First Community Corporation (FCCO) Neutral

FCCO 4Q21 Earnings Review

CONCLUSION

Updating Estimates; Maintain Neutral Rating - We are increasing our 2022/23E's to $1.98/$2.13 (from $1.80/$2.08) on higher fee expectations and a lower starting point for expenses into the new year. While we think FCCO remains a solid bank that is well positioned in business friendly markets benefiting from population inflows, we do not see any sizable near term catalysts for the shares today. Ultimately, the ability to remix the balance sheet into loans remains the key to achieving better profitability. Therefore, we are maintaining our Neutral rating and $23 PT (1.3x year-out TBVPS, up from 1.2x on higher industry multiples), which now implies ~11x our 2022E.

- **Growth Outlook -** EOP HFI growth of (-4.6%) LQA was well below our 9% expectations and previous high-single digit growth guidance. Management cited elevated paydowns in the CRE portfolio, which have been lumpy in the past, as the main reason for the decline. Going forward, FCCO guided that it would maintain the high-single digit pace (yearly) given the economic strength in their markets. Production was lower in 4Q at ~$45M, but should return to a $50M-$60M average for most of 2022. We are now modeling for loan growth to approximate a 9% rate in '22 and '23.

- **NIM Likely Range-bound -** The GAAP NIM fell by 46 bps q/q to 3.01% as PPP income was 15% of what we saw in 3Q at just $0.4M. Parsing through the noise, the NIM ex-PPP fell 13 bps to 2.95% as the AEA mix worsened slight on the bank's recent securities investments (now 35% of AEAs) and 10 bps of pressure on loan yields. Relief of 2 bps of IB deposit costs provided a slight offset, but little room for reductions remain. FCCO has a relatively neutral balance sheet, so even with potential rate hikes we would expect the NIM to remain in this 3%-3.10% range through 2022.

- **LLR Provides Room For Growth** - FCCO had a small negative provision ($0.06M) on 10 bps of net recoveries ($213k), reflecting improvements in the overall economy. The releasing, however, did not outweigh the shrinkage in loans, resulting in the LLR growing 4 bps to 1.30% of loans ex-PPP. Given credit at FCCO has remained top-notch since the resolving of one problem loan in 2Q, and with some lingering COVID related reserves remaining - these levels should come down later in '22.

- **Potential for New Mkt Expansion Ahead -** FCCO management noted that the big needle-mover in '22 could be a new market expansion later in the year. The bank is in active discussion with some teams, and we think an LPO into a new metro area will be the likely path. M&A is not off the table, but the math is hard to justify and the opportunities are few. If the bank does annouce something more meaningful, this could increase the growth profile of the bank moving fwd.

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
2021A	0.42	0.49	0.61	0.50	2.02	10.6x
2022E	0.45	0.49	0.52	0.52	1.98	10.8x
2023E	0.48	0.52	0.55	0.58	2.13	10.0x

PRICE: US$21.33
TARGET: US$23.00
Our price target assumes the shares will trade at ~1.3x year-out TBVPS

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Changes	Previous	Current
Rating	—	Neutral
Price Tgt	US$21.00	US$23.00
FY22E EPS	US$1.80	US$1.98
FY23E EPS	US$2.08	US$2.13

Market Cap. (mil)	US$159.1
Book Value/Share	US$18.68
Tang. Book/Share	$16.62
Price/Book	114%
Price/Tang.Book	128%
52-Week High / Low	US$23.42 / US$16.18
Avg Daily Vol (000)	9
Div Yield	2.44%
Total Assets ($mil)	1,585
Shares Out (mil)	7.5
Div (ann)	US$0.52
Fiscal Year End	Dec

Price Performance - 1 Year

Source: Bloomberg

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First Community Corporation
($'s in millions, except per share amounts)
Last Updated: 1/19/2022
FCCO

	2020	%Δ	1Q21	2Q21	3Q21A	4Q21A	2021A	%Δ	1Q22E	2Q22E	3Q22E	4Q22E	2022E	%Δ	1Q23E	2Q23E	3Q23E	4Q23E	2023E	%Δ
	$ 1.29		$ 0.42	$ 0.49	$ 0.61	$ 0.50	$ 2.02		$ 0.45	$ 0.49	$ 0.52	$ 0.52	$ 1.98		$ 0.48	$ 0.52	$ 0.55	$ 0.58	$ 2.13	
Income Statement																				
Net Interest Income	40.02	9%	10.57	11.09	12.46	11.16	45.28	13%	10.78	11.05	11.32	11.57	44.72	-1%	11.57	12.00	12.40	12.67	48.64	9%
FTE adjustment	0.39	8%	0.11	0.12	0.13	0.14	0.50	27%	0.14	0.14	0.14	0.14	0.55	11%	0.14	0.14	0.14	0.14	0.56	2%
Net Interest Income (FTE)	**40.41**	**9%**	**10.68**	**11.22**	**12.59**	**11.30**	**45.78**	**13%**	**10.92**	**11.18**	**11.46**	**11.71**	**45.27**	**-1%**	**11.71**	**12.14**	**12.54**	**12.82**	**49.20**	**9%**
Loan Loss Provision	3.66	2535%	0.18	0.17	0.05	-0.06	0.34	-91%	-0.05	0.00	-0.14	-0.04	-0.23	-167%	0.30	0.50	0.45	0.27	1.52	-774%
Net Income After LLP	**36.75**	**-1%**	**10.50**	**11.05**	**12.536**	**11.36**	**45.44**	**24%**	**10.97**	**11.18**	**11.60**	**11.74**	**45.50**	**0%**	**11.41**	**11.63**	**12.09**	**12.55**	**47.68**	**5%**
Operating Revenue	**53.63**	**9%**	**13.89**	**14.63**	**16.09**	**14.80**	**59.42**	**11%**	**14.37**	**14.79**	**15.13**	**15.44**	**59.74**	**1%**	**15.49**	**16.06**	**16.49**	**16.89**	**64.92**	**9%**
Deposit Service Charges	1.12	-32%	0.25	0.21	0.26	0.26	0.98	-13%	0.21	0.28	0.30	0.29	1.09	12%	0.24	0.31	0.33	0.32	1.19	9%
Mortgage Banking Income	5.56	22%	0.99	1.14	1.15	1.04	4.32	-22%	0.95	1.15	1.12	1.05	4.27	-1%	1.00	1.20	1.10	1.04	4.34	2%
Wealth Management	2.72	35%	0.88	0.96	1.04	1.12	4.00	47%	1.19	1.09	1.14	1.25	4.67	17%	1.38	1.27	1.34	1.50	5.49	17%
Other income	3.81	4%	1.11	1.11	1.06	1.08	4.35	14%	1.09	1.08	1.11	1.14	4.43	2%	1.16	1.15	1.18	1.21	4.70	6%
Core Fee Income	**13.21**	**11%**	**3.2**	**3.4**	**3.5**	**3.5**	**13.64**	**3%**	**3.4**	**3.6**	**3.7**	**3.7**	**14.46**	**6%**	**3.8**	**3.9**	**3.9**	**4.1**	**15.72**	**9%**
Securities gains	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	0.00	0.00	0.00	0.00	0.00	NA
Non-recurring income	0.46	-261%	0.08	0.00	0.06	0.13	0.26	-42%	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	**13.77**	**17%**	**3.30**	**3.42**	**3.56**	**3.63**	**13.90**	**1%**	**3.45**	**3.61**	**3.67**	**3.74**	**14.46**	**4%**	**3.78**	**3.92**	**3.95**	**4.07**	**15.72**	**9%**
Salaries and employee benefits	24.03	13%	5.96	5.95	6.39	6.19	24.49	2%	6.28	6.22	6.31	6.44	25.25	3%	6.57	6.50	6.66	6.80	26.53	5%
Occupancy and Equipment	3.95	-6%	1.01	1.07	1.08	1.09	4.24	8%	1.11	1.14	1.15	1.17	4.56	8%	1.19	1.22	1.24	1.25	4.89	7%
Marketing	1.04	-6%	0.40	0.31	0.14	0.32	1.17	12%	0.31	0.26	0.33	0.36	1.26	7%	0.32	0.37	0.35	0.42	1.47	17%
FDIC	0.40	41%	0.17	0.15	0.19	0.11	0.62	53%	0.11	0.11	0.11	0.12	0.46	-26%	0.12	0.12	0.12	0.12	0.46	1%
CDI Amortization	0.36	-31%	0.06	0.05	0.05	0.04	0.20	-45%	0.04	0.04	0.04	0.04	0.17	-17%	0.04	0.04	0.05	0.05	0.18	7%
Other Non-Interest Expense	7.55	2%	1.92	2.11	2.15	2.16	8.33	10%	2.18	2.21	2.22	2.25	8.86	6%	2.25	2.21	2.24	2.28	8.98	1%
Non credit expense	**37.33**	**7%**	**9.51**	**9.64**	**10.00**	**9.92**	**39.06**	**5%**	**10.04**	**9.98**	**10.17**	**10.37**	**40.55**	**4%**	**10.49**	**10.46**	**10.65**	**10.91**	**42.51**	**5%**
OREO costs	0.20	148%	0.03	0.06	0.06	-0.04	0.11	-48%	-0.04	-0.04	-0.04	-0.04	-0.15	-241%	-0.04	-0.04	-0.04	-0.04	-0.15	0%
Core Non-interest Expense	**37.53**	**8%**	**9.54**	**9.69**	**10.06**	**9.88**	**39.17**	**4%**	**10.00**	**9.94**	**10.13**	**10.33**	**40.40**	**3%**	**10.45**	**10.42**	**10.62**	**10.88**	**42.36**	**5%**
Non-recurring expense	0.00	-100%	0.00	0.19	-0.15	0.00	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
Total Non-interest Expense	**37.53**	**8%**	**9.54**	**9.88**	**9.91**	**9.88**	**39.20**	**4%**	**10.00**	**9.94**	**10.13**	**10.33**	**40.40**	**3%**	**10.45**	**10.42**	**10.62**	**10.88**	**42.36**	**5%**
Efficiency Ratio	**70.0%**		**68.7%**	**66.2%**	**62.5%**	**66.7%**	**65.9%**		**69.6%**	**67.2%**	**66.9%**	**66.9%**	**67.6%**		**67.5%**	**64.9%**	**64.4%**	**64.4%**	**65.3%**	
Net non-recurring items	**0.6**	**588%**	**0.1**	**-0.2**	**0.2**	**0.1**	**0.2**	**-59%**	**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	16.09	13%	4.35	4.94	6.03	4.92	20.25	26%	4.37	4.85	5.00	5.11	19.34	-5%	5.04	5.64	5.87	6.01	22.55	17%
Pre-tax, pre-credit costs income	16.29	14%	4.38	5.00	6.09	4.89	20.35	25%	4.33	4.82	4.97	5.07	19.19	-6%	5.00	5.60	5.83	5.97	22.41	17%
Operating Income	12.43	-12%	4.18	4.77	5.98	4.98	19.91	60%	4.42	4.85	5.14	5.15	19.56	-2%	4.74	5.14	5.42	5.74	21.04	8%
Pretax Income	12.60	-9%	4.15	4.46	6.07	4.97	19.65	56%	4.28	4.71	5.01	5.01	19.01	-3%	4.60	5.00	5.28	5.60	20.47	8%
Total Tax Expense	**2.50**	**-13%**	**0.89**	**0.92**	**1.32**	**1.05**	**4.18**	**68%**	**0.91**	**1.00**	**1.06**	**1.06**	**4.02**	**-4%**	**0.97**	**1.06**	**1.12**	**1.18**	**4.33**	**8%**
Effective Tax Rate	19.8%	-4%	21.5%	20.6%	21.7%	21.2%	21.3%	7%	21.2%	21.2%	21.2%	21.2%	21.2%	-1%	21.2%	21.2%	21.2%	21.2%	21.2%	0%
Net Income before Extraordinary	10.10	-8%	3.26	3.54	4.75	3.92	15.47	53%	3.38	3.71	3.95	3.95	14.99	-3%	3.62	3.94	4.17	4.41	16.14	8%
Net Income	10.10	-8%	3.26	3.54	4.75	3.92	15.47	53%	3.38	3.71	3.95	3.95	14.99	-3%	3.62	3.94	4.17	4.41	16.14	8%
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	**10.10**	**-8%**	**3.26**	**3.54**	**4.75**	**3.92**	**15.47**	**53%**	**3.38**	**3.71**	**3.95**	**3.95**	**14.99**	**-3%**	**3.62**	**3.94**	**4.17**	**4.41**	**16.14**	**8%**
Core Net Income	**9.65**	**-12%**	**3.19**	**3.69**	**4.58**	**3.82**	**15.28**	**58%**	**3.38**	**3.71**	**3.95**	**3.95**	**14.99**	**-2%**	**3.62**	**3.94**	**4.17**	**4.41**	**16.14**	**8%**
Per Share Information																				
Avg Diluted Shares (mil)	7.5	-1%	7.5	7.5	7.6	7.6	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%
EOP Shares	7.5	1%	7.5	7.5	7.5	7.5	7.5	1%	7.5	7.5	7.5	7.5	7.5	0%	7.5	7.5	7.5	7.5	7.5	0%
Est. (buyback) / issuance	0.1		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	3.6		0.0	18.8	17.5	18.5	13.7		20.5	21.0	22.0	22.5	21.5		22.5	22.5	23.0	24.0	23.0	
Total $'s of Capital	$0.00		$0.00	-$0.27	-$0.08	-$0.08	-$0.44		$0.00	$0.00	$0.00	$0.00	$0.00		$0.00	$0.00	$0.00	$0.00	$0.00	
Reported EPS	$ 1.35	-7%	$ 0.43	$ 0.47	$ 0.63	$ 0.52	$ 2.05	52%	$ 0.45	$ 0.49	$ 0.52	$ 0.52	$ 1.98	-3%	$ 0.48	$ 0.52	$ 0.55	$ 0.58	$ 2.13	8%
Core EPS	$ 1.29	-10%	$ 0.42	$ 0.49	$ 0.61	$ 0.50	$ 2.02	57%	$ 0.45	$ 0.49	$ 0.52	$ 0.52	$ 1.98	-2%	$ 0.48	$ 0.52	$ 0.55	$ 0.58	$ 2.13	8%
EPS growth rate (%)	-10.3%		-29%	61%	95%	-67%	56.8%		-46%	40%	25%	0%	-2.2%		-33%	35%	23%	24%	7.7%	
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	$ 18.18	13%	$ 17.63	$ 18.29	$ 18.44	$ 18.68	$ 18.68	3%	$ 19.00	$ 19.36	$ 19.75	$ 20.14	$ 20.14	8%	$ 20.49	$ 20.89	$ 21.31	$ 21.76	$ 21.76	8%
Tangible Book Value per share	$ 16.08	15%	$ 15.55	$ 16.22	$ 16.37	$ 16.62	$ 16.62	3%	$ 16.94	$ 17.30	$ 17.69	$ 18.09	$ 18.09	9%	$ 18.44	$ 18.83	$ 19.26	$ 19.71	$ 19.71	9%
TBV Growth (%)	14.9%	NA	-13%	17%	4%	6%	3.4%	NA	8%	9%	9%	9%	8.9%	NA	8%	9%	9%	9%	9.0%	NA
Dividend	$ 0.48	7%	$ 0.12	$ 0.12	$ 0.12	$ 0.13	$ 0.49	2%	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.52	6%	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.52	0%
Payout Ratio (%)	37%	19%	28%	25%	20%	26%	24%	-35%	29%	26%	25%	25%	26%	9%	27%	25%	24%	22%	24%	-7%
Performance Ratios																				
Return on Average Assets	0.74%	-24%	0.90%	0.98%	1.18%	0.95%	1.01%	35%	0.86%	0.93%	0.97%	0.96%	0.93%	-8%	0.90%	0.96%	0.99%	1.04%	0.97%	5%
Return on Average Common Equity	7.49%	-20%	9.56%	10.95%	12.95%	10.81%	11.09%	48%	9.61%	10.25%	10.56%	10.35%	10.21%	-8%	9.55%	10.07%	10.33%	10.71%	10.18%	0%
Return on Tangible Common Equity	8.00%	-24%	11.07%	12.11%	14.72%	12.08%	12.18%	52%	10.72%	11.41%	11.73%	11.47%	10.98%	-10%	10.56%	11.11%	11.37%	11.77%	10.85%	-1%
PTPP Income	16.1	13%	4.4	4.9	6.0	4.9	20.2	26%	4.4	4.9	5.0	5.1	19.3	-5%	5.0	5.6	5.9	6.0	22.6	17%
PTPP Income / Shr	2.15	15%	0.58	0.66	0.80	0.65	2.68	25%	0.58	0.64	0.66	0.68	2.56	-5%	0.67	0.75	0.78	0.79	2.98	17%
PTPP ROA	1.24%	-3%	1.23%	1.31%	1.55%	1.23%	1.33%	7%	1.11%	1.21%	1.22%	1.24%	1.20%	-10%	1.25%	1.37%	1.40%	1.41%	1.36%	13%
Net Interest Margin, FTE	3.37%	-8%	3.23%	3.20%	3.47%	3.01%	3.23%	-4%	2.90%	2.91%	2.93%	2.98%	2.93%	-9%	3.03%	3.09%	3.12%	3.15%	3.10%	6%
Avg Earning Asset Yield	3.72%	-12%	3.43%	3.37%	3.62%	3.15%	3.39%	-9%	3.03%	3.03%	3.06%	3.15%	3.07%	-10%	3.23%	3.32%	3.41%	3.43%	3.35%	9%
Cost of Interest Bearing Liabilities	0.47%	-41%	0.29%	0.24%	0.22%	0.20%	0.24%	-49%	0.19%	0.18%	0.20%	0.24%	0.20%	-15%	0.29%	0.34%	0.42%	0.44%	0.37%	82%
Fee Income / Operating Revenue	24.6%	2%	23.2%	23.4%	21.8%	23.6%	23.0%	-7%	24.0%	24.4%	24.3%	24.2%	24.2%	5%	24.4%	24.4%	24.0%	24.1%	24.2%	0%
Fee Income / Average Assets	1.02%		0.91%	0.91%	0.90%	0.87%	0.90%		0.88%	0.90%	0.90%	0.91%	0.90%		0.93%	0.95%	0.94%	0.96%	0.95%	
Effective Tax Rate (FTE)	19.8%	-4%	21.5%	20.6%	21.7%	21.2%	21.3%	7%	21.2%	21.2%	21.2%	21.2%	21.2%	-1%	21.2%	21.2%	21.2%	21.2%	21.2%	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	5.4%		-3.5%	13.1%	14.7%	7.1%	7.8%		0.4%	8.3%	10.4%	9.2%	7.7%		7.3%	8.5%	10.4%	8.4%	9.1%	
EOP HFI Loan Growth	8.1%		3.9%	13.3%	19.7%	-4.6%	8.2%		6.5%	10.0%	11.0%	7.5%	9.0%		7.0%	10.0%	11.0%	6.0%	8.8%	
Average Earning Assets	17.7%		13%	20%	10%	14%	18.4%		10%	4%	3%	2%	8.9%		2%	2%	5%	5%	2.8%	
Average Total Deposits	16.3%		9.0%	25.6%	8.5%	15.3%	18.9%		1.7%	3.3%	-0.3%	-2.2%	6.4%		-0.3%	2.5%	4.2%	5.5%	1.0%	
Total Assets	19.2%		28.2%	6.0%	11.9%	6.1%	13.6%		5.5%	2.0%	4.3%	0.6%	3.1%		1.7%	3.4%	5.9%	3.7%	3.7%	
Net Interest Income (FTE)	8.6%		-4%	20%	48%	-40%	13.3%		-14%	10%	10%	9%	-1.1%		0%	15%	13%	9%	8.7%	
Non-interest Income	11.2%		-43%	25%	10%	-1%	3.2%		-6%	19%	7%	7%	6.0%		4%	16%	3%	12%	8.7%	
Operating Revenues	9.2%		-14%	21%	39%	-32%	10.8%		-12%	12%	9%	8%	0.5%		1%	15%	11%	10%	8.7%	
Non-interest Expense	8.4%		-5%	14%	1%	-1%	4.4%		5%	-2%	7%	8%	3.1%		5%	-1%	7%	10%	4.9%	

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

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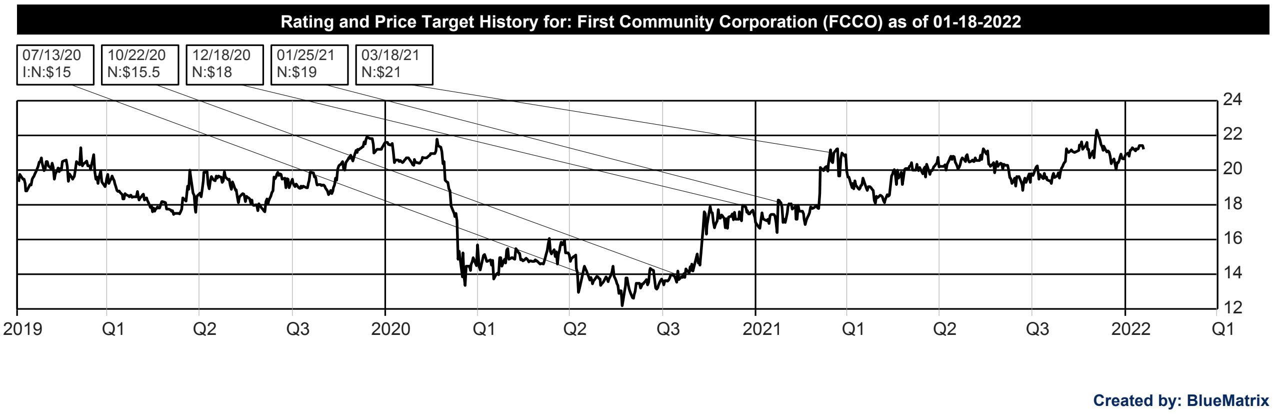
Last Updated: 1/19/2022

FCCO	$ 1.29		$ 0.42	$ 0.49	$ 0.61	$ 0.50	$ 2.02		$ 0.45	$ 0.49	$ 0.52	$ 0.52	$ 1.98		$ 0.48	$ 0.52	$ 0.55	$ 0.58	$ 2.13	
	2020	%Δ	1Q21	2Q21	3Q21A	4Q21A	2021A	%Δ	1Q22E	2Q22E	3Q22E	4Q22E	2022E	%Δ	1Q23E	2Q23E	3Q23E	4Q23E	2023E	%Δ
Balance Sheet Ratios																				
Loans / Deposits	71.28%	-9%	65.94%	64.01%	65.00%	63.71%	64.63%	-9%	63.50%	64.29%	66.02%	67.92%	65.43%	1%	69.20%	70.23%	71.32%	71.84%	70.66%	8%
Avg Loans / Avg Earning Assets	64.65%	-10%	59.49%	58.58%	59.21%	58.27%	58.87%	-9%	56.91%	57.55%	58.68%	59.76%	58.23%	-1%	60.50%	61.49%	62.35%	62.89%	61.82%	6%
Avg. Earning Assets / Assets	92.50%	1%	93.30%	93.14%	93.40%	93.53%	93.34%	1%	95.74%	95.74%	95.61%	95.45%	95.64%	2%	95.71%	95.58%	95.61%	95.65%	95.64%	0%
Securities / Avg Earning Assets	25.10%	-1%	27.88%	30.68%	33.90%	35.72%	32.16%	28%	37.47%	37.12%	36.23%	35.57%	36.59%	14%	34.88%	34.28%	33.57%	33.12%	33.96%	-7%
Avg. Equity / Avg Assets	9.94%	-5%	9.45%	8.97%	9.10%	8.80%	9.07%	-9%	8.94%	9.02%	9.14%	9.26%	9.09%	0%	9.40%	9.52%	9.60%	9.69%	9.55%	5%
TCE (%)	**8.74%**	**-3%**	**7.92%**	**8.16%**	**8.00%**	**8.00%**	**8.00%**	**-9%**	**8.04%**	**8.17%**	**8.26%**	**8.44%**	**8.44%**	**6%**	**8.56%**	**8.67%**	**8.73%**	**8.86%**	**8.86%**	**5%**
Estimated Excess Capital (7% TCE tgt.)	$10.21	-13%	-$1.16	$2.33	-$0.06	-$0.07	-$0.07	-101%	$0.60	$2.70	$4.28	$7.05	$7.05	-9601%	$9.15	$11.01	$12.23	$14.42	$14.42	105%
Tier 1 Leverage Ratio	8.84%		8.73%	8.48%	8.56%	8.45%														
Tier 1 Risk-Based Capital Ratio	12.83%		13.13%	13.52%	13.58%	14.00%														
Total Capital Ratio	13.94%		14.26%	14.66%	14.74%	15.18%														
Tier 1 Common Ratio	12.83%		13.13%	13.52%	13.58%	14.00%														
Average Balance Sheet																				
HFI Loans	$ 775	5%	$ 797	$ 823	$ 853	$ 868	$ 835	8%	$ 869	$ 887	$ 911	$ 932	$ 900	8%	$ 948	$ 969	$ 994	$ 1,015	$ 981	9%
HFS Loans	$ 27.8	NA	$ 34	$ 17	$ 9	$ 7	$ 16.8	-40%	$ 7	$ 7	$ 7	$ 7	$ 6.7	-60%	$ 6	$ 6	$ 6	$ 6	$ 6.4	-5%
PPP Loans	$ 32	NA	$ 56	$ 56	$ 32	$ 5	$ 37	15%	$ 1	$ 1	$ 1	$ -	$ 1	-98%	$ -	$ 1	$ 1	$ -	$ 0	-59%
Total Loans	$ 835	14%	$ 886	$ 896	$ 894	$ 880	$ 889	6%	$ 877	$ 895	$ 918	$ 938	$ 907	2%	$ 955	$ 975	$ 1,001	$ 1,022	$ 988	9%
Total Loans (ex. PPP)	$ 803	9%	$ 831	$ 840	$ 862	$ 875	$ 852	6%	$ 876	$ 894	$ 917	$ 938	$ 906	6%	$ 955	$ 975	$ 1,000	$ 1,022	$ 988	9%
Securities	$ 301	17%	$ 373	$ 431	$ 489	$ 532	$ 456	52%	$ 572	$ 572	$ 562	$ 554	$ 565	24%	$ 547	$ 540	$ 535	$ 535	$ 539	-5%
Other Earning Assets	$ 63	146%	$ 79	$ 78	$ 59	$ 78	$ 73	17%	$ 78	$ 75	$ 72	$ 66	$ 73	-1%	$ 66	$ 60	$ 58	$ 58	$ 61	-17%
Earning Assets	$ 1,198	18%	$ 1,339	$ 1,404	$ 1,441	$ 1,491	$ 1,419	18%	$ 1,527	$ 1,542	$ 1,552	$ 1,559	$ 1,545	9%	$ 1,567	$ 1,575	$ 1,594	$ 1,614	$ 1,588	3%
Non-int Assets	$ 97	-1%	$ 96	$ 103	$ 102	$ 103	$ 101	4%	$ 68	$ 69	$ 71	$ 74	$ 70	-30%	$ 70	$ 73	$ 73	$ 73	$ 72	3%
Assets	$ 1,296	16%	$ 1,435	$ 1,508	$ 1,543	$ 1,594	$ 1,520	17%	$ 1,595	$ 1,610	$ 1,623	$ 1,633	$ 1,615	6%	$ 1,638	$ 1,648	$ 1,667	$ 1,688	$ 1,660	3%
Non-interest Bearing Deposits	$ 344	30%	$ 390	$ 420	$ 430	$ 451	$ 423	23%	$ 479	$ 491	$ 471	$ 457	$ 475	12%	$ 446	$ 457	$ 480	$ 492	$ 469	-1%
Interest Bearing Deposits	$ 743	11%	$ 818	$ 865	$ 882	$ 912	$ 869	17%	$ 890	$ 889	$ 908	$ 914	$ 900	4%	$ 925	$ 922	$ 914	$ 921	$ 920	2%
Total Deposits	$ 1,087	16%	$ 1,208	$ 1,285	$ 1,313	$ 1,363	$ 1,292	19%	$ 1,369	$ 1,380	$ 1,379	$ 1,371	$ 1,375	6%	$ 1,371	$ 1,379	$ 1,394	$ 1,413	$ 1,389	1%
Other Borrowings	$ 67	27%	$ 78	$ 75	$ 78	$ 77	$ 77	16%	$ 71	$ 72	$ 83	$ 98	$ 81	5%	$ 101	$ 100	$ 101	$ 99	$ 100	23%
Interest Bearing Liabilities	$ 810	12%	$ 896	$ 940	$ 960	$ 990	$ 947	17%	$ 961	$ 961	$ 991	$ 1,012	$ 981	4%	$ 1,025	$ 1,022	$ 1,015	$ 1,020	$ 1,021	4%
Other Liabilities	$ 13	12%	$ 13	$ 12	$ 12	$ 13	$ 13	-5%	$ 13	$ 12	$ 12	$ 12	$ 12	-1%	$ 13	$ 12	$ 12	$ 12	$ 12	-1%
Total Liabilities	$ 1,167	17%	$ 1,300	$ 1,372	$ 1,402	$ 1,453	$ 1,382	18%	$ 1,453	$ 1,465	$ 1,475	$ 1,482	$ 1,469	6%	$ 1,484	$ 1,491	$ 1,507	$ 1,524	$ 1,502	2%
Average Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Average Common Equity	$ 129	10%	$ 136	$ 135	$ 140	$ 140	$ 138	7%	$ 143	$ 145	$ 148	$ 151	$ 147	7%	$ 154	$ 157	$ 160	$ 163	$ 159	8%
Average Total Equity	$ 129	10%	$ 136	$ 135	$ 140	$ 140	$ 138	7%	$ 143	$ 145	$ 148	$ 151	$ 147	7%	$ 154	$ 157	$ 160	$ 163	$ 159	8%
EOP Balance Sheet																				
Cash and Equivalents	$ 65	36%	$ 113	$ 76	$ 80	$ 72	$ 72	10%	$ 65	$ 61	$ 58	$ 52	$ 52	-27%	$ 47	$ 41	$ 39	$ 39	$ 39	-25%
HFI Loans	$ 797	8%	$ 804	$ 831	$ 872	$ 862	$ 862	8%	$ 876	$ 898	$ 923	$ 940	$ 940	9%	$ 957	$ 981	$ 1,007	$ 1,023	$ 1,023	9%
HFS Loans	$ 45	304%	$ 23	$ 11	$ 6	$ 7	$ 7	-84%	$ 6	$ 7	$ 7	$ 7	$ 7	-5%	$ 6	$ 6	$ 7	$ 6	$ 6	-5%
PPP Loans	$ 47	NA	$ 65	$ 49	$ 11	$ 1	$ 1	-97%	$ 1	$ 1	$ -	$ -	$ -	-100%	$ -	$ 1	$ -	$ -	$ -	NA
Total Loans	$ 889	19%	$ 893	$ 892	$ 890	$ 871	$ 871	-2%	$ 883	$ 906	$ 930	$ 947	$ 947	9%	$ 963	$ 988	$ 1,014	$ 1,029	$ 1,029	9%
Total Loans (ex. PPP)	$ 842	13%	$ 828	$ 843	$ 879	$ 869	$ 869	3%	$ 882	$ 905	$ 930	$ 947	$ 947	9%	$ 963	$ 987	$ 1,014	$ 1,029	$ 1,029	9%
Securities and other investments	$ 362	25%	$ 408	$ 471	$ 515	$ 567	$ 567	57%	$ 578	$ 566	$ 558	$ 551	$ 551	-3%	$ 543	$ 537	$ 533	$ 536	$ 536	-3%
Intangible Assets	$ 16	-2%	$ 16	$ 16	$ 16	$ 16	$ 16	-1%	$ 16	$ 16	$ 16	$ 16	$ 16	0%	$ 15	$ 15	$ 15	$ 15	$ 15	0%
Other Real Estate Owned	$ 1.2	-15%	$ 1	$ 1	$ 1	$ 1	$ 1.2	-3%	$ 1	$ 1	$ 1	$ 1	$ 1.1	-10%	$ 1	$ 1	$ 1	$ 1	$ 1.0	-10%
Other Assets	$ 73	-3%	$ 73	$ 70	$ 70	$ 70	$ 70	-4%	$ 75	$ 75	$ 80	$ 78	$ 78	11%	$ 83	$ 83	$ 88	$ 86	$ 86	10%
Assets	$ 1,395	19%	$ 1,492	$ 1,515	$ 1,560	$ 1,585	$ 1,585	14%	$ 1,606	$ 1,614	$ 1,632	$ 1,634	$ 1,634	3%	$ 1,641	$ 1,655	$ 1,680	$ 1,695	$ 1,695	4%
Tangible Assets	$ 1,380	20%	$ 1,477	$ 1,499	$ 1,545	$ 1,569	$ 1,569	14%	$ 1,591	$ 1,599	$ 1,616	$ 1,619	$ 1,619	3%	$ 1,626	$ 1,640	$ 1,664	$ 1,680	$ 1,680	4%
Deposits	$ 1,189	20%	$ 1,271	$ 1,290	$ 1,334	$ 1,361	$ 1,361	14%	$ 1,377	$ 1,383	$ 1,375	$ 1,368	$ 1,368	0%	$ 1,373	$ 1,385	$ 1,402	$ 1,423	$ 1,423	4%
Borrowings	$ 56	15%	$ 75	$ 75	$ 75	$ 69	$ 69	24%	$ 73	$ 72	$ 95	$ 101	$ 101	46%	$ 100	$ 99	$ 103	$ 95	$ 95	-7%
Other liabilities	$ 14	3%	$ 13	$ 12	$ 13	$ 13	$ 13	-5%	$ 13	$ 13	$ 13	$ 13	$ 13	0%	$ 13	$ 13	$ 13	$ 13	$ 13	0%
Liabilities	$ 1,259	20%	$ 1,360	$ 1,377	$ 1,421	$ 1,444	$ 1,444	15%	$ 1,463	$ 1,468	$ 1,483	$ 1,482	$ 1,482	3%	$ 1,486	$ 1,497	$ 1,519	$ 1,531	$ 1,531	3%
Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Common Equity	$ 136	13%	$ 133	$ 138	$ 139	$ 141	$ 141	3%	$ 143	$ 146	$ 149	$ 152	$ 152	8%	$ 155	$ 158	$ 161	$ 164	$ 164	8%
Total Equity	$ 136	13%	$ 133	$ 138	$ 139	$ 141	$ 141	3%	$ 143	$ 146	$ 149	$ 152	$ 152	8%	$ 155	$ 158	$ 161	$ 164	$ 164	8%
Tangible Equity	$ 121	16%	$ 117	$ 122	$ 124	$ 125	$ 125	4%	$ 128	$ 131	$ 134	$ 137	$ 137	9%	$ 139	$ 142	$ 145	$ 149	$ 149	9%
Tangible Common Equity	$ 121	16%	$ 117	$ 122	$ 124	$ 125	$ 125	4%	$ 128	$ 131	$ 134	$ 137	$ 137	9%	$ 139	$ 142	$ 145	$ 149	$ 149	9%
Credit Quality Ratios																				
Loan Loss Reserve	10.4	57%	10.6	10.6	11.0	11.2	11.2	8%	11.0	10.9	10.6	10.3	10.3	-7%	10.5	10.8	11.0	11.0	11.0	7%
LLR / Loans (%) ex PPP	1.30%	45%	1.31%	1.28%	1.26%	1.30%	1.30%	-1%	1.26%	1.21%	1.15%	1.10%	1.10%	-15%	1.10%	1.10%	1.09%	1.08%	1.08%	-2%
Change in Reserve	3.8	934%	0.2	0.1	0.4	0.2	0.8	-79%	-0.1	-0.2	-0.3	-0.3	-0.8	-206%	0.2	0.3	0.2	0.1	0.7	-184%
LLR Release per share	($0.50)	949%	$ (0.02)	$ (0.01)	$ (0.05)	$ (0.02)	($0.10)	-79%	$ 0.02	$ 0.02	$ 0.03	$ 0.04	$0.11	-206%	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.01)	($0.09)	-184%
Net Charge Offs	-0.1	-47%	0.0	0.1	-0.3	-0.2	-0.5	280%	0.1	0.2	0.1	0.2	0.6	-234%	0.1	0.2	0.3	0.2	0.8	33%
NCOs / Avg Loans (%) annualized	-0.02%	-49%	0.00%	0.05%	-0.16%	-0.10%	-0.05%	253%	0.04%	0.08%	0.05%	0.10%	0.07%	-225%	0.05%	0.10%	0.10%	0.08%	0.08%	22%
Provision	3.7	2535%	0.2	0.2	0.0	-0.1	0.3	-91%	-0.1	0.0	-0.1	0.0	-0.2	-167%	0.3	0.5	0.4	0.3	1.5	-774%
Excess Provision	3.8	939%	0.2	0.1	0.4	0.2	0.8	-79%	-0.1	-0.2	-0.3	-0.3	-0.8	-206%	0.2	0.3	0.2	0.1	0.7	-184%
LLP / Avg Loans	0.44%	2221%	0.08%	0.08%	0.02%	-0.03%	0.04%	-91%	-0.02%	0.00%	-0.06%	-0.02%	-0.02%	-166%	0.13%	0.21%	0.18%	0.10%	0.15%	-718%
Nonaccrual Loans	4.6	96%	4.5	4.0	0.4	0.3	0.3	-95%	0.2	0.2	0.2	0.2	0.2	-5%	0.2	0.2	0.2	0.2	0.2	-5%
TDRs	1.6	-7%	1.5	1.5	1.5	1.4	1.4	-7%	1.4	1.4	1.4	1.4	1.4	-5%	1.4	1.3	1.3	1.3	1.3	-5%
NPLs	**6.11**	53%	**6.04**	**5.50**	**1.83**	**1.69**	**1.69**	-72%	**1.67**	**1.65**	**1.63**	**1.61**	**1.61**	-5%	**1.59**	**1.57**	**1.55**	**1.53**	**1.53**	-5%
NPLs / Loans (%)	**0.69%**	29%	**0.68%**	**0.62%**	**0.21%**	**0.19%**	**0.19%**	-72%	**0.19%**	**0.18%**	**0.18%**	**0.17%**	**0.17%**	-13%	**0.17%**	**0.16%**	**0.15%**	**0.15%**	**0.15%**	-12%
OREO	1.2	-15%	1.1	1.2	1.2	1.2	1.2	-3%	1.1	1.1	1.1	1.1	1.1	-10%	1.0	1.0	1.0	1.0	1.0	-10%
NPAs	**7.31**	35%	**7.11**	**6.68**	**3.00**	**2.86**	**2.86**	-61%	**2.81**	**2.76**	**2.71**	**2.66**	**2.66**	-7%	**2.62**	**2.57**	**2.53**	**2.48**	**2.48**	-7%
NPAs / Loans + OREO (%)	**0.82%**	14%	**0.80%**	**0.75%**	**0.34%**	**0.33%**	**0.33%**	-60%	**0.32%**	**0.30%**	**0.29%**	**0.28%**	**0.28%**	-14%	**0.27%**	**0.26%**	**0.25%**	**0.24%**	**0.24%**	-14%
90-days past due	1.3	NA	0.0	4.2	0.0	0.0	0.0	-100%	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0	0.0	NA
NPAs + 90 DPD	**8.57**	59%	**7.11**	**10.84**	**3.00**	**2.86**	**2.86**	-67%	**2.81**	**2.76**	**2.71**	**2.66**	**2.66**	-7%	**2.62**	**2.57**	**2.53**	**2.48**	**2.48**	-7%
NPAs + 90 DPD / Loans + OREO (%)	**0.96%**	33%	**0.80%**	**1.21%**	**0.34%**	**0.33%**	**0.33%**	-66%	**0.32%**	**0.30%**	**0.29%**	**0.28%**	**0.28%**	-14%	**0.27%**	**0.26%**	**0.25%**	**0.24%**	**0.24%**	-14%
Past Dues	0.7	40%	0.3	0.2	0.3	0.3	0.3	-60%	0.3	0.3	0.3	0.3	0.3	0%	0.3	0.3	0.3	0.3	0.3	0%
Total NPAs + Past Dues	9.2	57%	7.4	11.0	3.3	3.1	3.1	-66%	3.1	3.0	3.0	2.9	2.9	-6%	2.9	2.8	2.8	2.8	2.8	-6%
As a % of Loans + OREO	1.04%	32%	0.83%	1.23%	0.37%	0.36%	0.36%	-65%	0.35%	0.33%	0.32%	0.31%	0.31%	-14%	0.30%	0.29%	0.28%	0.27%	0.27%	-14%
Classified Loans	8.0	71%	12.1	11.7	8.0	7.9	7.9	-2%	7.7	7.5	7.3	7.1	7.1	-10%	6.9	6.8	6.6	6.4	6.4	-10%
Criticized Loans	15.8	64%	15.6	14.8	10.8	9.5	9.5	-40%	9.3	9.0	8.8	8.6	8.6	-10%	8.4	8.2	8.0	7.8	7.8	-10%
Classified / Loans (%)	0.90%	44%	1.36%	1.31%	0.90%	0.90%	0.90%	0%	0.87%	0.83%	0.78%	0.75%	0.75%	-17%	0.72%	0.68%	0.65%	0.62%	0.62%	-17%
LLR / NPLs	170%	3%	175%	194%	601%	660%	660%	288%	660%	658%	651%	642%	642%	-3%	661%	686%	708%	721%	721%	12%
LLR / NPAs (ex. TDRs)			189%	206%	723%	790%			798%	804%	804%	801%			834%	875%	911%	938%		
LLR / NPAs	121%	-1%	149%	98%	368%	391%	391%	223%	393%	394%	391%	388%	388%	-1%	402%	419%	435%	445%	445%	15%

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

			IB Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [OW]	**697**	**67.54**	**302**	**43.33**
HOLD [N]	**331**	**32.07**	**67**	**20.24**
SELL [UW]	**4**	**0.39**	**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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