First Community Corporation (FCCO) — Neutral

3Q22 Earnings Review; Maintain Neutral Rating on Low Deposit Beta Name

CONCLUSION

Raising Estimates; Maintain Neutral Rating - We are raising our 2022/23E's to $1.86/ $2.06 (from $1.77/$2.00) and establishing a 2024E of $2.10. Our changes are largely driven by better NII on an improved NIM trajectory, partially offset by lower fee income (mortgage/wealth) and a higher tax rate. 3Q22 was a strong quarter for FCCO marked by a 0% deposit beta, ~15% loan growth, and a better earning asset mix. Management has been encouraged by client sentiment and business activity in its markets, but the team continues to take a conservative underwriting approach with economic uncertainty at top of mind. FCCO remains a well-run bank in good markets that should benefit from its superior funding profile, but we think that the low float % will limit upside in the shares from here. We are maintaining our Neutral rating and $20 PT, still based on ~1.35x year-out TBVPS.

- **Growth Outlook -** EOP HFI growth of 14.7% was impressive and 4Q seems to be off to a good start, but management tempered forward expectations with growing economic uncertainty on the horizon. Some leading indicators have started to show signs that demand is decelerating - such as fewer requests for quotes, less busy credit teams, etc. We think loans will grow by ~10% in '23 and 8.5% in '24, which is not material enough to drive a substantial mix shift out of lower-yielding bonds. This process continues to be one of the main priorities at the bank, as it is key to driving better profitability at FCCO. We are currently modeling for a 0.93% bp ROA in 2023 & 2024.

- **Modeling NIM of 3.47% by 4Q23 -** The NIM expanded by 36 bps to 3.29% in 3Q vs our 3.13% estimate. Outperformance was driven by a 0% deposit beta (we had modeled 10%), a recovery in GNMA bond yields with prepayments slowing, and a better earning asset mix on deployment of liquidity into loans. FCCO does not think maintaining a 0% beta is in any way sustainable, but the bank should be able to manage a top quartile beta as its ~65% L/D ratio allows it the luxury of letting "hot money" deposits search for yield somewhere else. We are modeling for a ~15-20% interest bearing deposit beta from here, and think there could even be outperformance in the near-term. The bond book is about 30% variable rate, which should continue to reprice higher and provide a bigger tailwind to NII than previously expected. That said, loan yields only expanded by 11 bps, and it sounds like repricing from here will be dependent on loan portfolio churn with much of the book fixed-rate. New loan yields are coming on between high 5% and low 6% yields. We are now modeling for a NIM of 3.38% in 4Q22 and 3.47% by 4Q23.

- **No Update on $4.1M Relationship** - There is no news on the $4.1M mixed-use (multifam/retail/office) property loan associated with the Augusta, GA, baseball stadium relationship. The next proceeding is not scheduled to take place until 1Q23, but FCCO remains confident that any possible loss content on this credit will be minimal.

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.

YEAR	EARNINGS PER SHARE (US$)					
	Mar	Jun	Sep	Dec	FY	FY P/E
2022E	0.44A	0.42A	0.52A	0.48	1.86	9.3x
2023E	0.50	0.50	0.53	0.53	2.06	8.4x
2024E	0.49	0.50	0.55	0.56	2.10	8.2x

PRICE: US$17.25
TARGET: US$20.00
Our price target assumes the shares will trade at ~1.35x year-out TBVPS

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Changes	Previous	Current
Rating	—	Neutral
Price Tgt	—	US$20.00
FY23E EPS	US$2.00	US$2.06
FY24E EPS	—	US$2.10

Market Cap. (mil)	US$131.1
Book Value/Share	US$15.54
Tang. Book/Share	$13.03
Price/Book	111%
Price/Tang.Book	132%
52-Week High / Low	US$23.42 / US$16.97
Avg Daily Vol (000)	7
Div Yield	3.01%
Total Assets ($mil)	1,652
Shares Out (mil)	7.6
Div (ann)	US$0.52
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)

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FCCO	$ 2.02		$ 0.44	$ 0.42	$ 0.52	$ 0.48	$ 1.86		$ 0.50	$ 0.50	$ 0.53	$ 0.53	$ 2.06		$ 0.49	$ 0.50	$ 0.55	$ 0.56	$ 2.10	
	2021	%Δ	1Q22	2Q22	3Q22A	4Q22E	2022E	%Δ	1Q23E	2Q23E	3Q23E	4Q23E	2023E	%Δ	1Q24E	2Q24E	3Q24E	4Q24E	2024E	%Δ
Income Statement																				
Net Interest Income	45.28	13%	10.73	11.05	12.79	13.11	47.69	5%	13.15	13.42	13.69	13.89	54.16	14%	13.78	13.89	14.21	14.34	56.22	4%
FTE adjustment	0.50	27%	0.13	0.13	0.13	0.13	0.53	6%	0.13	0.13	0.13	0.14	0.54	3%	0.14	0.14	0.14	0.14	0.55	1%
Net Interest Income (FTE)	**45.78**	**13%**	**10.86**	**11.18**	**12.93**	**13.24**	**48.21**	**5%**	**13.29**	**13.56**	**13.83**	**14.03**	**54.70**	**13%**	**13.92**	**14.03**	**14.35**	**14.47**	**56.77**	**4%**
Loan Loss Provision	0.34	-91%	-0.13	-0.07	0.02	0.55	0.37	11%	0.60	0.65	0.83	0.80	2.88	677%	0.87	0.91	0.91	0.72	3.41	19%
Net Income After LLP	**45.44**	**24%**	**10.99**	**11.25**	**12.91**	**12.69**	**47.84**	**5%**	**12.69**	**12.91**	**12.99**	**13.23**	**51.82**	**8%**	**13.05**	**13.12**	**13.44**	**13.75**	**53.36**	**3%**
Operating Revenue	**59.42**	**11%**	**14.23**	**14.23**	**15.60**	**15.92**	**59.98**	**1%**	**16.10**	**16.46**	**16.84**	**17.16**	**66.56**	**11%**	**16.99**	**17.21**	**17.62**	**17.81**	**69.64**	**5%**
Deposit Service Charges	0.98	-13%	0.27	0.26	0.24	0.24	1.01	4%	0.24	0.26	0.27	0.28	1.04	3%	0.27	0.29	0.30	0.30	1.16	11%
Mortgage Banking Income	4.32	-22%	0.84	0.48	0.29	0.23	1.84	-57%	0.30	0.35	0.40	0.42	1.47	-20%	0.35	0.43	0.46	0.46	1.70	16%
Wealth Management	4.00	47%	1.20	1.20	1.05	1.10	4.54	14%	1.14	1.16	1.18	1.24	4.73	4%	1.26	1.29	1.31	1.33	5.19	10%
Other income	4.35	14%	1.07	1.11	1.09	1.11	4.37	1%	1.14	1.13	1.16	1.19	4.62	6%	1.20	1.18	1.21	1.25	4.83	5%
Core Fee Income	**13.64**	**3%**	**3.4**	**3.0**	**2.7**	**2.7**	**11.77**	**-14%**	**2.8**	**2.9**	**3.0**	**3.1**	**11.86**	**1%**	**3.1**	**3.2**	**3.3**	**3.3**	**12.87**	**9%**
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	0.00	0.01	-97%	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**	**2.68**	**11.73**	**-16%**	**2.82**	**2.90**	**3.02**	**3.13**	**11.86**	**1%**	**3.08**	**3.19**	**3.27**	**3.34**	**12.87**	**9%**
Salaries and employee benefits	24.49	2%	6.12	6.18	6.37	6.40	25.07	2%	6.44	6.53	6.60	6.66	26.23	5%	6.73	6.80	6.87	6.97	27.37	4%
Occupancy and Equipment	4.24	8%	1.04	1.12	1.12	1.13	4.40	4%	1.14	1.15	1.16	1.17	4.62	5%	1.18	1.20	1.22	1.23	4.84	5%
Marketing	1.17	12%	0.36	0.45	0.16	0.33	1.30	10%	0.39	0.43	0.22	0.37	1.40	8%	0.42	0.46	0.25	0.39	1.53	9%
FDIC	0.62	53%	0.13	0.11	0.12	0.12	0.48	-23%	0.12	0.12	0.13	0.13	0.50	5%	0.13	0.13	0.14	0.14	0.53	5%
CDI Amortization	0.20	-45%	0.04	0.04	0.04	0.04	0.16	-22%	0.04	0.04	0.04	0.04	0.15	-1%	0.04	0.04	0.04	0.04	0.15	-1%
Other Non-Interest Expense	8.33	10%	2.22	2.28	2.59	2.53	9.62	15%	2.41	2.50	2.63	2.71	10.24	7%	2.73	2.65	2.68	2.71	10.77	5%
Non credit expense	**39.06**	**5%**	**9.91**	**10.16**	**10.40**	**10.55**	**41.02**	**5%**	**10.54**	**10.78**	**10.76**	**11.07**	**43.15**	**5%**	**11.23**	**11.28**	**11.19**	**11.48**	**45.19**	**5%**
OREO costs	0.11	-48%	0.05	0.03	0.02	0.02	0.11	9%	0.02	0.02	0.02	0.02	0.08	-33%	0.02	0.02	0.02	0.02	0.08	0%
Core Non-interest Expense	**39.17**	**4%**	**9.95**	**10.19**	**10.42**	**10.57**	**41.13**	**5%**	**10.56**	**10.80**	**10.78**	**11.09**	**43.23**	**5%**	**11.25**	**11.30**	**11.21**	**11.50**	**45.26**	**5%**
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**	**10.57**	**41.13**	**5%**	**10.56**	**10.80**	**10.78**	**11.09**	**43.23**	**5%**	**11.25**	**11.30**	**11.21**	**11.50**	**45.26**	**5%**
Efficiency Ratio	**65.9%**		**69.9%**	**71.6%**	**66.8%**	**66.4%**	**68.6%**		**65.5%**	**65.6%**	**64.0%**	**64.6%**	**64.9%**		**66.2%**	**65.7%**	**63.6%**	**64.5%**	**65.0%**	
Net non-recurring items	**0.2**	**-59%**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-116%**	**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	5.35	18.85	-7%	5.55	5.66	6.06	6.07	23.34	24%	5.74	5.91	6.41	6.31	24.38	4%
Pre-tax, pre-credit costs income	20.35	25%	4.33	4.07	5.20	5.37	18.96	-7%	5.57	5.68	6.08	6.09	23.41	23%	5.76	5.93	6.43	6.33	24.46	4%
Operating Income	19.91	60%	4.41	4.11	5.16	4.80	18.48	-7%	4.95	5.01	5.23	5.27	20.46	11%	4.88	5.00	5.50	5.59	20.97	2%
Pretax Income	19.65	56%	4.28	3.94	5.03	4.66	17.92	-9%	4.82	4.87	5.09	5.14	19.92	11%	4.74	4.87	5.36	5.45	20.42	3%
Total Tax Expense	**4.18**	**68%**	**0.79**	**0.81**	**1.08**	**1.00**	**3.68**	**-12%**	**1.03**	**1.05**	**1.09**	**1.10**	**4.28**	**16%**	**1.02**	**1.05**	**1.15**	**1.17**	**4.39**	**3%**
Effective Tax Rate	21.3%	7%	18.4%	20.6%	21.5%	21.5%	20.6%	-3%	21.5%	21.5%	21.5%	21.5%	21.5%	4%	21.5%	21.5%	21.5%	21.5%	21.5%	0%
Net Income before Extraordinary	15.47	53%	3.49	3.13	3.95	3.66	14.23	-8%	3.78	3.83	4.00	4.03	15.64	10%	3.72	3.82	4.21	4.28	16.04	3%
Net Income	15.47	53%	3.49	3.13	3.95	3.66	14.23	-8%	3.78	3.83	4.00	4.03	15.64	10%	3.72	3.82	4.21	4.28	16.04	3%
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**	**3.66**	**14.23**	**-8%**	**3.78**	**3.83**	**4.00**	**4.03**	**15.64**	**10%**	**3.72**	**3.82**	**4.21**	**4.28**	**16.04**	**3%**
Core Net Income	**15.28**	**58%**	**3.33**	**3.16**	**3.95**	**3.66**	**14.26**	**-7%**	**3.78**	**3.83**	**4.00**	**4.03**	**15.64**	**10%**	**3.72**	**3.82**	**4.21**	**4.28**	**16.04**	**3%**
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	$ 0.48	$ 1.87	-9%	$ 0.50	$ 0.50	$ 0.53	$ 0.53	$ 2.06	10%	$ 0.49	$ 0.50	$ 0.55	$ 0.56	$ 2.11	3%
Core EPS	$ 2.02	57%	$ 0.44	$ 0.42	$ 0.52	$ 0.48	$ 1.86	-8%	$ 0.50	$ 0.50	$ 0.53	$ 0.53	$ 2.06	11%	$ 0.49	$ 0.50	$ 0.55	$ 0.56	$ 2.10	2%
EPS growth rate (%)	56.8%		-52%	-21%	100%	-29%	-8.2%		13%	5%	18%	3%	10.8%		-31%	11%	41%	7%	2.3%	
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	$ 15.43	$ 15.43	-17%	$ 15.80	$ 16.17	$ 16.57	$ 16.97	$ 16.97	10%	$ 17.33	$ 17.71	$ 18.13	$ 18.57	$ 18.57	9%
Tangible Book Value per share	$ 16.62	3%	$ 14.53	$ 13.50	$ 13.03	$ 13.39	$ 13.39	-19%	$ 13.76	$ 14.14	$ 14.54	$ 14.94	$ 14.94	12%	$ 15.30	$ 15.68	$ 16.11	$ 16.55	$ 16.55	11%
TBV Growth (%)	3.4%	NA	-50%	-29%	-14%	11%	-19.4%	NA	11%	11%	11%	11%	11.6%	NA	10%	10%	11%	11%	10.7%	NA
Dividend	$ 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%	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.52	0%
Payout Ratio (%)	24%	-35%	30%	31%	25%	27%	28%	16%	26%	26%	25%	25%	25%	-10%	27%	26%	23%	23%	25%	-2%
Performance Ratios																				
Return on Average Assets	1.01%	35%	0.83%	0.77%	0.94%	0.88%	0.87%	-14%	0.93%	0.92%	0.95%	0.94%	0.93%	8%	0.87%	0.89%	0.96%	0.97%	0.93%	-1%
Return on Average Common Equity	11.09%	48%	9.85%	10.93%	13.17%	11.94%	11.55%	4%	12.32%	12.06%	12.18%	12.00%	12.14%	5%	11.00%	11.07%	11.78%	11.71%	11.40%	-6%
Return on Tangible Common Equity	12.18%	52%	12.30%	12.42%	15.88%	14.33%	14.06%	15%	14.72%	14.34%	14.41%	14.14%	13.82%	-2%	12.92%	12.95%	13.73%	13.59%	12.80%	-7%
PTPP Income	20.2	26%	4.3	4.0	5.2	5.3	18.8	-7%	5.5	5.7	6.1	6.1	23.3	24%	5.7	5.9	6.4	6.3	24.4	4%
PTPP Income / Shr	2.68	25%	0.56	0.53	0.68	0.70	2.48	-8%	0.73	0.74	0.80	0.80	3.07	24%	0.75	0.78	0.84	0.83	3.20	4%
PTPP ROA	1.33%	7%	1.07%	0.99%	1.23%	1.29%	1.15%	-14%	1.36%	1.36%	1.43%	1.42%	1.39%	22%	1.35%	1.38%	1.47%	1.43%	1.41%	1%
Net Interest Margin, FTE	3.23%	-4%	2.91%	2.93%	3.29%	3.38%	3.13%	-3%	3.45%	3.46%	3.46%	3.47%	3.46%	10%	3.46%	3.47%	3.48%	3.48%	3.47%	0%
Avg Earning Asset Yield	3.39%	-9%	3.04%	3.06%	3.45%	3.71%	3.31%	-2%	3.90%	3.95%	3.97%	3.98%	3.95%	19%	3.98%	3.98%	3.98%	3.98%	3.98%	1%
Cost of Interest Bearing Liabilities	0.24%	-49%	0.18%	0.18%	0.21%	0.47%	0.26%	9%	0.65%	0.71%	0.73%	0.75%	0.71%	174%	0.76%	0.76%	0.74%	0.73%	0.75%	5%
Fee Income / Operating Revenue	23.0%	-7%	23.7%	21.4%	17.1%	16.8%	19.6%	-15%	17.5%	17.6%	17.9%	18.2%	17.8%	-9%	18.1%	18.5%	18.6%	18.7%	18.5%	4%
Fee Income / Average Assets	0.90%		0.84%	0.74%	0.64%	0.64%	0.72%		0.69%	0.70%	0.71%	0.73%	0.71%		0.72%	0.74%	0.75%	0.76%	0.74%	
Effective Tax Rate (FTE)	21.3%	7%	18.4%	20.6%	21.5%	21.5%	20.6%	-3%	21.5%	21.5%	21.5%	21.5%	21.5%	4%	21.5%	21.5%	21.5%	21.5%	21.5%	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%	11.1%	10.0%		10.1%	9.0%	10.9%	10.1%	11.6%		7.8%	8.3%	10.0%	8.2%	9.4%	
EOP HFI Loan Growth	8.2%		6.3%	18.6%	14.7%	12.0%	13.5%		8.0%	10.0%	12.0%	8.5%	10.0%		7.0%	9.5%	10.5%	6.0%	8.5%	
Average Earning Assets	18.4%		7%	4%	7%	-1%	8.5%		2%	2%	3%	5%	2.7%		3%	2%	4%	3%	3.4%	
Average Total Deposits	18.9%		3.4%	15.5%	6.1%	-4.7%	10.0%		-1.5%	1.0%	4.0%	4.5%	1.4%		2.3%	1.5%	3.2%	3.5%	2.9%	
Total Assets	13.6%		17.3%	7.9%	-7.8%	-1.1%	4.0%		2.4%	2.8%	4.9%	4.4%	3.7%		2.2%	3.0%	4.2%	2.8%	3.1%	
Net Interest Income (FTE)	13.3%		-16%	12%	62%	10%	5.3%		1%	8%	8%	6%	13.5%		-3%	3%	9%	3%	3.8%	
Non-interest Income	3.2%		-15%	-38%	-49%	1%	-13.7%		21%	12%	16%	15%	0.8%		-7%	14%	11%	8%	8.5%	
Operating Revenues	10.8%		-16%	0%	38%	8%	0.9%		5%	9%	9%	7%	11.0%		-4%	5%	9%	4%	4.6%	
Non-interest Expense	4.4%		3%	9%	9%	6%	4.9%		-1%	9%	-1%	11%	5.1%		6%	2%	-3%	10%	4.7%	

Current disclosure information for this company can be found at: http://www.pipersandler.com/researchdisclosures

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

stephen.scouten@psc.com
Last Updated: 10/19/2022

	2021	%Δ	1Q22	2Q22	3Q22A	4Q22E	2022E	%Δ	1Q23E	2Q23E	3Q23E	4Q23E	2023E	%Δ	1Q24E	2Q24E	3Q24E	4Q24E	2024E	%Δ
EPS	$ 2.02		$ 0.44	$ 0.42	$ 0.52	$ 0.48	$ 1.86		$ 0.50	$ 0.50	$ 0.53	$ 0.53	$ 2.06		$ 0.49	$ 0.50	$ 0.55	$ 0.56	$ 2.10	
Balance Sheet Ratios																				
Loans / Deposits	64.63%	-9%	63.70%	62.77%	64.70%	67.30%	64.63%	0%	69.24%	70.62%	71.85%	72.87%	71.16%	10%	73.86%	75.11%	76.36%	77.26%	75.66%	6%
Avg Loans / Avg Earning Assets	58.87%	-9%	57.79%	58.59%	60.25%	62.04%	59.68%	1%	63.27%	64.30%	65.50%	66.38%	64.88%	9%	67.11%	68.14%	69.23%	70.04%	68.64%	6%
Avg. Earning Assets / Assets	93.34%	1%	93.41%	93.06%	93.35%	94.22%	93.51%	0%	94.53%	94.51%	94.43%	94.44%	94.47%	1%	94.45%	94.33%	94.34%	94.32%	94.36%	0%
Securities / Avg Earning Assets	32.16%	28%	37.74%	36.63%	37.32%	36.21%	36.97%	15%	34.99%	34.00%	32.86%	32.02%	33.46%	-10%	31.32%	30.46%	29.47%	28.77%	30.00%	-10%
Avg. Equity / Avg Assets	9.07%	-9%	8.46%	7.06%	7.14%	7.38%	7.50%	-17%	7.53%	7.66%	7.76%	7.85%	7.70%	3%	7.95%	8.06%	8.17%	8.29%	8.12%	5%
TCE (%)	**8.00%**	**-9%**	**6.71%**	**6.12%**	**6.03%**	**6.21%**	**6.21%**	**-22%**	**6.35%**	**6.48%**	**6.58%**	**6.68%**	**6.68%**	**8%**	**6.81%**	**6.93%**	**7.04%**	**7.18%**	**7.18%**	**7%**
Estimated Excess Capital (7% TCE tgt.)	-$0.07	-101%	-$21.08	-$31.43	-$32.20	-$29.16	-$29.16	39214%	-$27.13	-$25.20	-$23.82	-$22.27	-$22.27	-24%	-$20.26	-$18.42	-$16.64	-$14.33	-$14.33	-36%
Tier 1 Leverage Ratio	8.45%		8.43%	8.34%	8.53%															
Tier 1 Risk-Based Capital Ratio	14.00%		13.89%	13.47%	13.42%															
Total Capital Ratio	15.18%		15.03%	14.57%	14.49%															
Tier 1 Common Ratio	14.00%		13.89%	13.47%	13.42%															
Credit Metrics																				
LLP / Loans	0.04%	-91%	-0.06%	-0.03%	0.01%	0.22%	0.04%	6%	0.25%	0.26%	0.32%	0.30%	0.28%	599%	0.32%	0.33%	0.32%	0.25%	0.30%	8%
NCOs / Avg Loans	-0.05%	253%	0.00%	-0.10%	-0.03%	0.09%	-0.01%	-81%	0.15%	0.18%	0.22%	0.24%	0.20%	-2058%	0.24%	0.22%	0.20%	0.18%	0.21%	5%
Per share LLR Release	$ (0.10)	-79%	$ 0.02	$ (0.02)	$ (0.01)	$ (0.04)	$ (0.06)	-42%	$ (0.03)	$ (0.03)	$ (0.03)	$ (0.02)	$ (0.11)	80%	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.03)	$ (0.14)	27%
Reserve / Loans	1.30%	-1%	1.26%	1.22%	1.19%	1.19%	1.19%	-8%	1.19%	1.18%	1.17%	1.16%	1.16%	-3%	1.16%	1.16%	1.16%	1.16%	1.16%	0%
NPAs / Loans + OREO	0.33%	-60%	0.30%	0.59%	0.62%	0.60%	0.60%	82%	0.58%	0.55%	0.53%	0.51%	0.51%	-14%	0.50%	0.48%	0.46%	0.45%	0.45%	-13%
NPA Coverage	391.0%	223%	387%	205%	189%	198%	197.6%	-49%	204%	211%	219%	225%	224.5%	14%	232%	241%	251%	258%	258.1%	15%
Average Balance Sheet																				
HFI Loans	$ 835	8%	$ 876	$ 896	$ 938	$ 964	$ 919	10%	$ 988	$ 1,011	$ 1,038	$ 1,065	$ 1,025	12%	$ 1,085	$ 1,108	$ 1,136	$ 1,159	$ 1,122	9%
HFS Loans	$ 16.8	-40%	$ 10	$ 8	$ 3	$ 2	$ 5.7	-66%	$ 2	$ 2	$ 2	$ 2	$ 1.6	-71%	$ 2	$ 2	$ 2	$ 2	$ 1.6	-5%
PPP Loans	$ 37	15%	$ 1	$ 0	$ 0	$ 0	$ 0	-99%	$ 0	$ 1	$ 1	$ -	$ 0	-8%	$ -	$ 1	$ 1	$ -	$ 0	-19%
Total Loans	$ 889	6%	$ 886	$ 905	$ 941	$ 966	$ 925	4%	$ 990	$ 1,013	$ 1,040	$ 1,067	$ 1,027	11%	$ 1,087	$ 1,110	$ 1,138	$ 1,161	$ 1,124	9%
Total Loans (ex. PPP)	$ 852	6%	$ 885	$ 905	$ 941	$ 966	$ 924	8%	$ 990	$ 1,012	$ 1,040	$ 1,067	$ 1,027	11%	$ 1,087	$ 1,109	$ 1,137	$ 1,161	$ 1,124	9%
Securities	$ 456	52%	$ 572	$ 560	$ 581	$ 563	$ 569	25%	$ 547	$ 534	$ 521	$ 514	$ 529	-7%	$ 507	$ 495	$ 483	$ 476	$ 490	-7%
Other Earning Assets	$ 73	17%	$ 58	$ 65	$ 34	$ 25	$ 45	-38%	$ 25	$ 25	$ 24	$ 24	$ 24	-46%	$ 24	$ 21	$ 19	$ 18	$ 20	-16%
Earning Assets	$ 1,419	18%	$ 1,515	$ 1,530	$ 1,557	$ 1,554	$ 1,539	8%	$ 1,562	$ 1,572	$ 1,585	$ 1,604	$ 1,581	3%	$ 1,618	$ 1,626	$ 1,640	$ 1,655	$ 1,635	3%
Non-int Assets	$ 101	4%	$ 107	$ 114	$ 111	$ 95	$ 107	6%	$ 90	$ 91	$ 94	$ 95	$ 92	-13%	$ 95	$ 98	$ 99	$ 100	$ 98	6%
Assets	$ 1,520	17%	$ 1,622	$ 1,644	$ 1,668	$ 1,650	$ 1,646	8%	$ 1,652	$ 1,663	$ 1,679	$ 1,699	$ 1,673	2%	$ 1,713	$ 1,724	$ 1,739	$ 1,754	$ 1,732	4%
Non-interest Bearing Deposits	$ 423	23%	$ 449	$ 466	$ 482	$ 478	$ 469	11%	$ 473	$ 475	$ 480	$ 485	$ 478	2%	$ 482	$ 487	$ 494	$ 499	$ 491	3%
Interest Bearing Deposits	$ 869	17%	$ 926	$ 962	$ 967	$ 955	$ 952	10%	$ 954	$ 956	$ 965	$ 977	$ 963	1%	$ 987	$ 988	$ 993	$ 1,001	$ 992	3%
Total Deposits	$ 1,292	19%	$ 1,375	$ 1,428	$ 1,450	$ 1,433	$ 1,421	10%	$ 1,427	$ 1,431	$ 1,445	$ 1,461	$ 1,441	1%	$ 1,470	$ 1,475	$ 1,487	$ 1,500	$ 1,483	3%
Other Borrowings	$ 77	16%	$ 98	$ 87	$ 87	$ 80	$ 88	14%	$ 92	$ 96	$ 95	$ 95	$ 94	8%	$ 98	$ 101	$ 101	$ 100	$ 100	6%
Interest Bearing Liabilities	$ 947	17%	$ 1,023	$ 1,049	$ 1,054	$ 1,035	$ 1,040	10%	$ 1,046	$ 1,052	$ 1,060	$ 1,072	$ 1,057	2%	$ 1,085	$ 1,089	$ 1,094	$ 1,101	$ 1,092	3%
Other Liabilities	$ 13	-5%	$ 13	$ 13	$ 12	$ 15	$ 13	5%	$ 9	$ 9	$ 9	$ 9	$ 9	-34%	$ 9	$ 9	$ 9	$ 9	$ 9	0%
Total Liabilities	$ 1,382	18%	$ 1,485	$ 1,528	$ 1,549	$ 1,528	$ 1,522	10%	$ 1,528	$ 1,536	$ 1,549	$ 1,565	$ 1,544	1%	$ 1,577	$ 1,585	$ 1,597	$ 1,609	$ 1,592	3%
Average Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Average Common Equity	$ 138	7%	$ 137	$ 116	$ 119	$ 122	$ 123	-10%	$ 124	$ 127	$ 130	$ 133	$ 129	4%	$ 136	$ 139	$ 142	$ 145	$ 141	9%
Average Total Equity	$ 138	7%	$ 137	$ 116	$ 119	$ 122	$ 123	-10%	$ 124	$ 127	$ 130	$ 133	$ 129	4%	$ 136	$ 139	$ 142	$ 145	$ 141	9%
EOP Balance Sheet																				
Cash and Equivalents	$ 69	6%	$ 101	$ 104	$ 40	$ 31	$ 31	-55%	$ 28	$ 28	$ 27	$ 27	$ 27	-14%	$ 25	$ 22	$ 21	$ 20	$ 20	-27%
HFI Loans	$ 862	8%	$ 876	$ 916	$ 950	$ 978	$ 978	13%	$ 998	$ 1,023	$ 1,054	$ 1,076	$ 1,076	10%	$ 1,095	$ 1,121	$ 1,150	$ 1,168	$ 1,168	9%
HFS Loans	$ 7	-84%	$ 12	$ 5	$ 2	$ 2	$ 2	-76%	$ 2	$ 2	$ 2	$ 2	$ 2	-5%	$ 1	$ 2	$ 2	$ 2	$ 2	-5%
PPP Loans	$ 1	-97%	$ 0	$ 0	$ 0	$ 0	$ 0	-84%	$ 0	$ 1	$ -	$ -	$ -	-100%	$ -	$ 1	$ -	$ -	$ -	NA
Total Loans	$ 871	-2%	$ 888	$ 921	$ 952	$ 980	$ 980	13%	$ 1,000	$ 1,026	$ 1,055	$ 1,078	$ 1,078	10%	$ 1,096	$ 1,123	$ 1,152	$ 1,169	$ 1,169	8%
Total Loans (ex. PPP)	$ 869	3%	$ 888	$ 921	$ 952	$ 980	$ 980	13%	$ 1,000	$ 1,025	$ 1,055	$ 1,078	$ 1,078	10%	$ 1,096	$ 1,122	$ 1,152	$ 1,169	$ 1,169	8%
Securities and other investments	$ 567	57%	$ 580	$ 573	$ 574	$ 552	$ 552	-3%	$ 541	$ 528	$ 514	$ 513	$ 513	-7%	$ 500	$ 490	$ 477	$ 476	$ 476	-7%
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	$ 1.0	-18%	$ 1	$ 1	$ 1	$ 1	$ 0.9	-10%	$ 1	$ 1	$ 1	$ 1	$ 0.8	-10%
Other Assets	$ 72	0%	$ 78	$ 81	$ 81	$ 79	$ 79	9%	$ 84	$ 84	$ 89	$ 87	$ 87	10%	$ 92	$ 91	$ 96	$ 94	$ 94	8%
Assets	$ 1,585	14%	$ 1,652	$ 1,685	$ 1,652	$ 1,647	$ 1,647	4%	$ 1,657	$ 1,669	$ 1,689	$ 1,708	$ 1,708	4%	$ 1,717	$ 1,730	$ 1,748	$ 1,761	$ 1,761	3%
Tangible Assets	$ 1,569	14%	$ 1,637	$ 1,669	$ 1,636	$ 1,632	$ 1,632	4%	$ 1,642	$ 1,653	$ 1,674	$ 1,693	$ 1,693	4%	$ 1,702	$ 1,715	$ 1,733	$ 1,745	$ 1,745	3%
Deposits	$ 1,361	14%	$ 1,431	$ 1,469	$ 1,436	$ 1,429	$ 1,429	5%	$ 1,426	$ 1,436	$ 1,454	$ 1,469	$ 1,469	3%	$ 1,471	$ 1,480	$ 1,495	$ 1,506	$ 1,506	3%
Borrowings	$ 69	24%	$ 68	$ 72	$ 74	$ 86	$ 86	25%	$ 97	$ 95	$ 95	$ 96	$ 96	11%	$ 101	$ 101	$ 101	$ 99	$ 99	4%
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	$ 1,531	$ 1,531	6%	$ 1,537	$ 1,546	$ 1,564	$ 1,580	$ 1,580	3%	$ 1,586	$ 1,596	$ 1,611	$ 1,620	$ 1,620	3%
Preferred Equity	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA	$ -	$ -	$ -	$ -	$ -	NA
Common Equity	$ 141	3%	$ 125	$ 118	$ 114	$ 117	$ 117	-17%	$ 120	$ 122	$ 125	$ 129	$ 129	10%	$ 131	$ 134	$ 137	$ 141	$ 141	9%
Total Equity	$ 141	3%	$ 125	$ 118	$ 114	$ 117	$ 117	-17%	$ 120	$ 122	$ 125	$ 129	$ 129	10%	$ 131	$ 134	$ 137	$ 141	$ 141	9%
Tangible Equity	$ 125	4%	$ 110	$ 102	$ 99	$ 101	$ 101	-19%	$ 104	$ 107	$ 110	$ 113	$ 113	12%	$ 116	$ 119	$ 122	$ 125	$ 125	11%
Tangible Common Equity	$ 125	4%	$ 110	$ 102	$ 99	$ 101	$ 101	-19%	$ 104	$ 107	$ 110	$ 113	$ 113	12%	$ 116	$ 119	$ 122	$ 125	$ 125	11%
Credit Quality Ratios																				
Loan Loss Reserve	11.2	8%	11.1	11.2	11.3	11.6	11.6	4%	11.9	12.1	12.3	12.5	12.5	7%	12.7	13.0	13.3	13.5	13.5	9%
LLR / Loans (%)	1.30%	-1%	1.26%	1.22%	1.19%	1.19%	1.19%	-8%	1.19%	1.18%	1.17%	1.16%	1.16%	-3%	1.16%	1.16%	1.16%	1.16%	1.16%	0%
Change in Reserve	0.8	-79%	-0.1	0.2	0.1	0.3	0.5	-41%	0.2	0.2	0.3	0.2	0.8	80%	0.2	0.3	0.3	0.2	1.1	27%
LLR Release per share	($0.10)	-79%	$ 0.02	$ (0.02)	$ (0.01)	$ (0.04)	($0.06)	-42%	$ (0.03)	$ (0.03)	$ (0.03)	$ (0.02)	($0.11)	80%	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.03)	($0.14)	27%
Net Charge Offs	-0.5	280%	0.0	-0.2	-0.1	0.2	-0.1	-80%	0.4	0.5	0.6	0.6	2.0	-2286%	0.6	0.6	0.6	0.5	2.3	15%
NCOs / Avg Loans (%) annualized	-0.05%	253%	0.00%	-0.10%	-0.03%	0.09%	-0.01%	-81%	0.15%	0.18%	0.22%	0.24%	0.20%	-2058%	0.24%	0.22%	0.20%	0.18%	0.21%	5%
Provision	0.3	-91%	-0.1	-0.1	0.0	0.5	0.4	11%	0.6	0.6	0.8	0.8	2.9	677%	0.9	0.9	0.9	0.7	3.4	19%
Excess Provision	0.8	-79%	-0.1	0.2	0.1	0.3	0.5	-41%	0.2	0.2	0.3	0.2	0.8	81%	0.2	0.3	0.3	0.2	1.1	27%
LLP / Avg Loans	0.04%	-91%	-0.06%	-0.03%	0.01%	0.22%	0.04%	6%	0.25%	0.26%	0.32%	0.30%	0.28%	599%	0.32%	0.33%	0.32%	0.25%	0.30%	8%
Nonaccrual Loans	0.3	-95%	0.1	4.4	4.9	4.8	4.8	1825%	4.8	4.7	4.6	4.6	4.6	-5%	4.5	4.5	4.4	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**	**4.90**	**4.90**	189%	**4.84**	**4.78**	**4.72**	**4.66**	**4.66**	-5%	**4.60**	**4.55**	**4.49**	**4.43**	**4.43**	-5%
NPLs / Loans (%)	**0.19%**	-72%	**0.17%**	**0.49%**	**0.52%**	**0.50%**	**0.50%**	157%	**0.48%**	**0.47%**	**0.45%**	**0.43%**	**0.43%**	-13%	**0.42%**	**0.40%**	**0.39%**	**0.38%**	**0.38%**	-12%
OREO	1.2	-3%	1.1	1.0	1.0	1.0	1.0	-18%	0.9	0.9	0.9	0.9	0.9	-10%	0.8	0.8	0.8	0.8	0.8	-10%
NPAs	**2.86**	-61%	**2.69**	**5.46**	**5.95**	**5.86**	**5.86**	105%	**5.78**	**5.69**	**5.61**	**5.53**	**5.53**	-6%	**5.45**	**5.37**	**5.29**	**5.22**	**5.22**	-6%
NPAs / Loans + OREO (%)	**0.33%**	-60%	**0.30%**	**0.59%**	**0.62%**	**0.60%**	**0.60%**	82%	**0.58%**	**0.55%**	**0.53%**	**0.51%**	**0.51%**	-14%	**0.50%**	**0.48%**	**0.46%**	**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**	**5.89**	**5.89**	106%	**5.81**	**5.72**	**5.64**	**5.56**	**5.56**	-6%	**5.48**	**5.40**	**5.32**	**5.25**	**5.25**	-6%
NPAs + 90 DPD / Loans + OREO (%)	**0.33%**	-66%	**0.32%**	**0.59%**	**0.63%**	**0.60%**	**0.60%**	83%	**0.58%**	**0.56%**	**0.53%**	**0.52%**	**0.52%**	-14%	**0.50%**	**0.48%**	**0.46%**	**0.45%**	**0.45%**	-13%
Past Dues	0.2	-65%	0.5	2.2	2.2	2.2	2.2	819%	2.2	2.2	2.2	2.2	2.2	0%	2.2	2.2	2.2	2.2	2.2	0%
Total NPAs + Past Dues	3.1	-67%	3.3	7.6	8.1	8.1	8.1	160%	8.0	7.9	7.8	7.7	7.7	-4%	7.6	7.6	7.5	7.4	7.4	-4%
As a % of Loans + OREO	0.36%	-66%	0.38%	0.83%	0.85%	0.82%	0.82%	131%	0.80%	0.77%	0.74%	0.72%	0.72%	-13%	0.70%	0.67%	0.65%	0.63%	0.63%	-12%
Classified Loans	7.9	-2%	7.8	6.7	6.5	6.4	6.4	-19%	6.2	6.1	5.9	5.8	5.8	-10%	5.6	5.5	5.3	5.2	5.2	-10%
Criticized Loans	9.5	-40%	9.5	7.4	7.2	7.0	7.0	-26%	6.9	6.7	6.5	6.3	6.3	-10%	6.2	6.0	5.9	5.7	5.7	-10%
Classified / Loans (%)	0.90%	0%	0.88%	0.73%	0.69%	0.65%	0.65%	-28%	0.62%	0.59%	0.56%	0.53%	0.53%	-18%	0.51%	0.49%	0.46%	0.45%	0.45%	-17%
LLR / NPLs	660%	288%	718%	251%	228%	237%	237%	-64%	245%	252%	261%	268%	268%	13%	276%	286%	297%	305%	305%	14%
LLR / NPAs (ex. TDRs)			855%	210%	193%	202%			209%	215%	223%	229%			237%	246%	256%	264%		
LLR / NPAs	391%	223%	387%	205%	189%	198%	198%	-49%	204%	211%	219%	225%	225%	14%	232%	241%	251%	258%	258%	15%

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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]	**630**	**64.09**	**222**	**35.24**
HOLD [N]	**308**	**31.33**	**64**	**20.78**
SELL [UW]	**45**	**4.58**	**8**	**17.78**

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

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