D|A DAVIDSON

First Community Corporation

Institutional Equity Research

FCCO - NASDAQ

July 27, 2020

A Solid Balance Sheet in the Midlands of South Carolina

*On the heels of FCCO's 2Q20 earnings report, we're increasing our 2020E EPS, yet trimming our 2021E EPS. We're nudging the PT lower by $0.50 (to $17.00), yet reiterate our **BUY**. While the bank faces certain headwinds, we cite FCCO's conservative track record on credit, robust mortgage activity, healthy capital, and a very liquid balance sheet. Trading at 89% of TBV/sh, we view the risk-reward as intriguing.*

Core EPS beat: FCCO reported 2Q20 EPS of $0.30, which we consider as core. This came in ahead of our estimate of $0.22 and consensus of $0.20. The beat reflected stronger than anticipated core PTPP income (stemming from favorable comps on NII, core fees, and core expenses), partially offset by a slightly higher than expected provision for loan losses. For more details on FCCO's 2Q20 core results, please see our earlier First Look note.

FCCO expanded the ALLL/loans ratio from 1.03% to 1.09%, or 1.16% ex-PPP loans, as the bank continues to be subject to the incurred loss methodology for reserving. While the CEO is getting positive reports on customers from the field, he remains somewhat skeptical given the lack of certainty on the ultimate impact, and is keeping a close eye on CRE valuations.

Deferrals decreased 47% from the peak: At the peak, there were $206.9M of loans on deferral status (~27% of loans) – that number declined to $175M (~22.7% of non-PPP loans) at 6/30/2020 – and further to $110.6M (~14.4% of non-PPP loans) at 7/16/2020. Management expects the remaining deferrals to play out between now and the end of August, and noted that it is being more discerning on requests for a second deferral (only 1%+ of loans at this point). FCCO continues to expect that actual evidence of credit deterioration won't occur until 2021. COVID-19 sensitive loan exposure remains virtually the same as disclosed at 1Q20-end, which totaled ~17.3% of non-PPP loans, and included retail (10.1%), hotels (3.6%), restaurants (2.4%), and assisted living (1.2%).

Adjusting our EPS estimates: After inputting FCCO's core 2Q20 results into our model and fine-tuning our assumptions, we're increasing our 2020E EPS by 11 cents (to $1.18), yet trimming our 2021E EPS by two cents (to $1.08). The main adjustments included the flow through of the 2Q20 core beat, a larger-for-longer balance sheet (PPP loans; excess liquidity), and a higher base of core mortgage revs (albeit receding from the 2Q20 record pace going forward), partially offset by a higher assumed pace of NCOs in 2021 and a slightly lower assumed NIM.

Reiterate BUY: We're nudging our PT lower by $0.50 (to $17.00) given a lower assumed multiple and our slightly lower 2021 EPS estimate. Our PT assumes the shares will trade at 106% of our 2Q21E TBV/sh one year out. While FCCO continues to face certain headwinds (e.g., elevated provisioning, a compressing NIM, subdued loan growth), we cite management's long-term conservative nature on credit, a robust mortgage biz, a generally healthy level of capital (CET1 of 13.02% and Total RBC of 14.03%), very liquid balance sheet (loans-to-deposits of 76%), extremely low COF (0.33%), and a geographic franchise with scarcity value. With the stock trading at 89% of TBV/sh, we view the valuation as representing an intriguing risk-reward.

FY (Dec)		2019A	2020E	Previous	Cons.	2021E	Previous	Cons.
EPS	Q1 (Mar)	$0.33	**$0.24A**	-	*n.a.*	**$0.23E**	$0.24	*$0.22*
	Q2 (Jun)	$0.36	**$0.30A**	$0.22	*n.a.*	**$0.25E**	$0.26	*$0.27*
	Q3 (Sep)	$0.39	**$0.28E**	$0.26	*$0.31*	**$0.28E**	$0.29	*$0.29*
	Q4 (Dec)	$0.39	**$0.36E**	$0.35	*$0.30*	**$0.32E**	$0.31	*$0.29*
		$1.46	**$1.18E**	$1.07	*$1.07*	**$1.08E**	$1.10	*$1.06*
Price/EPS		*9.3x*	*11.6x*			*12.6x*		
Revenue ($M)	Q1 (Mar)	$11.6	**$12.3A**	-	*n.a.*	**$12.5E**	NC	*$12.5*
	Q2 (Jun)	$12.1	**$13.1A**	$12.5	*n.a.*	**$12.8E**	$12.7	*$12.7*
	Q3 (Sep)	$12.5	**$13.1E**	$12.6	*$12.5*	**$13.0E**	$12.9	*$12.9*
	Q4 (Dec)	$12.6	**$14.0E**	$13.4	*$13.2*	**$13.2E**	$13.1	*$13.1*
		$48.7	**$52.5E**	$50.9	*$50.4*	**$51.5E**	$51.2	*$51.2*

Buy

Price Target	**↓$17.00**
Price (7/24/20)	$13.66
Industry	FINANCIAL INSTITUTIONS

Valuation & Performance

Return on Assets (MRQ)	0.70%
ROTCE (MRQ)	7.9%
Net Interest Margin (MRQ)	3.38%
Efficiency Ratio (MRQ)	69.2%
TBV per Share (6/30/20)	$15.35
TCE/TA (6/30/20)	8.8%
Dividend	$0.48 (3.5%)

Trading Data

Shares Outstanding (M)	7.5
Market Capitalization ($M)	$102.0
52-week range	$12.51 - $22.00
Avg. Volume (3-mth.) (K)	31.5

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Company Description

Lexington, SC - First Community Corporation is the parent company of First Community Bank a +$1.1B asset community bank base in the midlands of South Carolina. First Community Bank offers a full suite of banking and financial planning/ investment advisory services to both retail and commercial clients.

Price Performance

NASDAQ: FCCO

Please refer to pages 4 - 5 of this report for detailed disclosure and certification information.

First Community Corp. (FCCO)

($M, except Per Share Data)

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Income Statement	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
NET INTEREST INCOME (FTE)	$ 35.748	$ 36.848	$ 39.844	$ 39.193	$ 8.534	$ 8.939	$ 8.883	$ 9.392	$ 9.020	$ 9.116	$ 9.353	$ 9.359	$ 9.417	$ 9.743	$ 9.842	$ 10.843	$ 9.570	$ 9.695	$ 9.853	$ 10.075
PROVISION FOR LOAN LOSSES	$ 0.346	$ 0.139	$ 5.109	$ 4.014	$ 0.202	$ 0.029	$ 0.021	$ 0.094	$ 0.105	$ 0.009	$ 0.025	$ -	$ 1.075	$ 1.250	$ 1.265	$ 1.519	$ 1.137	$ 1.170	$ 0.924	$ 0.784
Non-Interest Income																				
Deposit service charges	$ 1.769	$ 1.649	$ 1.050	$ 0.985	$ 0.463	$ 0.423	$ 0.434	$ 0.449	$ 0.411	$ 0.380	$ 0.421	$ 0.437	$ 0.399	$ 0.210	$ 0.216	$ 0.225	$ 0.233	$ 0.246	$ 0.251	$ 0.256
Mortgage banking income	$ 3.895	$ 4.555	$ 5.128	$ 4.037	$ 0.951	$ 1.016	$ 1.159	$ 0.769	$ 0.844	$ 1.238	$ 1.251	$ 1.222	$ 0.982	$ 1.572	$ 1.399	$ 1.175	$ 0.975	$ 1.049	$ 1.049	$ 0.965
Invest. Advisory fees & commissions	$ 1.683	$ 2.021	$ 2.715	$ 3.040	$ 0.383	$ 0.401	$ 0.423	$ 0.476	$ 0.438	$ 0.489	$ 0.509	$ 0.585	$ 0.634	$ 0.671	$ 0.688	$ 0.722	$ 0.737	$ 0.755	$ 0.766	$ 0.782
Gain (loss) on sale of other assets	$ 0.024	$ (0.003)	$ 0.006	$ -	$ 0.015	$ 0.022	$ (0.029)	$ 0.016	$ -	$ (0.003)	$ -	$ -	$ 0.006	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	$ 3.615	$ 3.661	$ 3.794	$ 4.205	$ 0.923	$ 0.955	$ 0.855	$ 0.882	$ 0.845	$ 0.918	$ 0.932	$ 0.966	$ 0.907	$ 0.934	$ 0.953	$ 1.000	$ 1.020	$ 1.041	$ 1.062	$ 1.083
TOTAL NON-INTEREST INCOME (core)	$ 10.986	$ 11.883	$ 12.693	$ 12.267	$ 2.735	$ 2.817	$ 2.842	$ 2.592	$ 2.538	$ 3.022	$ 3.113	$ 3.210	$ 2.928	$ 3.387	$ 3.256	$ 3.123	$ 2.965	$ 3.090	$ 3.127	$ 3.085
OPERATING REVENUE	$ 46.734	$ 48.731	$ 52.538	$ 51.460	$ 11.269	$ 11.756	$ 11.725	$ 11.984	$ 11.558	$ 12.138	$ 12.466	$ 12.569	$ 12.345	$ 13.130	$ 13.098	$ 13.965	$ 12.535	$ 12.785	$ 12.980	$ 13.160
Noninterest Expense																				
Salaries & employee benefits	$ 19.515	$ 21.261	$ 22.998	$ 23.621	$ 4.577	$ 4.881	$ 5.079	$ 4.978	$ 5.170	$ 5.210	$ 5.465	$ 5.416	$ 5.653	$ 5.840	$ 5.767	$ 5.738	$ 5.836	$ 5.879	$ 5.968	$ 5.938
Occupancy	$ 2.380	$ 2.696	$ 2.680	$ 2.785	$ 0.614	$ 0.583	$ 0.611	$ 0.572	$ 0.655	$ 0.647	$ 0.703	$ 0.691	$ 0.643	$ 0.679	$ 0.679	$ 0.679	$ 0.686	$ 0.693	$ 0.700	$ 0.707
Equipment	$ 1.513	$ 1.493	$ 1.221	$ 1.247	$ 0.381	$ 0.398	$ 0.388	$ 0.346	$ 0.386	$ 0.389	$ 0.365	$ 0.353	$ 0.318	$ 0.298	$ 0.301	$ 0.304	$ 0.307	$ 0.310	$ 0.313	$ 0.316
Marketing & public relations	$ 0.919	$ 1.115	$ 1.163	$ 0.960	$ 0.089	$ 0.194	$ 0.177	$ 0.459	$ 0.175	$ 0.430	$ 0.159	$ 0.351	$ 0.354	$ 0.247	$ 0.321	$ 0.241	$ 0.234	$ 0.250	$ 0.232	$ 0.244
FDIC assessment	$ 0.375	$ 0.067	$ 0.306	$ 0.352	$ 0.081	$ 0.083	$ 0.094	$ 0.117	$ 0.074	$ 0.071	$ -	$ (0.078)	$ 0.042	$ 0.088	$ 0.088	$ 0.088	$ 0.088	$ 0.088	$ 0.088	$ 0.088
Amortization of intangibles	$ 0.563	$ 0.523	$ 0.387	$ 0.382	$ 0.142	$ 0.143	$ 0.142	$ 0.136	$ 0.132	$ 0.132	$ 0.133	$ 0.126	$ 0.105	$ 0.095	$ 0.094	$ 0.093	$ 0.094	$ 0.095	$ 0.096	$ 0.097
Other operating expenses	$ 6.760	$ 7.380	$ 7.476	$ 7.714	$ 1.692	$ 1.912	$ 1.606	$ 1.550	$ 1.702	$ 1.743	$ 1.934	$ 2.001	$ 1.888	$ 1.844	$ 1.862	$ 1.881	$ 1.900	$ 1.919	$ 1.938	$ 1.957
Noninterest Expense, Ex-Credit	$ 32.025	$ 34.535	$ 36.231	$ 37.060	$ 7.576	$ 8.194	$ 8.097	$ 8.158	$ 8.294	$ 8.622	$ 8.759	$ 8.860	$ 9.003	$ 9.091	$ 9.113	$ 9.024	$ 9.144	$ 9.234	$ 9.335	$ 9.347
OREO expense	$ 0.098	$ 0.081	$ 0.153	$ 0.154	$ 0.018	$ 0.031	$ 0.037	$ 0.012	$ 0.029	$ 0.018	$ 0.031	$ 0.003	$ 0.035	$ 0.040	$ 0.039	$ 0.038	$ 0.038	$ 0.038	$ 0.038	$ 0.038
Write-down of OREO	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net loss (gain) on sale of OREO	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NONINTEREST EXPENSE (core)	$ 32.123	$ 34.616	$ 36.383	$ 37.214	$ 7.594	$ 8.225	$ 8.134	$ 8.170	$ 8.323	$ 8.640	$ 8.790	$ 8.863	$ 9.038	$ 9.131	$ 9.152	$ 9.063	$ 9.182	$ 9.272	$ 9.373	$ 9.386
Pre-Tax Operating Income	$ 14.265	$ 13.976	$ 11.045	$ 10.232	$ 3.473	$ 3.502	$ 3.570	$ 3.720	$ 3.130	$ 3.489	$ 3.651	$ 3.706	$ 2.232	$ 2.749	$ 2.681	$ 3.383	$ 2.216	$ 2.343	$ 2.683	$ 2.990
Pre-Tax, Pre-Provision Operating Income	$ 14.611	$ 14.115	$ 16.155	$ 14.246	$ 3.675	$ 3.531	$ 3.591	$ 3.814	$ 3.235	$ 3.498	$ 3.676	$ 3.706	$ 3.307	$ 3.999	$ 3.946	$ 4.903	$ 3.353	$ 3.513	$ 3.607	$ 3.774
Pre-Tax, Pre-Credit Costs Operating Income	$ 14.709	$ 14.196	$ 16.307	$ 14.400	$ 3.693	$ 3.562	$ 3.628	$ 3.826	$ 3.264	$ 3.516	$ 3.707	$ 3.709	$ 3.342	$ 4.039	$ 3.985	$ 4.941	$ 3.391	$ 3.551	$ 3.645	$ 3.812
Gain (Loss) on sale of securities	$ (0.342)	$ 0.136	$ -	$ -	$ (0.104)	$ 0.094	$ -	$ (0.332)	$ (0.029)	$ 0.164	$ -	$ 0.001	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Net One-Time Items	$ -	$ (0.282)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (0.282)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pre-Tax Income	$ 13.923	$ 13.830	$ 11.045	$ 10.232	$ 3.369	$ 3.596	$ 3.570	$ 3.388	$ 3.101	$ 3.653	$ 3.651	$ 3.425	$ 2.232	$ 2.749	$ 2.681	$ 3.383	$ 2.216	$ 2.343	$ 2.683	$ 2.990
Income Taxes	$ 2.694	$ 2.858	$ 2.256	$ 2.169	$ 0.660	$ 0.595	$ 0.737	$ 0.702	$ 0.606	$ 0.772	$ 0.753	$ 0.727	$ 0.438	$ 0.532	$ 0.568	$ 0.717	$ 0.470	$ 0.497	$ 0.569	$ 0.634
Tax Rate	19.35%	20.67%	20.42%	21.20%	19.59%	16.55%	20.64%	20.72%	19.54%	21.1%	20.6%	21.2%	19.6%	19.4%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Core Tax Rate	19.38%	20.63%	20.34%	21.20%	19.59%	16.55%	20.64%	20.72%	19.54%	21.1%	20.6%	21.2%	19.6%	19.4%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Extraordinary Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Income	$ 11.229	$ 10.972	$ 8.790	$ 8.063	$ 2.709	$ 3.001	$ 2.833	$ 2.686	$ 2.495	$ 2.881	$ 2.898	$ 2.698	$ 1.794	$ 2.217	$ 2.113	$ 2.666	$ 1.746	$ 1.846	$ 2.114	$ 2.356
Preferred Dividends		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET INCOME AVAILABLE TO COMMON	$ 11.229	$ 10.972	$ 8.790	$ 8.063	$ 2.709	$ 3.001	$ 2.833	$ 2.686	$ 2.495	$ 2.881	$ 2.898	$ 2.698	$ 1.794	$ 2.217	$ 2.113	$ 2.666	$ 1.746	$ 1.846	$ 2.114	$ 2.356

Shares / Per Share Metrics	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Earnings Per Share (EPS) - Reported	$ 1.46	$ 1.44	$ 1.18	$ 1.08	$ 0.35	$ 0.39	$ 0.37	$ 0.35	$ 0.32	$ 0.37	$ 0.39	$ 0.36	$ 0.24	$ 0.30	$ 0.28	$ 0.36	$ 0.23	$ 0.25	$ 0.28	$ 0.32
Core EPS	**$ 1.49**	**$ 1.46**	**$ 1.18**	**$ 1.08**	**$ 0.36**	**$ 0.38**	**$ 0.37**	**$ 0.38**	**$ 0.33**	**$ 0.36**	**$ 0.39**	**$ 0.39**	**$ 0.24**	**$ 0.30**	**$ 0.28**	**$ 0.36**	**$ 0.23**	**$ 0.25**	**$ 0.28**	**$ 0.32**
Avg. Diluted Shares o/s	7.724	7.590	7.466	7.465	7.713	7.726	7.724	7.732	7.725	7.704	7.463	7.469	7.468	7.465	7.465	7.465	7.465	7.465	7.465	7.465
EOP Shares	7.634	7.440	7.486	7.486	7.601	7.605	7.630	7.634	7.665	7.511	7.409	7.440	7.462	7.486	7.486	7.486	7.486	7.486	7.486	7.486
Dividend per Share	$ 0.40	$ 0.45	$ 0.48	$ 0.48	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.11	$ 0.11	$ 0.11	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.12
Dividend Payout Ratio	27.4%	31.3%	40.7%	44.4%	28.6%	25.6%	27.0%	28.6%	34.4%	29.7%	28.2%	33.3%	50.0%	40.0%	42.4%	33.6%	51.3%	48.5%	42.4%	38.0%
TBV / Share	$ 12.56	$ 13.99	$ 15.74	$ 16.34	$ 11.64	$ 11.85	$ 11.98	$ 12.56	$ 13.04	$ 13.46	$ 13.84	$ 13.99	$ 14.55	$ 15.35	$ 15.51	$ 15.74	$ 15.86	$ 15.98	$ 16.15	$ 16.34

Profitability Metrics	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
NIM	3.64%	3.62%	3.44%	3.31%	3.66%	3.71%	3.60%	3.79%	3.73%	3.67%	3.65%	3.56%	3.55%	3.38%	3.30%	3.63%	3.29%	3.30%	3.32%	3.34%
Core NIM	3.69%	3.64%	3.38%	3.31%	3.66%	3.71%	3.60%	3.79%	3.73%	3.67%	3.60%	3.56%	3.55%	3.38%	3.30%	3.28%	3.29%	3.30%	3.32%	3.34%
Core ROAA	1.07%	0.99%	0.70%	0.63%	1.06%	1.09%	1.04%	1.08%	0.92%	1.00%	1.03%	1.01%	0.61%	0.70%	0.65%	0.82%	0.55%	0.58%	0.66%	0.72%
Core PTPP ROAA	1.36%	1.26%	1.28%	1.11%	1.39%	1.32%	1.32%	1.40%	1.19%	1.27%	1.31%	1.29%	1.12%	1.26%	1.22%	1.51%	1.06%	1.10%	1.12%	1.15%
Core ROAE	10.73%	9.48%	6.84%	5.94%	10.58%	11.03%	10.50%	10.81%	8.85%	9.39%	9.89%	9.76%	5.81%	6.99%	6.43%	8.02%	5.20%	5.47%	6.21%	6.85%
Core ROTCE	12.70%	10.99%	7.81%	6.73%	12.62%	13.09%	12.48%	12.60%	10.28%	10.94%	11.38%	11.30%	6.75%	7.94%	7.32%	9.12%	5.90%	6.20%	7.03%	7.75%
Core Efficiency	68.7%	71.0%	69.3%	72.3%	67.2%	69.7%	69.1%	68.1%	71.76%	71.0%	70.3%	70.5%	72.9%	69.2%	69.9%	64.9%	73.3%	72.5%	72.2%	71.3%
Core Fee Income / Operating Revs	23.5%	24.4%	24.2%	23.8%	24.3%	24.0%	24.2%	21.6%	21.96%	24.9%	25.0%	25.5%	23.7%	25.8%	24.9%	22.4%	23.7%	24.2%	24.1%	23.4%

First Community Corp. (FCCO)

($M, except Per Share Data)

Kevin P. Fitzsimmons 856-994-6062

Average Balance Sheet	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Avg. Loans	$ 686.3	$ 735.3	$ 816.2	$ 832.4	$ 658.2	$ 677.5	$ 696.2	$ 713.1	$ 724.1	$ 728.7	$ 740.2	$ 748.1	$ 753.7	$ 824.8	$ 845.1	$ 841.0	$ 813.8	$ 826.0	$ 838.4	$ 851.4
Avg. Securities	$ 271.7	$ 257.5	$ 295.0	$ 300.8	$ 278.7	$ 275.7	$ 271.3	$ 261.0	$ 251.9	$ 250.3	$ 254.8	$ 273.1	$ 286.3	$ 294.9	$ 296.4	$ 302.3	$ 299.3	$ 299.3	$ 299.3	$ 305.3
Avg. Other Earning Assets	$ 23.1	$ 25.5	$ 47.9	$ 49.9	$ 21.0	$ 24.8	$ 25.1	$ 21.6	$ 17.5	$ 26.4	$ 27.2	$ 31.0	$ 37.3	$ 51.4	$ 51.4	$ 51.4	$ 50.4	$ 49.9	$ 49.4	$ 49.9
Avg. Earning Assets	$ 981.1	$ 1,018.3	$ 1,159.0	$ 1,183.1	$ 957.9	$ 978.0	$ 992.6	$ 995.7	$ 993.5	$ 1,005.4	$ 1,022.2	$ 1,052.3	$ 1,077.2	$ 1,171.2	$ 1,192.9	$ 1,194.8	$ 1,163.5	$ 1,175.2	$ 1,187.1	$ 1,206.6
Avg. Total Assets	$ 1,076.5	$ 1,116.0	$ 1,258.3	$ 1,282.1	$ 1,054.5	$ 1,073.3	$ 1,087.2	$ 1,091.2	$ 1,089.3	$ 1,103.3	$ 1,120.0	$ 1,151.5	$ 1,176.4	$ 1,269.2	$ 1,292.8	$ 1,294.8	$ 1,260.9	$ 1,273.6	$ 1,286.5	$ 1,307.6
Avg. Shareholders Equity	$ 107.2	$ 117.0	$ 128.7	$ 135.8	$ 105.6	$ 106.0	$ 107.9	$ 109.1	$ 113.8	$ 117.3	$ 117.2	$ 119.6	$ 123.5	$ 126.9	$ 131.4	$ 132.9	$ 134.2	$ 135.1	$ 136.2	$ 137.5
Avg. Tangible Common Equity	$ 90.6	$ 101.0	$ 112.6	$ 119.8	$ 88.5	$ 89.3	$ 90.8	$ 93.6	$ 98.0	$ 100.7	$ 101.8	$ 103.3	$ 106.3	$ 111.7	$ 115.5	$ 117.0	$ 118.3	$ 119.2	$ 120.3	$ 121.6
EOP Balance Sheet	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Loans	$ 718.5	$ 737.0	$ 831.7	$ 881.0	$ 668.6	$ 684.3	$ 696.5	$ 718.5	$ 718.4	$ 726.7	$ 735.1	$ 737.0	$ 749.5	$ 817.4	$ 823.5	$ 831.7	$ 842.1	$ 854.8	$ 867.6	$ 881.0
Total Assets	$ 1,091.6	$ 1,170.3	$ 1,348.1	$ 1,428.0	$ 1,070.5	$ 1,092.1	$ 1,091.1	$ 1,091.6	$ 1,097.4	$ 1,116.0	$ 1,130.0	$ 1,170.3	$ 1,185.3	$ 1,324.8	$ 1,334.7	$ 1,348.1	$ 1,364.9	$ 1,385.4	$ 1,406.2	$ 1,428.0
Total Deposits	$ 925.5	$ 988.2	$ 1,138.5	$ 1,206.0	$ 919.9	$ 933.4	$ 921.7	$ 925.5	$ 919.8	$ 937.9	$ 948.8	$ 988.2	$ 986.6	$ 1,118.9	$ 1,127.3	$ 1,138.5	$ 1,152.8	$ 1,170.1	$ 1,187.6	$ 1,206.0
Loans / Deposits	77.6%	74.6%	73.1%	73.1%	72.7%	73.3%	75.6%	77.6%	78.1%	77.5%	77.5%	74.6%	76.0%	73.1%	73.1%	73.1%	73.1%	73.1%	73.1%	73.1%
Capital Analysis	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Beginning Total Equity															$ 130.8	$ 132.0	$ 133.8	$ 134.6	$ 135.6	$ 136.8
+ Net Income															$ 2.1	$ 2.7	$ 1.7	$ 1.8	$ 2.1	$ 2.4
- Dividends															$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 0.9
- Cost of Share Repurchases															$ -	$ -	$ -	$ -	$ -	$ -
+ Shares Issued (M&A less cash paid; raises)															$ -	$ -	$ -	$ -	$ -	$ -
Ending Shareholders Equity	$ 112.5	$ 120.2	$ 133.8	$ 138.3	$ 105.5	$ 107.0	$ 108.2	$ 112.5	$ 116.4	$ 117.5	$ 118.8	$ 120.2	$ 124.6	$ 130.8	$ 132.0	$ 133.8	$ 134.6	$ 135.6	$ 136.8	$ 138.3
Less: Intangible Assets	$ 16.6	$ 16.1	$ 15.9	$ 15.9	$ 17.0	$ 16.8	$ 16.8	$ 16.6	$ 16.2	$ 16.4	$ 16.2	$ 16.1	$ 16.0	$ 15.9	$ 15.9	$ 15.9	$ 15.9	$ 15.9	$ 15.9	$ 15.9
Less: Preferred Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tangible Common Equity	$ 95.9	$ 104.1	$ 117.9	$ 122.3	$ 88.5	$ 90.2	$ 91.4	$ 95.9	$ 100.2	$ 101.1	$ 102.5	$ 104.1	$ 108.6	$ 114.9	$ 116.1	$ 117.9	$ 118.7	$ 119.7	$ 120.9	$ 122.3
Tangible Assets	$ 1,075.0	$ 1,154.2	$ 1,332.2	$ 1,412.1	$ 1,053.5	$ 1,075.3	$ 1,074.4	$ 1,075.0	$ 1,081.2	$ 1,099.6	$ 1,113.7	$ 1,154.2	$ 1,169.3	$ 1,308.9	$ 1,318.8	$ 1,332.2	$ 1,349.0	$ 1,369.5	$ 1,390.3	$ 1,412.1
TCE/TA	8.92%	9.02%	8.85%	8.66%	8.40%	8.38%	8.51%	8.92%	9.27%	9.20%	9.21%	9.02%	9.29%	8.78%	8.80%	8.85%	8.80%	8.74%	8.69%	8.66%
TBV / Share (calc)	$ 12.56	$ 13.99	$ 15.74	$ 16.34	$ 11.64	$ 11.85	$ 11.98	$ 12.56	$ 13.07	$ 13.46	$ 13.84	$ 13.99	$ 14.55	$ 15.35	$ 15.51	$ 15.74	$ 15.86	$ 15.98	$ 16.15	$ 16.34
Shares Repurchased	-	-	-	-	0.000	0.000	0.000	0.000	0.000	-	-	-	-	-			-	-	-	-
Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Quality	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Provision / Avg. Loans (ann'l)	0.05%	0.02%	0.63%	0.48%	0.12%	0.02%	0.01%	0.05%	0.06%	0.00%	0.01%	0.00%	0.57%	0.61%	0.60%	0.72%	0.56%	0.57%	0.44%	0.37%
NCOs / Avg. Loans (ann'l %)	-0.02%	-0.03%	0.09%	0.47%	0.01%	-0.04%	-0.06%	0.02%	0.01%	0.00%	-0.09%	-0.04%	0.00%	0.00%	0.10%	0.25%	0.50%	0.55%	0.45%	0.40%
Assumed ALLL for New Loans															1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Assumed Add/Release from ALLL															11.00%	9.00%	0.00%	-1.00%	-1.50%	-2.00%
Projected NCOs ($)															$ 0.211	$ 0.526	$ 1.017	$ 1.136	$ 0.943	$ 0.851
Provision for New Loans															$ 0.070	$ 0.095	$ 0.120	$ 0.145	$ 0.147	$ 0.155
Add/Release from ALLL															$ 0.98	$ 0.90	$ -	$ (0.11)	$ (0.17)	$ (0.22)
Required Provision															$ 1.265	$ 1.519	$ 1.137	$ 1.170	$ 0.924	$ 0.784
Beginning ALLL															$ 8.936	$ 9.989	$ 10.983	$ 11.103	$ 11.137	$ 11.117
- NCOs															$ 0.211	$ 0.526	$ 1.017	$ 1.136	$ 0.943	$ 0.851
+ Provision															$ 1.265	$ 1.519	$ 1.137	$ 1.170	$ 0.924	$ 0.784
Ending ALLL	$ 6.263	$ 6.627	$ 10.983	$ 11.050	$ 5.986	$ 6.087	$ 6.212	$ 6.263	$ 6.354	$ 6.362	$ 6.560	$ 6.627	$ 7.694	$ 8.936	$ 9.989	$ 10.983	$ 11.103	$ 11.137	$ 11.117	$ 11.050
ALLL / Loans	0.87%	0.90%	1.32%	1.25%	0.90%	0.89%	0.89%	0.87%	0.88%	0.88%	0.89%	0.90%	1.03%	1.09%	1.21%	1.32%	1.32%	1.30%	1.28%	1.25%
Provision for Loan Losses	$ 0.346	$ 0.139	$ 5.109	$ 4.014	$ 0.202	$ 0.029	$ 0.021	$ 0.094	$ 0.105	$ 0.009	$ 0.025	$ -	$ 1.075	$ 1.250	$ 1.265	$ 1.519	$ 1.137	$ 1.170	$ 0.924	$ 0.784
Net Charge-Offs	$ (0.121)	$ (0.225)	$ 0.753	$ 3.948	$ 0.013	$ (0.072)	$ (0.105)	$ 0.043	$ 0.014	$ 0.001	$ (0.173)	$ (0.067)	$ 0.008	$ 0.008	$ 0.211	$ 0.526	$ 1.017	$ 1.136	$ 0.943	$ 0.851
Excess Provision (LLP less NCOs)	$ 0.467	$ 0.364	$ 4.356	$ 0.066	$ 0.189	$ 0.101	$ 0.126	$ 0.051	$ 0.091	$ 0.008	$ 0.198	$ 0.067	$ 1.067	$ 1.242	$ 1.053	$ 0.994	$ 0.120	$ 0.034	$ (0.020)	$ (0.068)

Potential Risks

- Significant economic deterioration in the bank's core markets
- Unanticipated deterioration in credit quality
- Increasing competitive pressure on loan pricing - implying headwinds for balance sheet growth and NIM
- NIM compression stemming from a flat or inverted yield curve and/or the Fed adopting a less favorable stance on short-term rates
- M&A related risks, including execution or elevated pricing, resulting in a drag on profitability metrics

Required Disclosures

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Rating Information
D.A. Davidson & Co.'s Institutional Research Rating Scale Definitions (maintained since October 10, 2017); information regarding our previous definitions is available upon request:
BUY: Expected to produce a total return of over 15% on a risk adjusted basis over the next 12-18 months
NEUTRAL: Expected to produce a total return of -15% to +15% on a risk adjusted basis over the next 12-18 months
UNDERPERFORM: Expected to lose value of over 15% on a risk adjusted basis over the next 12-18 months

Rating Distribution (as of 6/30/20)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
BUY (Buy)	55%	83%	57%	12%	0%	11%
NEUTRAL (Hold)	43%	17%	42%	9%	0%	9%
UNDERPERFORM (Sell)	2%	0%	1%	0%	0%	0%

IR denotes Institutional Research; WMR denotes Wealth Management Research whose rating scale is Buy/Add, Neutral, Sell/Reduce. Investment Banking Distribution denotes companies from whom D.A. Davidson & Co. has received compensation in the last 12 months.

Target prices are our Institutional Research Department's evaluation of price potential over the next 12 months, based upon our assessment of future earnings and cash flow, comparable company valuations, growth prospects and other financial criteria. Certain risks may impede achievement of these price targets including, but not limited to, broader market and macroeconomic fluctuations and unforeseen changes in the subject company's fundamentals or business trends.

Other Disclosures

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Other Companies Mentioned in this Report

Company Name	Ticker	Rating	Price
First Community Corporation	FCCO	BUY	$13.66