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COMPANY NOTE
January 18, 2023

First Community Corporation (FCCO) — Neutral

4Q22 Earnings Review; Maintain Neutral Rating

CONCLUSION

Lowering Estimates; Maintain Neutral Rating - We are lowering our 2023/24E's to $2.04/ $1.95 from $2.06/$2.10. Changes to our '23E are largely driven by a lower fee income run-rate as a result of recent NSF/OD changes, while our 24E moves lower due to a greater magnitude of Fed cuts, projected in 4Q23. 4Q22 featured a ~15% deposit beta, 13% loan growth, solid expense control, and 0 bps of NCOs. Business activity in FCCO's markets has been healthy, but management continues to think loan growth will moderate in '23 as rate hikes impact borrower decisions. FCCO remains a well-run bank in good markets that has benefited from its superior funding profile, but we think upside in the shares will be limited from here. We are maintaining our Neutral rating but raising our PT to $22, now based on ~11x our 23E (~1.35x TBVPS prior) due to increased certainty around EPS trends.

- **Growth Outlook -** EOP HFI growth of 12.8% was impressive, and FCCO produced nearly 14% growth for the full year. Management is guiding to mid/high single digit loan growth in '23 as borrowers take stock of higher rates, which are impacting the suitability of some CRE projects while other borrowers are opting to take a more cautious approach amid the uncertain economic conditions. Creating a more profitable earning asset mix by moving funds from the bond book to the loan portfolio has always been the catalyst the shares have needed to move higher, but any major improvements here are still tough to accurately project. We think loans will grow by ~9% in '23 and 8.5% in '24, which is not material enough to drive a substantial mix shift out of lower-yielding bonds. We model an ROA of 92 bps in 2023 - which we don't see as overly impressive vs peers.

- **Modeling Peak NIM of 3.46% -** The NIM expanded by 13 bps to 3.42% in 4Q vs our 3.38% estimate. Outperformance was driven by a 15% deposit beta, much higher securities yields, and a better earning asset mix on deployment of liquidity into loans. FCCO thinks rate hikes in 2023 will exhibit a 25%-30% beta as interest bearing deposit costs catch up after lagging for much of 2022. This is still much better than most peers, and FCCO's ~65% L/D ratio allows it the luxury of letting "hot money" deposits search for yield somewhere else as evidenced by 4Q's 15% annualized decline in total deposits. The bank thinks it can achieve modest deposit growth in 2023, and when combined with $60M of annual cash flows from the bond book, FCCO should have no trouble funding loan growth while also paying down some portion of short-term borrowings added this past quarter. We are now modeling for a NIM of 3.45% in 2023 and 3.41% by in 2024.

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 $1.6B-in-asset bank based in the Columbia, SC MSA.

PRICE: US$21.53
TARGET: US$22.00
Our price target assumes the shares will trade at ~11x our 2023E EPS

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Changes	Previous	Current
Rating	—	Neutral
Price Tgt	US$20.00	US$22.00
FY23E EPS	US$2.06	US$2.04
FY24E EPS	US$2.10	US$1.95

Market Cap. (mil)	US$163.6
Book Value/Share	US$15.62
Tang. Book/Share	$13.59
Price/Book	138%
Price/Tang.Book	158%
52-Week High / Low	US$22.25 / US$16.97
Avg Daily Vol (000)	12
Div Yield	2.42%
Total Assets ($mil)	1,673
Shares Out (mil)	7.6
Div (ann)	US$0.52
Fiscal Year End	Dec

Price Performance - 1 Year

Source: Bloomberg

YEAR	EARNINGS PER SHARE (US$)					
	Mar	Jun	Sep	Dec	FY	FY P/E
2022A	0.44	0.42	0.52	0.54	1.91	11.3x
2023E	0.50	0.50	0.52	0.52	2.04	10.6x
2024E	0.47	0.48	0.50	0.50	1.95	11.0x

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First Community Corporation

($'s in millions, except per share amounts)

Last Updated: 1/18/2023

FCCO

	2021	%Δ	1Q22	2Q22	3Q22	4Q22A	2022A	%Δ	1Q23E	2Q23E	3Q23E	4Q23E	2023E	%Δ	1Q24E	2Q24E	3Q24E	4Q24E	2024E	%Δ
	$ 2.02		$ 0.44	$ 0.42	$ 0.52	$ 0.54	$ 1.91		$ 0.50	$ 0.50	$ 0.52	$ 0.52	$ 2.04		$ 0.47	$ 0.48	$ 0.50	$ 0.50	$ 1.95	
Income Statement																				
Net Interest Income	45.28	13%	10.73	11.05	12.79	13.37	47.94	6%	13.16	13.37	13.63	13.68	53.84	12%	13.52	13.54	13.70	13.82	54.57	1%
FTE adjustment	0.50	27%	0.13	0.13	0.13	0.12	0.51	3%	0.12	0.12	0.12	0.12	0.48	-5%	0.12	0.12	0.12	0.12	0.49	0%
Net Interest Income (FTE)	**45.78**	**13%**	**10.86**	**11.18**	**12.93**	**13.49**	**48.46**	**6%**	**13.28**	**13.49**	**13.75**	**13.80**	**54.33**	**12%**	**13.64**	**13.66**	**13.82**	**13.94**	**55.06**	**1%**
Loan Loss Provision	0.34	-91%	-0.13	-0.07	0.02	0.03	-0.15	-145%	0.45	0.46	0.61	0.63	2.14	-1509%	0.80	0.67	0.67	0.60	2.74	28%
Net Income After LLP	**45.44**	**24%**	**10.99**	**11.25**	**12.91**	**13.46**	**48.61**	**7%**	**12.83**	**13.03**	**13.15**	**13.17**	**52.18**	**7%**	**12.84**	**12.99**	**13.15**	**13.35**	**52.32**	**0%**
Operating Revenue	**59.42**	**11%**	**14.23**	**14.23**	**15.60**	**16.08**	**60.14**	**1%**	**15.96**	**16.23**	**16.60**	**16.75**	**65.54**	**9%**	**16.54**	**16.66**	**16.91**	**17.08**	**67.19**	**3%**
Deposit Service Charges	0.98	-13%	0.27	0.26	0.24	0.19	0.96	-2%	0.19	0.20	0.20	0.21	0.80	-16%	0.21	0.22	0.22	0.23	0.88	10%
Mortgage Banking Income	4.32	-22%	0.84	0.48	0.29	0.29	1.90	-56%	0.30	0.35	0.40	0.42	1.47	-23%	0.35	0.43	0.46	0.46	1.70	16%
Wealth Management	4.00	47%	1.20	1.20	1.05	1.03	4.48	12%	1.07	1.10	1.12	1.17	4.46	0%	1.19	1.22	1.23	1.25	4.88	9%
Other income	4.35	14%	1.07	1.11	1.09	1.08	4.34	0%	1.11	1.10	1.12	1.15	4.48	3%	1.16	1.14	1.17	1.20	4.67	4%
Core Fee Income	**13.64**	**3%**	**3.4**	**3.0**	**2.7**	**2.6**	**11.68**	**-14%**	**2.7**	**2.7**	**2.8**	**2.9**	**11.21**	**-4%**	**2.9**	**3.0**	**3.1**	**3.1**	**12.13**	**8%**
Securities gains	0.00	-100%	0.00	-0.05	0.00	0.00	-0.05	NA	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	0.26	-42%	0.00	0.01	0.00	-0.08	-0.07	-125%	0.00	0.00	0.00	0.00	0.00	-100%	0.00	0.00	0.00	0.00	0.00	NA
Total Fee Income	**13.90**	**1%**	**3.37**	**3.01**	**2.67**	**2.51**	**11.57**	**-17%**	**2.68**	**2.74**	**2.84**	**2.95**	**11.21**	**-3%**	**2.90**	**3.00**	**3.09**	**3.14**	**12.13**	**8%**
Salaries and employee benefits	24.49	2%	6.12	6.18	6.37	6.69	25.36	4%	6.72	6.82	6.89	6.89	27.33	8%	6.96	7.07	7.21	7.28	28.51	4%
Occupancy and Equipment	4.24	8%	1.04	1.12	1.12	1.08	4.35	2%	1.07	1.13	1.16	1.14	4.50	4%	1.12	1.15	1.17	1.18	4.62	3%
Marketing	1.17	12%	0.36	0.45	0.16	0.29	1.26	7%	0.35	0.38	0.23	0.37	1.32	5%	0.39	0.41	0.25	0.31	1.36	2%
FDIC	0.62	53%	0.13	0.11	0.12	0.11	0.47	-24%	0.11	0.11	0.12	0.12	0.46	-2%	0.12	0.12	0.12	0.12	0.48	5%
CDI Amortization	0.20	-45%	0.04	0.04	0.04	0.04	0.16	-21%	0.04	0.04	0.04	0.04	0.16	1%	0.04	0.04	0.04	0.04	0.16	-1%
Other Non-Interest Expense	8.33	10%	2.22	2.28	2.59	2.27	9.36	12%	2.23	2.28	2.33	2.38	9.22	-1%	2.35	2.41	2.46	2.51	9.73	6%
Non credit expense	**39.06**	**5%**	**9.91**	**10.16**	**10.40**	**10.48**	**40.95**	**5%**	**10.52**	**10.78**	**10.77**	**10.93**	**43.00**	**5%**	**10.98**	**11.20**	**11.24**	**11.44**	**44.86**	**4%**
OREO costs	0.11	-48%	0.05	0.03	0.02	0.21	0.31	193%	0.03	0.03	0.03	0.03	0.13	-59%	0.03	0.03	0.03	0.03	0.13	0%
Core Non-interest Expense	**39.17**	**4%**	**9.95**	**10.19**	**10.42**	**10.69**	**41.25**	**5%**	**10.55**	**10.81**	**10.80**	**10.96**	**43.12**	**5%**	**11.01**	**11.23**	**11.28**	**11.47**	**44.99**	**4%**
Non-recurring expense	0.03	NA	0.00	0.00	0.00	0.00	0.00	-100%	0.00	0.00	0.00	0.00	0.00	NA	0.00	0.00	0.00	0.00	0.00	NA
Total Non-interest Expense	**39.20**	**4%**	**9.95**	**10.19**	**10.42**	**10.69**	**41.25**	**5%**	**10.55**	**10.81**	**10.80**	**10.96**	**43.12**	**5%**	**11.01**	**11.23**	**11.28**	**11.47**	**44.99**	**4%**
Efficiency Ratio	**65.9%**		**69.9%**	**71.6%**	**66.8%**	**66.5%**	**68.6%**		**66.1%**	**66.6%**	**65.1%**	**65.5%**	**65.8%**		**66.6%**	**67.4%**	**66.7%**	**67.1%**	**67.0%**	
Net non-recurring items	**0.2**	**-59%**	**0.0**	**0.0**	**0.0**	**-0.1**	**-0.1**	**-148%**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-100%**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**NA**
Pre-tax, pre-provision income	20.25	26%	4.28	4.04	5.18	5.38	18.88	-7%	5.41	5.42	5.80	5.78	22.41	19%	5.53	5.43	5.63	5.61	22.21	-1%
Pre-tax, pre-credit costs income	20.35	25%	4.33	4.07	5.20	5.59	19.19	-6%	5.44	5.46	5.83	5.82	22.54	17%	5.56	5.47	5.66	5.64	22.33	-1%
Operating Income	19.91	60%	4.41	4.11	5.16	5.36	19.04	-4%	4.96	4.96	5.19	5.16	20.27	7%	4.73	4.76	4.96	5.02	19.47	-4%
Pretax Income	19.65	56%	4.28	3.94	5.03	5.16	18.41	-6%	4.84	4.84	5.07	5.04	19.79	7%	4.61	4.64	4.84	4.89	18.98	-4%
Total Tax Expense	**4.18**	**68%**	**0.79**	**0.81**	**1.08**	**1.12**	**3.80**	**-9%**	**1.05**	**1.05**	**1.10**	**1.09**	**4.28**	**13%**	**1.00**	**1.00**	**1.05**	**1.06**	**4.11**	**-4%**
Effective Tax Rate	21.3%	7%	18.4%	20.6%	21.5%	21.6%	20.6%	-3%	21.6%	21.6%	21.6%	21.6%	21.6%	5%	21.6%	21.6%	21.6%	21.6%	21.6%	0%
Net Income before Extraordinary	15.47	53%	3.49	3.13	3.95	4.04	14.61	-6%	3.79	3.79	3.97	3.95	15.51	6%	3.61	3.64	3.79	3.84	14.88	-4%
Net Income	15.47	53%	3.49	3.13	3.95	4.04	14.61	-6%	3.79	3.79	3.97	3.95	15.51	6%	3.61	3.64	3.79	3.84	14.88	-4%
Preferred Dividends (& accretion)	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	0.0	0.0	0.0	0.0	0.0	NA
Net Income to Common	**15.47**	**53%**	**3.49**	**3.13**	**3.95**	**4.04**	**14.61**	**-6%**	**3.79**	**3.79**	**3.97**	**3.95**	**15.51**	**6%**	**3.61**	**3.64**	**3.79**	**3.84**	**14.88**	**-4%**
Core Net Income	**15.28**	**58%**	**3.33**	**3.16**	**3.95**	**4.10**	**14.70**	**-4%**	**3.79**	**3.79**	**3.97**	**3.95**	**15.51**	**5%**	**3.61**	**3.64**	**3.79**	**3.84**	**14.88**	**-4%**
Per Share Information																				
Avg Diluted Shares (mil)	7.5	1%	7.6	7.6	7.6	7.6	7.6	1%	7.6	7.6	7.6	7.6	7.6	0%	7.6	7.6	7.6	7.6	7.6	0%
EOP Shares	7.5	1%	7.6	7.6	7.6	7.6	7.6	0%	7.6	7.6	7.6	7.6	7.6	0%	7.6	7.6	7.6	7.6	7.6	0%
Est. (buyback) / issuance	0.0		0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	
Est. price/share	13.7		20.5	21.0	22.0	22.5	21.5		22.5	22.5	23.0	24.0	23.0		22.5	22.5	23.0	24.0	23.0	
Total $'s of Capital	-$0.44		$0.00	$0.00	$0.00	$0.00	$0.00		$0.00	$0.00	$0.00	$0.00	$0.00		$0.00	$0.00	$0.00	$0.00	$0.00	
Reported EPS	$ 2.05	52%	$ 0.46	$ 0.41	$ 0.52	$ 0.53	$ 1.92	-6%	$ 0.50	$ 0.50	$ 0.52	$ 0.52	$ 2.04	6%	$ 0.47	$ 0.48	$ 0.50	$ 0.50	$ 1.95	-4%
Core EPS	$ 2.02	57%	$ 0.44	$ 0.42	$ 0.52	$ 0.54	$ 1.91	-5%	$ 0.50	$ 0.50	$ 0.52	$ 0.52	$ 2.04	6%	$ 0.47	$ 0.48	$ 0.50	$ 0.50	$ 1.95	-4%
EPS growth rate (%)	56.8%		-52%	-21%	100%	15%	-5.4%		-30%	0%	19%	-3%	6.4%		-34%	3%	17%	4%	-4.3%	
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	$ 18.68	3%	$ 16.59	$ 15.54	$ 15.07	$ 15.62	$ 15.62	-16%	$ 15.98	$ 16.34	$ 16.72	$ 17.11	$ 17.11	10%	$ 17.44	$ 17.78	$ 18.14	$ 18.51	$ 18.51	8%
Tangible Book Value per share	$ 16.62	3%	$ 14.53	$ 13.50	$ 13.03	$ 13.59	$ 13.59	-18%	$ 13.95	$ 14.31	$ 14.70	$ 15.08	$ 15.08	11%	$ 15.42	$ 15.76	$ 16.12	$ 16.49	$ 16.49	9%
TBV Growth (%)	3.4%	NA	-50%	-29%	-14%	17%	-18.2%	NA	11%	10%	11%	10%	11.0%	NA	9%	9%	9%	9%	9.3%	NA
Dividend	$ 0.49	2%	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.52	6%	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.56	8%	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.56	0%
Payout Ratio (%)	24%	-35%	30%	31%	25%	24%	27%	12%	28%	28%	27%	27%	28%	1%	30%	29%	28%	28%	29%	5%
Performance Ratios																				
Return on Average Assets	1.01%	35%	0.83%	0.77%	0.94%	0.97%	0.89%	-12%	0.92%	0.91%	0.93%	0.92%	0.92%	4%	0.85%	0.85%	0.87%	0.87%	0.86%	-7%
Return on Average Common Equity	11.09%	48%	9.85%	10.93%	13.17%	14.09%	12.06%	9%	13.02%	12.59%	12.73%	12.36%	12.67%	5%	11.23%	11.09%	11.22%	11.11%	11.16%	-12%
Return on Tangible Common Equity	12.18%	52%	12.30%	12.42%	15.88%	15.81%	14.28%	17%	14.55%	14.03%	14.15%	13.70%	13.57%	-5%	12.43%	12.24%	12.35%	12.21%	11.90%	-12%
PTPP Income	20.2	26%	4.3	4.0	5.2	5.4	18.9	-7%	5.4	5.4	5.8	5.8	22.4	19%	5.5	5.4	5.6	5.6	22.2	-1%
PTPP Income / Shr	2.68	25%	0.56	0.53	0.68	0.71	2.48	-8%	0.71	0.71	0.76	0.76	2.94	19%	0.73	0.71	0.74	0.74	2.91	-1%
PTPP ROA	1.33%	7%	1.07%	0.99%	1.23%	1.27%	1.14%	-14%	1.31%	1.30%	1.36%	1.35%	1.33%	17%	1.30%	1.27%	1.29%	1.27%	1.28%	-4%
Net Interest Margin, FTE	3.23%	-4%	2.91%	2.93%	3.29%	3.42%	3.14%	-3%	3.44%	3.45%	3.46%	3.45%	3.45%	10%	3.44%	3.42%	3.39%	3.39%	3.41%	-1%
Avg Earning Asset Yield	3.39%	-9%	3.04%	3.06%	3.45%	3.86%	3.35%	-1%	4.08%	4.18%	4.21%	4.17%	4.16%	24%	4.10%	4.02%	3.93%	3.88%	3.98%	-4%
Cost of Interest Bearing Liabilities	0.24%	-49%	0.18%	0.18%	0.21%	0.63%	0.30%	26%	0.93%	1.06%	1.09%	1.05%	1.03%	244%	0.98%	0.89%	0.80%	0.73%	0.85%	-17%
Fee Income / Operating Revenue	23.0%	-7%	23.7%	21.4%	17.1%	16.1%	19.4%	-15%	16.8%	16.9%	17.1%	17.6%	17.1%	-12%	17.6%	18.0%	18.3%	18.4%	18.1%	6%
Fee Income / Average Assets	0.90%		0.84%	0.74%	0.64%	0.61%	0.71%		0.65%	0.66%	0.67%	0.69%	0.67%		0.68%	0.70%	0.71%	0.71%	0.70%	
Effective Tax Rate (FTE)	21.3%	7%	18.4%	20.6%	21.5%	21.6%	20.6%	-3%	21.6%	21.6%	21.6%	21.6%	21.6%	5%	21.6%	21.6%	21.6%	21.6%	21.6%	0%
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	7.8%		3.4%	9.4%	18.5%	13.0%	10.1%		8.8%	8.3%	9.4%	9.2%	11.2%		7.8%	8.3%	10.0%	8.2%	9.0%	
EOP HFI Loan Growth	8.2%		6.3%	18.6%	14.7%	12.8%	13.7%		7.5%	9.0%	10.0%	8.5%	9.0%		7.0%	9.5%	10.5%	6.0%	8.5%	
Average Earning Assets	18.4%		7%	4%	7%	1%	8.6%		1%	1%	2%	2%	2.2%		2%	3%	4%	4%	2.6%	
Average Total Deposits	18.9%		3.4%	15.5%	6.1%	-9.0%	9.7%		-10.5%	0.5%	4.5%	4.7%	-1.7%		3.5%	3.8%	5.5%	5.5%	4.2%	
Total Assets	13.6%		17.3%	7.9%	-7.8%	5.1%	5.6%		-0.2%	1.9%	3.2%	1.9%	1.7%		2.9%	3.2%	4.8%	2.0%	3.3%	
Net Interest Income (FTE)	13.3%		-16%	12%	62%	17%	5.9%		-6%	6%	8%	1%	12.1%		-5%	1%	5%	4%	1.4%	
Non-interest Income	3.2%		-15%	-38%	-49%	-12%	-14.4%		14%	10%	15%	15%	-4.0%		-6%	14%	11%	7%	8.2%	
Operating Revenues	10.8%		-16%	0%	38%	12%	1.2%		-3%	7%	9%	4%	9.0%		-5%	3%	6%	4%	2.5%	
Non-interest Expense	4.4%		3%	9%	9%	11%	5.2%		-5%	10%	0%	6%	4.5%		2%	8%	2%	7%	4.3%	

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

stephen.scouten@psc.com
Last Updated: 1/18/2023

	$ 2.02		$ 0.44	$ 0.42	$ 0.52	$ 0.54	$ 1.91		$ 0.50	$ 0.50	$ 0.52	$ 0.52	$ 2.04		$ 0.47	$ 0.48	$ 0.50	$ 0.50	$ 1.95	
	2021	%Δ	1Q22	2Q22	3Q22	4Q22A	2022A	%Δ	1Q23E	2Q23E	3Q23E	4Q23E	2023E	%Δ	1Q24E	2Q24E	3Q24E	4Q24E	2024E	%Δ
Balance Sheet Ratios																					
Loans / Deposits	64.63%	-9%	63.70%	62.77%	64.70%	68.37%	64.89%	0%	71.72%	73.11%	74.01%	74.83%	73.43%	13%	75.62%	76.47%	77.32%	77.83%	76.82%	5%
Avg Loans / Avg Earning Assets	58.87%	-9%	57.79%	58.59%	60.25%	61.99%	59.68%	1%	63.21%	64.40%	65.58%	66.69%	64.98%	9%	67.65%	68.54%	69.58%	70.38%	69.05%	6%
Avg. Earning Assets / Assets	93.34%	1%	93.41%	93.06%	93.35%	93.18%	93.25%	0%	93.62%	93.59%	93.49%	93.47%	93.54%	0%	93.37%	93.36%	93.33%	93.37%	93.36%	0%
Securities / Avg Earning Assets	32.16%	28%	37.74%	36.63%	37.32%	36.40%	37.02%	15%	35.43%	34.31%	33.19%	32.12%	33.76%	-9%	31.32%	30.51%	29.54%	28.69%	30.00%	-11%
Avg. Equity / Avg Assets	9.07%	-9%	8.46%	7.06%	7.14%	6.89%	7.38%	-19%	7.07%	7.21%	7.34%	7.46%	7.27%	-1%	7.57%	7.66%	7.74%	7.84%	7.70%	6%
TCE (%)	**8.00%**	**-9%**	**6.71%**	**6.12%**	**6.03%**	**6.21%**	**6.21%**	**-22%**	**6.38%**	**6.51%**	**6.64%**	**6.78%**	**6.78%**	**9%**	**6.88%**	**6.98%**	**7.05%**	**7.17%**	**7.17%**	**6%**
Estimated Excess Capital (7% TCE tgt.)	-$0.07	-101%	-$21.08	-$31.43	-$32.20	-$29.64	-$29.64	39869%	-$26.84	-$24.73	-$22.88	-$20.62	-$20.62	-30%	-$19.03	-$17.55	-$16.47	-$14.39	-$14.39	-30%
Tier 1 Leverage Ratio	8.45%		8.43%	8.34%	8.53%	8.63%	8.63%													
Tier 1 Risk-Based Capital Ratio	14.00%		13.89%	13.47%	13.42%	13.45%	13.45%													
Total Capital Ratio	15.18%		15.03%	14.57%	14.49%	14.49%	14.49%													
Tier 1 Common Ratio	14.00%		13.89%	13.47%	13.42%	13.45%	13.45%													
Credit Metrics																					
LLP / Loans	0.04%	-91%	-0.06%	-0.03%	0.01%	0.01%	-0.02%	-144%	0.18%	0.18%	0.23%	0.23%	0.21%	-1373%	0.30%	0.25%	0.23%	0.21%	0.25%	17%
NCOs / Avg Loans	-0.05%	253%	0.00%	-0.10%	-0.03%	0.00%	-0.03%	-39%	0.08%	0.12%	0.16%	0.18%	0.14%	-507%	0.22%	0.18%	0.16%	0.14%	0.17%	28%
Per share LLR Release	$ (0.10)	-79%	$ 0.02	$ (0.02)	$ (0.01)	$ (0.00)	$ (0.02)	-80%	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.10)	375%	$ (0.03)	$ (0.02)	$ (0.03)	$ (0.02)	$ (0.10)	7%
Reserve / Loans	1.30%	-1%	1.26%	1.22%	1.19%	1.16%	1.16%	-11%	1.16%	1.15%	1.14%	1.13%	1.13%	-2%	1.13%	1.12%	1.11%	1.11%	1.11%	-2%
NPAs / Loans + OREO	0.33%	-60%	0.30%	0.59%	0.62%	0.60%	0.60%	83%	0.58%	0.56%	0.54%	0.52%	0.52%	-13%	0.50%	0.49%	0.47%	0.45%	0.45%	-13%
NPA Coverage	391.0%	223%	387%	205%	189%	192%	191.5%	-51%	199%	204%	211%	216%	216.4%	13%	223%	230%	237%	244%	244.3%	13%
Average Balance Sheet																					
HFI Loans	$ 835	8%	$ 876	$ 896	$ 938	$ 969	$ 920	10%	$ 990	$ 1,010	$ 1,034	$ 1,058	$ 1,023	11%	$ 1,079	$ 1,101	$ 1,128	$ 1,152	$ 1,115	9%
HFS Loans	$ 16.8	-40%	$ 10	$ 8	$ 3	$ 2	$ 5.7	-66%	$ 2	$ 2	$ 2	$ 2	$ 1.7	-71%	$ 2	$ 2	$ 2	$ 2	$ 1.6	-5%
PPP Loans	$ 37	15%	$ 1	$ 0	$ 0	$ 0	$ 0	-99%	$ 0	$ 0	$ -	$ -	$ 0	-84%	$ -	$ -	$ -	$ -	$ -	-100%
Total Loans	$ 889	6%	$ 886	$ 905	$ 941	$ 971	$ 926	4%	$ 992	$ 1,012	$ 1,036	$ 1,060	$ 1,025	11%	$ 1,080	$ 1,102	$ 1,130	$ 1,153	$ 1,117	9%
Total Loans (ex. PPP)	$ 852	6%	$ 885	$ 905	$ 941	$ 971	$ 925	9%	$ 991	$ 1,012	$ 1,036	$ 1,060	$ 1,025	11%	$ 1,080	$ 1,102	$ 1,130	$ 1,153	$ 1,117	9%
Securities	$ 456	52%	$ 572	$ 560	$ 581	$ 569	$ 571	25%	$ 555	$ 538	$ 523	$ 510	$ 532	-7%	$ 499	$ 490	$ 479	$ 469	$ 484	-9%
Other Earning Assets	$ 73	17%	$ 58	$ 65	$ 34	$ 23	$ 45	-39%	$ 19	$ 19	$ 18	$ 17	$ 18	-59%	$ 15	$ 14	$ 13	$ 14	$ 14	-24%
Earning Assets	$ 1,419	18%	$ 1,515	$ 1,530	$ 1,557	$ 1,563	$ 1,541	9%	$ 1,566	$ 1,569	$ 1,577	$ 1,587	$ 1,575	2%	$ 1,594	$ 1,606	$ 1,622	$ 1,636	$ 1,615	3%
Non-int Assets	$ 101	4%	$ 107	$ 114	$ 111	$ 114	$ 112	10%	$ 107	$ 107	$ 110	$ 111	$ 109	-3%	$ 113	$ 114	$ 116	$ 116	$ 115	6%
Assets	$ 1,520	17%	$ 1,622	$ 1,644	$ 1,668	$ 1,677	$ 1,653	9%	$ 1,673	$ 1,676	$ 1,687	$ 1,698	$ 1,683	2%	$ 1,708	$ 1,721	$ 1,738	$ 1,753	$ 1,730	3%
Non-interest Bearing Deposits	$ 423	23%	$ 449	$ 466	$ 482	$ 479	$ 469	11%	$ 474	$ 476	$ 481	$ 486	$ 479	2%	$ 483	$ 488	$ 496	$ 500	$ 492	3%
Interest Bearing Deposits	$ 869	17%	$ 926	$ 962	$ 967	$ 938	$ 948	9%	$ 906	$ 906	$ 916	$ 928	$ 914	-4%	$ 943	$ 952	$ 964	$ 979	$ 959	5%
Total Deposits	$ 1,292	19%	$ 1,375	$ 1,428	$ 1,450	$ 1,417	$ 1,417	10%	$ 1,380	$ 1,382	$ 1,397	$ 1,414	$ 1,393	-2%	$ 1,426	$ 1,440	$ 1,460	$ 1,480	$ 1,451	4%
Other Borrowings	$ 77	16%	$ 98	$ 87	$ 87	$ 131	$ 101	30%	$ 158	$ 157	$ 149	$ 140	$ 151	50%	$ 135	$ 132	$ 127	$ 119	$ 129	-15%
Interest Bearing Liabilities	$ 947	17%	$ 1,023	$ 1,049	$ 1,054	$ 1,070	$ 1,049	11%	$ 1,065	$ 1,063	$ 1,066	$ 1,069	$ 1,065	2%	$ 1,078	$ 1,084	$ 1,091	$ 1,098	$ 1,088	2%
Other Liabilities	$ 13	-5%	$ 13	$ 13	$ 12	$ 13	$ 13	1%	$ 16	$ 16	$ 16	$ 16	$ 16	28%	$ 17	$ 17	$ 17	$ 17	$ 17	2%
Total Liabilities	$ 1,382	18%	$ 1,485	$ 1,528	$ 1,549	$ 1,562	$ 1,531	11%	$ 1,554	$ 1,555	$ 1,563	$ 1,571	$ 1,561	2%	$ 1,578	$ 1,589	$ 1,603	$ 1,615	$ 1,596	2%
Average Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Average Common Equity	$ 138	7%	$ 137	$ 116	$ 119	$ 115	$ 122	-12%	$ 118	$ 121	$ 124	$ 127	$ 122	0%	$ 129	$ 132	$ 135	$ 137	$ 133	9%
Average Total Equity	$ 138	7%	$ 137	$ 116	$ 119	$ 115	$ 122	-12%	$ 118	$ 121	$ 124	$ 127	$ 122	0%	$ 129	$ 132	$ 135	$ 137	$ 133	9%
EOP Balance Sheet																					
Cash and Equivalents	$ 69	6%	$ 101	$ 104	$ 38	$ 30	$ 30	-57%	$ 26	$ 25	$ 24	$ 24	$ 24	-20%	$ 21	$ 20	$ 19	$ 20	$ 20	-15%
HFI Loans	$ 862	8%	$ 876	$ 916	$ 950	$ 981	$ 981	14%	$ 999	$ 1,022	$ 1,047	$ 1,069	$ 1,069	9%	$ 1,088	$ 1,114	$ 1,143	$ 1,160	$ 1,160	9%
HFS Loans	$ 7	-84%	$ 12	$ 5	$ 2	$ 2	$ 2	-75%	$ 2	$ 2	$ 2	$ 2	$ 2	-5%	$ 1	$ 2	$ 2	$ 2	$ 2	-5%
PPP Loans	$ 1	-97%	$ 0	$ 0	$ 0	$ 0	$ 0	-85%	$ 0	$ -	$ -	$ -	$ -	-100%	$ -	$ -	$ -	$ -	$ -	NA
Total Loans	$ 871	-2%	$ 888	$ 921	$ 952	$ 983	$ 983	13%	$ 1,001	$ 1,023	$ 1,049	$ 1,071	$ 1,071	9%	$ 1,089	$ 1,115	$ 1,145	$ 1,162	$ 1,162	8%
Total Loans (ex. PPP)	$ 869	3%	$ 888	$ 921	$ 952	$ 982	$ 982	13%	$ 1,001	$ 1,023	$ 1,049	$ 1,071	$ 1,071	9%	$ 1,089	$ 1,115	$ 1,145	$ 1,162	$ 1,162	8%
Securities and other investments	$ 567	57%	$ 580	$ 573	$ 574	$ 565	$ 565	0%	$ 545	$ 531	$ 515	$ 504	$ 504	-11%	$ 495	$ 485	$ 473	$ 466	$ 466	-8%
Intangible Assets	$ 16	-1%	$ 16	$ 15	$ 15	$ 15	$ 15	-1%	$ 15	$ 15	$ 15	$ 15	$ 15	0%	$ 15	$ 15	$ 15	$ 15	$ 15	0%
Other Real Estate Owned	$ 1.2	-3%	$ 1	$ 1	$ 1	$ 1	$ 0.9	-20%	$ 1	$ 1	$ 1	$ 1	$ 0.8	-10%	$ 1	$ 1	$ 1	$ 1	$ 0.8	-10%
Other Assets	$ 72	0%	$ 78	$ 81	$ 83	$ 91	$ 91	25%	$ 96	$ 96	$ 101	$ 99	$ 99	9%	$ 104	$ 103	$ 108	$ 106	$ 106	7%
Assets	$ 1,585	14%	$ 1,652	$ 1,685	$ 1,652	$ 1,673	$ 1,673	6%	$ 1,672	$ 1,680	$ 1,694	$ 1,702	$ 1,702	2%	$ 1,714	$ 1,727	$ 1,748	$ 1,757	$ 1,757	3%
Tangible Assets	$ 1,569	14%	$ 1,637	$ 1,669	$ 1,636	$ 1,658	$ 1,658	6%	$ 1,657	$ 1,665	$ 1,678	$ 1,686	$ 1,686	2%	$ 1,698	$ 1,712	$ 1,733	$ 1,742	$ 1,742	3%
Deposits	$ 1,361	14%	$ 1,431	$ 1,469	$ 1,436	$ 1,385	$ 1,385	2%	$ 1,375	$ 1,389	$ 1,406	$ 1,422	$ 1,422	3%	$ 1,431	$ 1,449	$ 1,470	$ 1,489	$ 1,489	5%
Borrowings	$ 69	24%	$ 83	$ 87	$ 89	$ 156	$ 156	125%	$ 161	$ 153	$ 146	$ 135	$ 135	-13%	$ 136	$ 129	$ 125	$ 113	$ 113	-16%
Other liabilities	$ 13	-5%	$ 15	$ 15	$ 15	$ 15	$ 15	15%	$ 15	$ 15	$ 15	$ 15	$ 15	0%	$ 15	$ 15	$ 15	$ 15	$ 15	0%
Liabilities	$ 1,444	15%	$ 1,527	$ 1,567	$ 1,538	$ 1,555	$ 1,555	8%	$ 1,551	$ 1,556	$ 1,567	$ 1,572	$ 1,572	1%	$ 1,581	$ 1,593	$ 1,611	$ 1,617	$ 1,617	3%
Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Common Equity	$ 141	3%	$ 125	$ 118	$ 114	$ 118	$ 118	-16%	$ 121	$ 124	$ 127	$ 130	$ 130	10%	$ 132	$ 135	$ 137	$ 140	$ 140	8%
Total Equity	$ 141	3%	$ 125	$ 118	$ 114	$ 118	$ 118	-16%	$ 121	$ 124	$ 127	$ 130	$ 130	10%	$ 132	$ 135	$ 137	$ 140	$ 140	8%
Tangible Equity	$ 125	4%	$ 110	$ 102	$ 99	$ 103	$ 103	-18%	$ 106	$ 108	$ 111	$ 114	$ 114	11%	$ 117	$ 119	$ 122	$ 125	$ 125	9%
Tangible Common Equity	$ 125	4%	$ 110	$ 102	$ 99	$ 103	$ 103	-18%	$ 106	$ 108	$ 111	$ 114	$ 114	11%	$ 117	$ 119	$ 122	$ 125	$ 125	9%
Credit Quality Ratios																					
Loan Loss Reserve	11.2	8%	11.1	11.2	11.3	11.3	11.3	1%	11.6	11.7	11.9	12.1	12.1	7%	12.3	12.5	12.7	12.9	12.9	7%
LLR / Loans (%)	1.30%	-1%	1.26%	1.22%	1.19%	1.16%	1.16%	-11%	1.16%	1.15%	1.14%	1.13%	1.13%	-2%	1.13%	1.12%	1.11%	1.11%	1.11%	-2%
Change in Reserve	0.8	-79%	-0.1	0.2	0.1	0.0	0.2	-80%	0.3	0.2	0.2	0.1	0.7	376%	0.2	0.2	0.2	0.2	0.8	7%
LLR Release per share	($0.10)	-79%	$ 0.02	$ (0.02)	$ (0.01)	$ (0.00)	($0.02)	-80%	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.02)	($0.10)	375%	$ (0.03)	$ (0.02)	$ (0.03)	$ (0.02)	($0.10)	7%
Net Charge Offs	-0.5	280%	0.0	-0.2	-0.1	0.0	-0.3	-32%	0.2	0.3	0.4	0.5	1.4	-553%	0.6	0.5	0.5	0.4	1.9	39%
NCOs / Avg Loans (%) annualized	-0.05%	253%	0.00%	-0.10%	-0.03%	0.00%	-0.03%	-39%	0.08%	0.12%	0.16%	0.18%	0.14%	-507%	0.22%	0.18%	0.16%	0.14%	0.17%	28%
Provision	0.3	-91%	-0.1	-0.1	0.0	0.0	-0.2	-145%	0.4	0.5	0.6	0.6	2.1	-1509%	0.8	0.7	0.7	0.6	2.7	28%
Excess Provision	0.8	-79%	-0.1	0.2	0.1	0.0	0.2	-80%	0.3	0.2	0.2	0.1	0.7	379%	0.2	0.2	0.2	0.2	0.8	7%
LLP / Avg Loans	0.04%	-91%	-0.06%	-0.03%	0.01%	0.01%	-0.02%	-144%	0.18%	0.18%	0.23%	0.23%	0.21%	-1373%	0.30%	0.25%	0.23%	0.21%	0.25%	17%
Nonaccrual Loans	0.3	-95%	0.1	4.4	4.9	4.9	4.9	1858%	4.8	4.8	4.7	4.7	4.7	-5%	4.6	4.5	4.5	4.4	4.4	-5%
TDRs	1.4	-7%	1.4	0.1	0.1	0.1	0.1	-94%	0.1	0.1	0.1	0.1	0.1	-5%	0.1	0.1	0.1	0.1	0.1	-5%
NPLs	**1.69**	-72%	**1.54**	**4.48**	**4.97**	**4.98**	**4.98**	194%	**4.92**	**4.86**	**4.80**	**4.74**	**4.74**	-5%	**4.68**	**4.62**	**4.56**	**4.51**	**4.51**	-5%
NPLs / Loans (%)	**0.19%**	-72%	**0.17%**	**0.49%**	**0.52%**	**0.51%**	**0.51%**	161%	**0.49%**	**0.48%**	**0.46%**	**0.44%**	**0.44%**	-13%	**0.43%**	**0.41%**	**0.40%**	**0.39%**	**0.39%**	-12%
OREO	1.2	-3%	1.1	1.0	1.0	0.9	0.9	-20%	0.9	0.9	0.9	0.8	0.8	-10%	0.8	0.8	0.8	0.8	0.8	-10%
NPAs	**2.86**	-61%	**2.69**	**5.46**	**5.95**	**5.92**	**5.92**	107%	**5.83**	**5.75**	**5.66**	**5.58**	**5.58**	-6%	**5.50**	**5.42**	**5.35**	**5.27**	**5.27**	-6%
NPAs / Loans + OREO (%)	**0.33%**	-60%	**0.30%**	**0.59%**	**0.62%**	**0.60%**	**0.60%**	83%	**0.58%**	**0.56%**	**0.54%**	**0.52%**	**0.52%**	-13%	**0.50%**	**0.49%**	**0.47%**	**0.45%**	**0.45%**	-13%
90-days past due	0.0	-100%	0.2	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0	0.0	0%
NPAs + 90 DPD	**2.86**	-67%	**2.86**	**5.46**	**5.98**	**5.92**	**5.92**	107%	**5.83**	**5.75**	**5.67**	**5.58**	**5.58**	-6%	**5.50**	**5.43**	**5.35**	**5.27**	**5.27**	-6%
NPAs + 90 DPD / Loans + OREO (%)	**0.33%**	-66%	**0.32%**	**0.59%**	**0.63%**	**0.60%**	**0.60%**	84%	**0.58%**	**0.56%**	**0.54%**	**0.52%**	**0.52%**	-13%	**0.50%**	**0.49%**	**0.47%**	**0.45%**	**0.45%**	-13%
Past Dues	0.2	-65%	0.5	2.2	0.4	0.4	0.4	64%	0.4	0.4	0.4	0.4	0.4	0%	0.4	0.4	0.4	0.4	0.4	0%
Total NPAs + Past Dues	3.1	-67%	3.3	7.6	6.4	6.3	6.3	104%	6.2	6.1	6.1	6.0	6.0	-5%	5.9	5.8	5.7	5.7	5.7	-5%
As a % of Loans + OREO	0.36%	-66%	0.38%	0.83%	0.67%	0.64%	0.64%	81%	0.62%	0.60%	0.58%	0.56%	0.56%	-13%	0.54%	0.52%	0.50%	0.49%	0.49%	-13%
Classified Loans	7.9	-2%	7.8	6.7	6.5	6.1	6.1	-23%	5.9	5.8	5.6	5.5	5.5	-10%	5.4	5.2	5.1	5.0	5.0	-10%
Criticized Loans	9.5	-40%	9.5	7.4	7.1	6.6	6.6	-30%	6.5	6.3	6.2	6.0	6.0	-10%	5.9	5.7	5.6	5.4	5.4	-10%
Classified / Loans (%)	0.90%	0%	0.88%	0.73%	0.69%	0.62%	0.62%	-32%	0.59%	0.57%	0.54%	0.51%	0.51%	-17%	0.49%	0.47%	0.45%	0.43%	0.43%	-17%
LLR / NPLs	660%	288%	718%	251%	228%	227%	227%	-66%	235%	242%	249%	255%	255%	12%	263%	270%	278%	286%	286%	12%
LLR / NPAs (ex. TDRs)			855%	210%	193%	194%			202%	207%	214%	220%			227%	234%	241%	248%		
LLR / NPAs	391%	223%	387%	205%	189%	192%	192%	-51%	199%	204%	211%	216%	216%	13%	223%	230%	237%	244%	244%	13%

IMPORTANT RESEARCH DISCLOSURES

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

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [OW]	**601**	**60.77**	**192**	**31.95**
HOLD [N]	**342**	**34.58**	**63**	**18.42**
SELL [UW]	**46**	**4.65**	**3**	**6.52**

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.

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Neutral (N): Anticipated to perform in line relative to the median of the group of stocks covered by the analyst.

Underweight (UW): Anticipated to underperform relative to the median of the group of stocks covered by the analyst.

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