First Community Corporation (FCCO) — Neutral

2Q23 Earnings Review: Favorable NPA Resolution; Continued NIM Pressure

CONCLUSION

2Q results were above expectations, mostly on a lower loan loss provision. Credit quality was a highlight, with the company resolving a large $4M nonaccrual for a gain and NPAs now measuring just 6 bps of assets. Similar to what we saw last quarter, the NIM was the pressure point as higher funding costs drove it down 17 bps (after 23 bps of compression last quarter). The funding beta of ~25% cycle-to-date has been more than anticipated, but is still favorable compared to peers with a cost of deposits below 1% in 2Q. We are now modeling the NIM to bottom in 4Q at 2.92%, while FCCO would benefit more than others from a Fed pause/rate cuts given a larger fixed rate loan portfolio. We are lowering estimates for 2023/2024, and reiterate our Neutral rating. *In conjunction with this note, we are transferring coverage of FCCO to Casey Whitman.*

Reported EPS: $0.43 | Core: $0.42 | PSC: $0.41 | Consensus: $0.39

- **Summary of the quarter.** After excluding $121K in non-operating income, we peg core EPS at $0.42, which was a penny above the PSC estimate and $0.03 above consensus. Against PSC, lower NII ($0.03 per share delta) was mostly offset by a lower loan loss provision ($0.04). Higher fees were also offset by higher expenses, both of which were mostly a function of mortgage. We would note that while NII fell below PSC expectations, it landed relatively in-line with consensus. Loan growth of 16% annualized was robust against a mid-single-digit guide, while deposits were flat (73% loan-to-deposit ratio). We thought a highlight of the quarter was the favorable resolution of its largest NPA, resulting in a small OREO gain.

- **Updating estimates.** Despite the beat this quarter, we took down 2023/2024 EPS estimates, mostly on lower NIM due to more compression than we had modeled this quarter and the timeline for potential rate cuts getting pushed out. Given FCCO was a Russell addition this year, there has been some volatility in the shares with the stock outperforming in March/April and then underperforming subsequently. FCCO shares are now down 17% year-to-date, in line with the NASDAQ Bank Index. With the shares trading at a modest premium to its peers, we feel that the valuation is appropriate and supported by its strong core deposit base in attractive SE markets. We maintain our $20 price target, which assumes the shares trade at ~12x our 2024 EPS estimate, up from ~11x previously due to higher peer multiples.

RISKS TO ACHIEVEMENT OF PT & RECOMMENDATION

Deterioration in FCCO's credit quality, interest rate risk, a general decline in bank valuations, and a capital raise.

COMPANY DESCRIPTION

First Community is a $1.7B-in-asset bank based in the Columbia, SC MSA.

PRICE: US$18.23
TARGET: US$20.00
Our price target assumes the shares will trade at ~12x our 2024E EPS

Casey Orr Whitman
Managing Director, Piper Sandler & Co.
212 466-8061, Casey.Whitman@psc.com

Changes	Previous	Current
Rating	—	Neutral
Price Tgt	—	US$20.00
FY23E EPS	US$1.74	US$1.61
FY24E EPS	US$1.81	US$1.62

Market Cap. (mil)	US$138.5
Book Value/Share	US$16.35
Tang. Book/Share	$14.33
Price/Book	111%
Price/Tang.Book	127%
52-Week High / Low	US$22.25 / US$16.30
Avg Daily Vol (000)	37
Div Yield	3.07%
Total Assets ($mil)	1,741
ROTCE	12.26%
Shares Out (mil)	7.6
Div (ann)	US$0.56
Institutional Ownership	43.4%
Insider Ownership	3.9%
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	1.92	9.5x
2023E	0.45A	0.42A	0.38	0.36	1.61	11.3x
2024E	0.35	0.39	0.44	0.44	1.62	11.3x

Main takeaways from the quarter

- **Net interest income down 2%.** While we had modeled some modest NII expansion, we note that the 2% decline was relatively in line with consensus expectations. After falling 23 bps in the 1Q, the NIM was down 17 bps in 2Q, to 3.02%. The cost of deposits was 97 bps in the quarter, up from 58 bps last quarter, while the cost of funds was 1.34%, up from 92 bps last quarter. The funding beta has certainly accelerated over the last two quarters, but remains relatively contained compared to others (cumulative funding beta of ~25%). We got the impression that the cost of funds was running at about 1.45% in the month of June, so we expect funding costs continue to move higher. Earning asset yields picked up more than anticipated this quarter as a partial offset, helped by the company entering into a pay-fixed/receive-floating interest rate swap on $150M in loans, effective May 5. Better yields on the securities book have also been additive, with 30% of the securities book floating rate and a short duration AFS book (3.38 years). We expect continued, albeit more modest, compression in the 3Q as funding costs move higher, and we see the NIM bottoming in 4Q at 2.92%. Given FCCO's large fixed rate loan book, we would expect to see NIM expansion with a Fed pause or cut.

- **73% loan-to-deposit ratio.** 2Q loan growth was more robust than anticipated, coming in at $39M or 16% annualized. Deposits were flat in the quarter, with non-interest bearing representing 31.5% of total deposits vs. 32.3% last quarter. The company has no brokered deposits and the uninsured deposit level is relatively low at 24% (average deposit size of $28K). The loan-to-deposit ratio of 73% is up from 62% a year ago, but still leaves room. Management continues to guide to loan growth going forward in the mid-single digits, and we expect it to fund this growth with securities portfolio run-off.

- **Fees/expenses.** Higher mortgage banking revenues and a gain on the sale of OREO drove a 14% increase in fees, while expenses were up 3% (mostly on higher mortgage commissions). With the decline in NII, the efficiency ratio ticked up to 72% from 69% last quarter. We model the efficiency ratio holds in the low 70s over the near-term.

- **NPAs fall to 6 bps of assets with large nonaccrual resolution.** NPAs were down 80% in the quarter with nonaccrual loans going from $4.1M, to just $82K. NCOs were only $10K in the quarter. FCCO resolved its one larger relationship during the quarter at a gain of $105K. Recall this was a mixed-use (multifamily/retail/office) property loan associated with the Augusta, GA, baseball stadium relationship. The reserve measured 1.12% of loans at 6/30. FCCO has had a relatively clean credit history, with NCOs peaking at 84 bps in 2009 and the company recording net recoveries over the last five years.

- **CRE exposure.** CRE represents over 70% of loans at FCCO, and it has about 6.3% of loans in non-owner occupied office ($65M). We remain comfortable with FCCO's book given its loss history and its market area (which is non-metro and has experienced population inflows). The average NOO office loan size is $695K, and the average LTV across the top ten loans measures 62%. The bank only has four loans where the collateral is an office building in excess of 50,000 square feet of rentable space ($10.5M in outstanding with a weighted average LTV of 37%).

- **Capital.** The TCE ratio of 6.31% in the quarter was ~flat linked quarter with a greater negative AOCI impact (adjusted TCE ratio of 7.13%). The company has a 5% stock repurchase plan in place, but it has not been active, and we do not assume it will be going forward. We model that the TCE ratio will steadily accrete given a stable balance sheet (loan growth funded by securities book shrinkage).

First Community Corporation (FCCO)

	Historical				2Q23		Variance			Q/Q Change		Y/Y Change	
	2Q22	3Q22	4Q22	1Q23	Actual	Expected	Beat / Miss	($000s)	(per share)	Actual	Expected	Actual	Expected
INCOME STATEMENT ($000s)													
FTE Net Interest Income	11,180	12,925	13,486	12,455	12,213	12,531		(318)	($0.03)	-2%	1%	9%	12%
Net Interest Margin	2.93%	3.29%	3.42%	3.19%	3.02%	3.17%		-15 bps		-17 bps	-2 bps	+9 bps	+24 bps
Average Earning Assets	1,530	1,557	1,563	1,582	1,622	1,585		37		3%	0%	6%	4%
Loan Loss Provision	-70	18	25	70	186	548		(362)	$0.04	166%	682%	-366%	-882%
Deposit Service Charges	262	243	190	232	220	197		23	$0.00	-5%	-15%	-16%	-25%
Mortgage Banking Income	481	290	290	155	371	349		22	$0.00	139%	125%	-23%	-27%
Wealth Management	1,195	1,053	1,033	1,067	1,081	1,088		(7)	($0.00)	1%	2%	-10%	-9%
Other Income	1,111	1,087	1,076	1,121	1,258	1,110		148	$0.02	12%	-1%	13%	0%
Noninterest Income	**3,049**	**2,673**	**2,589**	**2,575**	**2,930**	**2,744**		**186**	**$0.02**	**14%**	**7%**	**-4%**	**-10%**
Operating Revenues	**14,229**	**15,598**	**16,075**	**15,030**	**15,143**	**15,275**		**-132**	**($0.01)**	**1%**	**2%**	**6%**	**7%**
Salaries & Employee Benefits	6,175	6,373	6,690	6,331	6,508	6,363		145	($0.02)	3%	0%	5%	3%
Occupancy & Equipment	1,115	1,117	1,076	1,166	1,190	1,195		(5)	$0.00	2%	2%	7%	7%
Marketing & Public Relations	446	163	289	346	370	381		(11)	$0.00	7%	10%	-17%	-15%
FDIC Assessment	105	121	112	182	221	191		30	($0.00)	21%	5%	110%	82%
Other Real Estate Expenses	29	19	213	-133	-30	0		(30)	$0.00	-77%	-100%	-203%	-100%
Amortization of Intangibles	40	39	40	39	40	39		1	($0.00)	3%	-1%	0%	-3%
Other Expenses	2,278	2,585	2,274	2,505	2,456	2,430		26	($0.00)	-2%	-3%	8%	7%
Total Expenses	**10,188**	**10,417**	**10,694**	**10,436**	**10,755**	**10,598**		**157**	**($0.02)**	**3%**	**2%**	**6%**	**4%**
Pre-tax, Pre-Provision Operating Income	**4,041**	**5,181**	**5,381**	**4,594**	**4,388**	**4,677**		**(289)**	**($0.03)**	**-4%**	**2%**	**9%**	**16%**
Pre-tax Operating Income	**4,111**	**5,163**	**5,356**	**4,524**	**4,202**	**4,129**		**73**	**$0.01**	**-7%**	**-9%**	**2%**	**0%**
Securities Gains	(45)	0	0	0	0	0							
Other Nonrecurring Items	5	0	(76)	0	121	0							
Income before Taxes	4,071	5,163	5,280	4,524	4,323	4,129		194	$0.02	-4%	-9%	6%	1%
Income Taxes	812	1,081	1,116	963	920								
Income Taxes + FTE Adjustment	941	1,212	1,237	1,061	996	970		26		-6%	-9%	6%	3%
FTE Tax Rate	23%	23%	23%	23%	23%	24%		0%	$0.00				
Net Income	**3,130**	**3,951**	**4,043**	**3,463**	**3,327**	**3,159**		**168**	**$0.02**	**-4%**	**-9%**	**6%**	**1%**
PER SHARE INFORMATION													
Diluted EPS	$0.41	$0.52	$0.53	$0.45	$0.43	$0.41		$0.02	$0.02	-4%	-9%	6%	0%
Operating EPS	**$0.42**	**$0.52**	**$0.54**	**$0.45**	**$0.42**	**$0.41**		**$0.01**	**$0.01**	**-7%**	**-9%**	**2%**	**-1%**
Book Value / Share	15.54	15.07	15.62	16.29	16.35	16.54		(0.19)		0%	2%	5%	6%
Tangible Book Value / Share	13.50	13.03	13.59	14.26	14.33	14.54		(0.21)		0%	2%	6%	8%
Dividend	0.13	0.13	0.13	0.14	0.14	0.14		0.00					
Dividend Payout Ratio	32%	25%	25%	31%	32%	34%		-2%					
Avg. Diluted Shares	7,607	7,608	7,620	7,644	7,655	7,644		10		0%	0%	1%	0%
Shares Outstanding	7,567	7,573	7,578	7,588	7,594	7,588		6		0%	0%	0%	0%
PROFITABILITY													
PTPP Operating ROA	0.99%	1.23%	1.27%	1.10%	1.01%	1.10%		-9 bps		-9 bps	+0 bps	+2 bps	+11 bps
Operating ROAA	0.77%	0.94%	0.97%	0.83%	0.75%	0.75%		+0 bps		-8 bps	-8 bps	-2 bps	-2 bps
Operating ROAE	10.93%	13.17%	14.10%	11.70%	10.44%	10.09%		+35 bps		-126 bps	-161 bps	-49 bps	-84 bps
Operating ROATCE	12.74%	15.26%	16.39%	13.54%	12.02%	10.09%		+193 bps		-152 bps	-345 bps	-72 bps	-265 bps
Net Interest Margin	2.93%	3.29%	3.42%	3.19%	3.02%	3.17%		-15 bps		-17 bps	-2 bps	+9 bps	+24 bps
Efficiency Ratio	71.6%	66.8%	66.5%	69.4%	71.0%	69.4%							
Fee Income / Operating Revenues	21%	17%	16%	17%	19%	18%							
TCE / TA	6.12%	6.03%	6.21%	6.29%	6.31%	6.40%		-9 bps		+2 bps	+11 bps	+19 bps	+28 bps
NCO Ratio	-0.10%	-0.03%	0.00%	0.00%	0.00%	0.12%		-12 bps		+0 bps		+10 bps	
Allowance/Loans	1.22%	1.19%	1.16%	1.15%	1.12%	1.16%		-4 bps		-3 bps	+1 bps	-10 bps	-6 bps
NPAs	5,335	5,859	5,829	5,060	1,009					-80%		-81%	
NPAs/Assets	0.32%	0.35%	0.35%	0.29%	0.06%					-23 bps		-26 bps	

Source: Company Reports and PSC

First Community Corporation (FCCO)
Earnings Forecast
7/20/2023

PIPER | SANDLER

Casey Orr Whitman, Managing Director
casey.whitman@psc.com
(212) 466-8061

	$0.44		$0.42		$0.52		$0.54	$1.92			$0.45		$0.42		$0.38		$0.36	$1.61			$0.35		$0.39		$0.44		$0.44	$1.62	
Red = Forecast Inputs	1Q22A	△	2Q22A	△	3Q22A	△	4Q22A	2022A		△	1Q23A	△	2Q23A	△	3Q23E	△	4Q23E	2023E		△	1Q24E	△	2Q24E	△	3Q24E	△	4Q24E	2024E	
ASSUMPTIONS ($mil.)																													
Average Cash Equivalents	67	8.4%	73	-48.5%	38	-33.7%	25	51	-44%	21.2%	30	41.3%	43	-10.0%	38	0.0%	38	37	-26%	0.0%	38	0.0%	38	0.0%	38	0.0%	38	38	3%
Average Securities	572	-2.0%	560	3.7%	581	-2.1%	569	571	25%	-0.7%	565	-0.4%	563	-2.8%	547	-2.6%	533	552	-3%	-2.0%	522	-2.0%	512	-2.0%	501	-2.0%	491	507	-8%
Average PPP Loans	1	-58.0%	0	-4.7%	0	-6.6%	0	0	-99%	-8.3%	0	-9.1%	0	0.0%	0	1.5%	0	0	-42%	1.5%	0	1.5%	0	1.0%	0	1.0%	0	0	2%
Average Non PPP Loans	876	2.4%	896	4.7%	938	3.3%	969	920	10%	1.8%	986	3.1%	1,017	1.5%	1,032	1.0%	1,043	1,020	11%	1.4%	1,057	2.0%	1,078	2.3%	1,102	1.1%	1,115	1,088	7%
Average Interest Earning Assets	1,515	1.0%	1,530	1.8%	1,557	0.4%	1,563	1,541	9%	1.2%	1,582	2.6%	1,622	-0.3%	1,618	-0.2%	1,614	1,609	4%	0.2%	1,618	0.7%	1,628	0.9%	1,642	0.1%	1,645	1,633	2%
Average Assets	1,622	1.3%	1,644	1.4%	1,668	0.6%	1,677	1,653	9%	1.1%	1,696	2.4%	1,737	-0.3%	1,732	-0.2%	1,728	1,723	4%	0.2%	1,732	0.7%	1,743	0.9%	1,758	0.1%	1,761	1,749	1%
Net Interest Margin	2.91%	+2 bps	2.93%	+36 bps	3.29%	+13 bps	3.42%	3.14%	-9 bps	-23 bps	3.19%	-17 bps	3.02%	-7 bps	2.95%	-3 bps	2.92%	3.02%	-12 bps	+5 bps	2.97%	+9 bps	3.06%	+4 bps	3.10%	+3 bps	3.13%	3.07%	+5 bps
NIM (ex PPP)	2.90%	+3 bps	2.93%	+36 bps	3.29%	+13 bps	3.42%	3.14%	+7 bps	-23 bps	3.19%	-17 bps	3.02%	-7 bps	2.95%	-3 bps	2.92%	3.02%	-12 bps	+5 bps	2.97%	+9 bps	3.06%	+4 bps	3.10%	+3 bps	3.13%	3.06%	+4 bps
Provision / Average Loans	-0.06%	+3 bps	-0.03%	+4 bps	0.01%	0 bps	0.01%	-0.02%		+2 bps	0.03%	+4 bps	0.07%	+8 bps	0.15%	0 bps	0.15%	0.10%		+2 bps	0.17%	0 bps	0.17%	0 bps	0.17%	0 bps	0.17%	0.17%	
NCO Ratio	0.00%	-10 bps	-0.10%	+7 bps	-0.03%	+3 bps	0.00%	-0.03%		0 bps	0.00%	+0 bps	0.00%	+10 bps	0.10%	0 bps	0.10%	0.05%		+3 bps	0.13%	0 bps	0.13%	0 bps	0.13%	0 bps	0.13%	0.13%	
Allowance/Loans	1.26%		1.22%		1.19%		1.16%	1.16%			1.15%		1.12%		1.12%		1.12%	1.12%			1.11%		1.10%		1.08%		1.08%	1.08%	
INCOME STATEMENT ($000s)																													
FTE Net Interest Income	**10,864**	**2.9%**	**11,180**	**15.6%**	**12,925**	**4.3%**	**13,486**	**48,455**	**6%**	**-7.6%**	**12,455**	**-1.9%**	**12,213**	**-1.6%**	**12,022**	**-1.1%**	**11,887**	**48,577**	**0%**	**0.4%**	**11,940**	**3.8%**	**12,392**	**3.4%**	**12,809**	**0.9%**	**12,920**	**50,061**	**3%**
Loan Loss Provision	(125)		(70)		18		25	(152)			70		186		390		394	1,040			447		456		471		476	1,850	
Deposit Service Charges	265	-1.1%	262	-7.3%	243	-21.8%	190	960	-2%	22.1%	232	-5.2%	220	2.5%	226	3.0%	232	910	-5%	1.0%	235	4.0%	244	3.0%	251	3.0%	259	989	9%
Mortgage Banking Income	839	-42.7%	481	-39.7%	290	0.0%	290	1,900	-56%	-46.6%	155	139.4%	371	15.0%	427	5.0%	448	1,401	-26%	-17.0%	372	30.0%	483	8.0%	522	0.0%	522	1,899	36%
Wealth Management	1,198	-0.3%	1,195	-11.9%	1,053	-1.9%	1,033	4,479	12%	3.3%	1,067	1.3%	1,081	2.0%	1,103	5.0%	1,158	4,408	-2%	1.0%	1,169	3.0%	1,204	1.0%	1,216	1.0%	1,229	4,819	9%
Other Income	1,068	4.0%	1,111	-2.2%	1,087	-1.0%	1,076	4,342	0%	4.2%	1,121	12.2%	1,258	-5.0%	1,195	2.0%	1,219	4,793	10%	1.0%	1,231	-2.0%	1,207	3.0%	1,243	3.0%	1,280	4,961	3%
Noninterest Income	**3,370**	**-9.5%**	**3,049**	**-12.3%**	**2,673**	**-3.1%**	**2,589**	**11,681**	**-14%**	**-0.5%**	**2,575**	**13.8%**	**2,930**	**0.7%**	**2,950**	**3.6%**	**3,057**	**11,512**	**-1%**	**-1.6%**	**3,007**	**4.4%**	**3,138**	**3.0%**	**3,233**	**1.8%**	**3,290**	**12,667**	**10%**
Operating Revenue	**14,234**	**0.0%**	**14,229**	**9.6%**	**15,598**	**3.1%**	**16,075**	**60,136**	**1%**	**-6.5%**	**15,030**	**0.8%**	**15,143**	**-1.1%**	**14,972**	**-0.2%**	**14,944**	**60,089**	**0%**	**0.0%**	**14,947**	**3.9%**	**15,530**	**3.3%**	**16,042**	**1.0%**	**16,210**	**62,729**	**4%**
Salaries & Employee Benefits	6,119	0.9%	6,175	3.2%	6,373	5.0%	6,690	25,357	4%	-5.4%	6,331	2.8%	6,508	1.0%	6,573	0.0%	6,573	25,985	2%	1.0%	6,639	1.0%	6,705	1.5%	6,806	0.0%	6,806	26,956	4%
Occupancy & Equipment	1,037	7.5%	1,115	0.2%	1,117	-3.7%	1,076	4,345	2%	8.4%	1,166	2.1%	1,190	2.5%	1,220	-2.0%	1,195	4,771	10%	-1.5%	1,177	2.5%	1,207	1.5%	1,225	1.0%	1,237	4,846	2%
Marketing & Public Relations	361	23.5%	446	-63.5%	163	77.3%	289	1,259	7%	19.7%	346	6.9%	370	-40.0%	222	60.0%	355	1,293	3%	6.0%	377	6.0%	399	-40.0%	239	25.0%	299	1,314	2%
FDIC Assessment	130	-19.2%	105	15.2%	121	-7.4%	112	468	-24%	62.5%	182	21.4%	221	3.0%	228	5.0%	239	870	86%	0.3%	240	0.3%	240	6.0%	255	0.3%	256	991	14%
Other Real Estate Expenses	47	-38.3%	29	-34.5%	19	1021%	213	308	193%	-162%	(133)	77.4%	(30)	-100.0%	0	0.0%	0	(163)	-153%	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	100%
Amortization of Intangibles	39	2.6%	40	-2.5%	39	2.6%	40	158	-21%	-2.5%	39	2.6%	40	0.5%	40	-0.5%	40	159	1%	0.0%	40	-0.5%	40	-0.5%	40	-0.5%	39	159	0%
Other Expenses	2,221	2.6%	2,278	13.5%	2,585	-12.0%	2,274	9,358	12%	10.2%	2,505	-2.0%	2,456	2.0%	2,505	2.0%	2,555	10,021	7%	-1.0%	2,530	2.5%	2,593	2.0%	2,645	2.0%	2,698	10,465	4%
Noninterest Expense	**9,954**	**2.4%**	**10,188**	**2.2%**	**10,417**	**2.7%**	**10,694**	**41,253**	**5%**	**-2.4%**	**10,436**	**3.1%**	**10,755**	**0.3%**	**10,788**	**1.6%**	**10,958**	**42,937**	**4%**	**0.4%**	**11,002**	**1.7%**	**11,184**	**0.2%**	**11,209**	**1.1%**	**11,335**	**44,731**	**4%**
PTPP Operating Income	**4,280**	**-5.6%**	**4,041**	**28.2%**	**5,181**	**3.9%**	**5,381**	**18,883**	**-7%**	**-14.6%**	**4,594**	**-4.5%**	**4,388**	**-4.6%**	**4,184**	**-4.7%**	**3,986**	**17,152**	**-9%**	**-1.0%**	**3,945**	**10.2%**	**4,346**	**11.2%**	**4,832**	**0.9%**	**4,875**	**17,998**	**5%**
Pretax Operating Income	**4,405**	**-6.7%**	**4,111**	**25.6%**	**5,163**	**3.7%**	**5,356**	**19,035**	**-4%**	**-15.5%**	**4,524**	**-7.1%**	**4,202**	**-9.7%**	**3,794**	**-5.3%**	**3,592**	**16,112**	**-15%**	**-2.6%**	**3,498**	**11.2%**	**3,890**	**12.1%**	**4,361**	**0.9%**	**4,398**	**16,148**	**0%**
Securities Gains	0		(45)		0		0	(45)			0		0		0		0	0			0		0		0		0	0	
Other Nonrecurring Items	4		5		0		(76)	(67)			0		121		0		0	121			0		0		0		0	0	
Pretax Income	**4,409**	**-7.7%**	**4,071**	**26.8%**	**5,163**	**2.3%**	**5,280**	**18,923**	**-6%**	**-14.3%**	**4,524**	**-4.4%**	**4,323**	**-12.2%**	**3,794**	**-5.3%**	**3,592**	**16,233**	**-14%**	**-2.6%**	**3,498**	**11.2%**	**3,890**	**12.1%**	**4,361**	**0.9%**	**4,398**	**16,148**	**-1%**
Income Taxes + FTE Adjustment	920		941		1,212		1,237	4,310	-8%		1,061		996		892		844	3,793	-12%		822		914		1,025		1,034	3,795	0%
FTE Tax Rate	20.9%		23.1%		23.5%		23.4%	22.8%			23.5%		23.0%		23.5%		23.5%	23.4%			23.5%		23.5%		23.5%		23.5%	23.5%	
Avg. Diluted Shares	7,595	0.2%	7,607	0.0%	7,608	0.2%	7,620	7,607	1%	0.3%	7,644	0.1%	7,655	0	7,655	0	7,655	7,652	1%	0	7,655	0	7,655	0	7,655	0	7,655	7,655	0%
Shares Outstanding	7,560	0.1%	7,567	0.1%	7,573	0.1%	7,578	7,578	0%	0.1%	7,588	0.1%	7,594	0	7,594	0	7,594	7,594	0%	0	7,594	0	7,594	0	7,594	0	7,594	7,594	0%
Dividend	0.13		0.13		0.13		0.13	0.52			0.14		0.14		0.14		0.14	0.56			0.14		0.14		0.14		0.14	0.56	
Dividend Payout Ratio	28.3%		31.6%		25.0%		24.5%	27.1%			30.9%		32.2%		36.9%		39.0%	34.6%			40.0%		36.0%		32.1%		31.9%	34.6%	
EPS - Diluted	**$0.46**	**-10.4%**	**$0.41**	**26.2%**	**$0.52**	**2.2%**	**$0.53**	**$1.92**	**-6%**	**-14.6%**	**$0.45**	**-4.1%**	**$0.43**	**-12.8%**	**$0.38**	**-5.3%**	**$0.36**	**$1.62**	**-16%**	**-2.6%**	**$0.35**	**11.2%**	**$0.39**	**12.1%**	**$0.44**	**0.9%**	**$0.44**	**$1.62**	**0%**
Operating EPS	**$0.44**	**-5.3%**	**$0.42**	**25.0%**	**$0.52**	**3.7%**	**$0.54**	**$1.92**	**-5%**	**-15.9%**	**$0.45**	**-6.8%**	**$0.42**	**-10.2%**	**$0.38**	**-5.3%**	**$0.36**	**$1.61**	**-16%**	**-2.6%**	**$0.35**	**11.2%**	**$0.39**	**12.1%**	**$0.44**	**0.9%**	**$0.44**	**$1.62**	**1%**
PERFORMANCE ANALYSIS																													
Operating ROAA	0.83%		0.77%		0.94%		0.97%	0.88%			0.83%		0.75%		0.66%		0.63%	0.72%			0.62%		0.69%		0.75%		0.76%	0.71%	
PTPP Operating ROAA	1.1%		1.0%		1.2%		1.3%	1.1%			1.1%		1.0%		1.0%		0.9%	1.0%			0.9%		1.0%		1.1%		1.1%	1.0%	
Operating ROATCE	11.2%		12.7%		15.3%		16.4%	13.9%			13.5%		12.0%		10.5%		9.8%	11.5%			9.5%		10.4%		11.3%		11.2%	10.6%	
Net Interest Margin	2.91%		2.93%		3.29%		3.42%	3.14%			3.19%		3.02%		2.95%		2.92%	3.02%			2.97%		3.06%		3.10%		3.13%	3.07%	
Fee Income / Operating Revenue	23.7%		21.4%		17.1%		16.1%	19.4%			17.1%		19.3%		19.7%		20.5%	19.2%			20.1%		20.2%		20.2%		20.3%	20.2%	
Core Efficiency Ratio	69.9%		71.6%		66.8%		66.5%	68.6%			69.4%		71.0%		72.1%		73.3%	71.5%			73.6%		72.0%		69.9%		69.9%	71.3%	
Book Value / Share	16.59		15.54		15.07		15.62	15.62	-16%		16.29		16.35		16.54		16.72	16.72	7%		16.90		17.12		17.38		17.66	17.66	6%
Tangible Book Value / Share	14.53		13.50		13.03		13.59	13.59	-18%		14.26		14.33		14.58		14.81	14.81	9%		15.02		15.28		15.59		15.89	15.89	7%
TCE / TA	6.71%		6.12%		6.03%		6.21%	6.21%			6.29%		6.31%		6.43%		6.55%	6.55%			6.63%		6.70%		6.78%		6.90%	6.90%	

Source: Company reports and PSC. Current disclosure information for this company can be found at: http://www.pipersandler.com/researchdisclosures

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R: Resuming Coverage
T: Transferring Coverage
D: Discontinuing Coverage
S: Suspending Coverage
OW: Overweight
N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

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Piper Sandler

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Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [OW]	**594**	**58.29**	**153**	**25.76**
HOLD [N]	**384**	**37.68**	**54**	**14.06**
SELL [UW]	**41**	**4.02**	**0**	**0.00**

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