	$ -	-100%
Total Loans	$ 748	4%	$ 761	$ 851	$ 882	$ 889	$ 889	19%	$ 893	$ 892	$ 896	$ 891	$ 891	0%	$ 895	$ 917	$ 941	$ 956	$ 956	7%
Total Loans (ex. PPP)	$ 748	4%	$ 761	$ 803	$ 832	$ 842	$ 842	13%	$ 828	$ 843	$ 861	$ 874	$ 874	4%	$ 887	$ 916	$ 941	$ 956	$ 956	9%
Securities and other investments	$ 289	13%	$ 291	$ 298	$ 296	$ 362	$ 362	25%	$ 408	$ 471	$ 474	$ 469	$ 469	30%	$ 465	$ 455	$ 450	$ 447	$ 447	-5%
Intangible Assets	$ 16	-3%	$ 16	$ 16	$ 16	$ 16	$ 16	-2%	$ 16	$ 16	$ 16	$ 16	$ 16	-1%	$ 16	$ 16	$ 16	$ 16	$ 16	0%
Other Real Estate Owned	$ 1.4	-3%	$ 1	$ 1	$ 1	$ 1	$ 1.2	-15%	$ 1	$ 1	$ 1	$ 1	$ 1.1	-6%	$ 1	$ 1	$ 1	$ 1	$ 1.0	-10%
Other Assets	$ 75	7%	$ 74	$ 75	$ 74	$ 73	$ 73	-3%	$ 73	$ 15	$ 13	$ 11	$ 11	-85%	$ 16	$ 16	$ 21	$ 19	$ 19	72%
Assets	$ 1,170	7%	$ 1,185	$ 1,325	$ 1,382	$ 1,395	$ 1,395	19%	$ 1,492	$ 1,515	$ 1,510	$ 1,487	$ 1,487	7%	$ 1,481	$ 1,488	$ 1,513	$ 1,521	$ 1,521	2%
Tangible Assets	$ 1,154	7%	$ 1,169	$ 1,309	$ 1,366	$ 1,380	$ 1,380	20%	$ 1,477	$ 1,499	$ 1,494	$ 1,471	$ 1,471	7%	$ 1,465	$ 1,472	$ 1,497	$ 1,505	$ 1,505	2%
Deposits	$ 988	7%	$ 987	$ 1,119	$ 1,174	$ 1,189	$ 1,189	20%	$ 1,271	$ 1,290	$ 1,285	$ 1,275	$ 1,275	7%	$ 1,259	$ 1,267	$ 1,277	$ 1,291	$ 1,291	1%
Borrowings	$ 48	12%	$ 61	$ 61	$ 62	$ 56	$ 56	15%	$ 75	$ 75	$ 73	$ 56	$ 56	1%	$ 65	$ 63	$ 77	$ 69	$ 69	23%
Other liabilities	$ 13	29%	$ 13	$ 15	$ 13	$ 14	$ 14	3%	$ 13	$ 12	$ 12	$ 12	$ 12	-15%	$ 12	$ 12	$ 12	$ 12	$ 12	0%
Liabilities	$ 1,050	7%	$ 1,061	$ 1,194	$ 1,249	$ 1,259	$ 1,259	20%	$ 1,360	$ 1,377	$ 1,369	$ 1,343	$ 1,343	7%	$ 1,336	$ 1,342	$ 1,366	$ 1,372	$ 1,372	2%
Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Common Equity	$ 120	7%	$ 125	$ 131	$ 133	$ 136	$ 136	13%	$ 133	$ 138	$ 141	$ 143	$ 143	5%	$ 144	$ 146	$ 147	$ 148	$ 148	4%
Total Equity	$ 120	7%	$ 125	$ 131	$ 133	$ 136	$ 136	13%	$ 133	$ 138	$ 141	$ 143	$ 143	5%	$ 144	$ 146	$ 147	$ 148	$ 148	4%
Tangible Equity	$ 104	9%	$ 109	$ 115	$ 117	$ 121	$ 121	16%	$ 117	$ 122	$ 125	$ 128	$ 128	6%	$ 129	$ 130	$ 131	$ 133	$ 133	4%
Tangible Common Equity	$ 104	9%	$ 109	$ 115	$ 117	$ 121	$ 121	16%	$ 117	$ 122	$ 125	$ 128	$ 128	6%	$ 129	$ 130	$ 131	$ 133	$ 133	4%
Credit Quality Ratios																				
Loan Loss Reserve	6.6	6%	7.7	8.9	10.1	10.4	10.4	57%	10.6	10.6	10.6	10.5	10.5	1%	10.5	10.7	10.8	10.8	10.8	2%
LLR / Loans (%) ex PPP	0.90%	3%	1.03%	1.16%	1.27%	1.30%	1.30%	45%	1.31%	1.28%	1.25%	1.22%	1.22%	-6%	1.20%	1.18%	1.16%	1.14%	1.14%	-7%
Change in Reserve	0.4	-22%	1.1	1.2	1.2	0.3	3.8	934%	0.2	0.1	0.0	-0.1	0.1	-96%	0.0	0.2	0.1	0.0	0.3	87%
LLR Release per share	($0.05)	-21%	$ (0.14)	$ (0.17)	$ (0.16)	$ (0.04)	($0.50)	949%	$ (0.02)	$ (0.01)	$ 0.00	$ 0.01	($0.02)	-96%	$ 0.00	$ (0.02)	$ (0.01)	$ 0.00	($0.03)	90%
Net Charge Offs	-0.2	86%	0.0	0.0	-0.1	0.0	-0.1	-47%	0.0	0.1	0.4	0.4	0.9	-856%	0.3	0.3	0.4	0.3	1.4	57%
NCOs / Avg Loans (%) annualized	-0.03%	74%	0.00%	0.00%	-0.06%	-0.01%	-0.02%	-49%	0.00%	0.05%	0.18%	0.20%	0.11%	-807%	0.16%	0.15%	0.18%	0.14%	0.16%	44%
Provision	0.1	-60%	1.1	1.3	1.1	0.3	3.7	2535%	0.2	0.2	0.4	0.3	1.0	-72%	0.3	0.5	0.5	0.3	1.7	61%
Excess Provision	0.4	-22%	1.1	1.2	1.2	0.3	3.8	939%	0.2	0.1	0.0	-0.1	0.1	-96%	0.0	0.2	0.1	0.0	0.3	86%
LLP / Avg Loans	0.02%	-63%	0.57%	0.61%	0.49%	0.12%	0.44%	2221%	0.08%	0.08%	0.16%	0.15%	0.12%	-73%	0.15%	0.22%	0.22%	0.13%	0.18%	56%
Nonaccrual Loans	2.3	-9%	1.7	1.8	1.7	4.6	4.6	96%	4.5	4.0	3.9	3.9	3.9	-15%	3.8	3.8	3.7	3.7	3.7	-5%
TDRs	1.7	-9%	1.6	1.6	1.6	1.6	1.6	-7%	1.5	1.5	1.5	1.5	1.5	-5%	1.5	1.4	1.4	1.4	1.4	-5%
NPLs	**4.00**	**-9%**	**3.34**	**3.42**	**3.22**	**6.11**	**6.11**	**53%**	**6.04**	**5.50**	**5.43**	**5.36**	**5.36**	**-12%**	**5.29**	**5.23**	**5.16**	**5.09**	**5.09**	**-5%**
NPLs / Loans (%)	**0.53%**	**-12%**	**0.44%**	**0.40%**	**0.37%**	**0.69%**	**0.69%**	**29%**	**0.68%**	**0.62%**	**0.61%**	**0.60%**	**0.60%**	**-13%**	**0.59%**	**0.57%**	**0.55%**	**0.53%**	**0.53%**	**-11%**
OREO	1.4	-3%	1.5	1.4	1.3	1.2	1.2	-15%	1.1	1.2	1.2	1.1	1.1	-6%	1.1	1.1	1.0	1.0	1.0	-10%
NPAs	**5.41**	**-7%**	**4.82**	**4.87**	**4.54**	**7.31**	**7.31**	**35%**	**7.11**	**6.68**	**6.58**	**6.48**	**6.48**	**-11%**	**6.39**	**6.29**	**6.20**	**6.11**	**6.11**	**-6%**
NPAs / Loans + OREO (%)	**0.72%**	**-11%**	**0.63%**	**0.57%**	**0.51%**	**0.82%**	**0.82%**	**14%**	**0.80%**	**0.75%**	**0.73%**	**0.73%**	**0.73%**	**-12%**	**0.71%**	**0.69%**	**0.66%**	**0.64%**	**0.64%**	**-12%**
90-days past due	0.0	-100%	0.2	0.0	0.3	1.3	1.3	NA	0.0	4.2	4.2	4.2	4.2	231%	4.2	4.2	4.2	4.2	4.2	0%
NPAs + 90 DPD	**5.41**	**-8%**	**4.99**	**4.87**	**4.87**	**8.57**	**8.57**	**59%**	**7.11**	**10.84**	**10.74**	**10.65**	**10.65**	**24%**	**10.55**	**10.46**	**10.37**	**10.27**	**10.27**	**-3%**
NPAs + 90 DPD / Loans + OREO (%)	**0.72%**	**-11%**	**0.65%**	**0.57%**	**0.55%**	**0.96%**	**0.96%**	**33%**	**0.80%**	**1.21%**	**1.20%**	**1.19%**	**1.19%**	**24%**	**1.18%**	**1.14%**	**1.10%**	**1.07%**	**1.07%**	**-10%**
Past Dues	0.476	-74%	0.7	0.3	0.6	0.7	0.7	40%	0.3	0.3	0.3	0.3	0.3	-52%	0.3	0.3	0.3	0.3	0.3	0%
Total NPAs + Past Dues	5.9	-24%	5.7	5.2	5.5	9.2	9.2	57%	7.4	11.2	11.1	11.0	11.0	19%	10.9	10.8	10.7	10.6	10.6	-3%
As a % of Loans + OREO	0.79%	-26%	0.74%	0.61%	0.62%	1.04%	1.04%	32%	0.83%	1.25%	1.23%	1.23%	1.22%	18%	1.21%	1.17%	1.13%	1.11%	1.10%	-10%
Classified Loans	4.7	8%	4.5	5.3	5.1	8.0	8.0	71%	12.1	11.8	11.5	11.2	11.2	41%	11.0	10.7	10.4	10.2	10.2	-10%
Criticized Loans	9.6	-17%	8.4	8.1	10.1	15.8	15.8	64%	15.6	15.3	14.9	14.5	14.5	-8%	14.1	13.8	13.4	13.1	13.1	-10%
Classified / Loans (%)	0.63%	5%	0.59%	0.62%	0.58%	0.90%	0.90%	44%	1.36%	1.33%	1.29%	1.26%	1.26%	40%	1.23%	1.17%	1.11%	1.06%	1.06%	-16%
LLR / NPLs	166%	16%	230%	261%	314%	170%	170%	3%	175%	194%	196%	196%	196%	16%	199%	204%	209%	211%	211%	8%
LLR / NPAs (ex. TDRs)			239%	275%	341%	180%			189%	206%	209%	210%			213%	220%	226%	229%		
LLR / NPAs	123%	15%	154%	184%	208%	121%	121%	-1%	149%	98%	99%	99%	99%	-18%	100%	102%	104%	105%	105%	6%

IMPORTANT RESEARCH DISCLOSURES

Created by: BlueMatrix

Notes: The boxes on the Rating and Price Target History chart above indicate the date of the fundamental Equity Research Note, the rating and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.
Legend:
I: Initiating Coverage
R: Resuming Coverage
T: Transferring Coverage
D: Discontinuing Coverage
S: Suspending Coverage
OW: Overweight
N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

Distribution of Ratings/IB Services
Piper Sandler

			IB Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [OW]	**633**	**64.66**	**254**	**40.13**
HOLD [N]	**342**	**34.93**	**76**	**22.22**
SELL [UW]	**4**	**0.41**	**0**	**0.00**

Note: Distribution of Ratings/IB Services shows the number of companies currently covered by fundamental equity research in each rating category from which Piper Sandler and its affiliates received compensation for investment banking services within the past 12 months. FINRA rules require disclosure of which ratings most closely correspond with "buy," "hold," and "sell" recommendations. Piper Sandler ratings are not the equivalent of buy, hold or sell, but instead represent recommended relative weightings. Nevertheless, Overweight corresponds most closely with buy, Neutral with hold and Underweight with sell. See Stock Rating definitions below.

Analyst Certification

The analyst Stephen Scouten, CFA, primarily responsible for the preparation of this research report, attests to the following:

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