



First Community Corporation

FCCO - NASDAQ

Institutional Equity Research

August 20, 2019

Bank to Dabo and the Tigers (Clemson); Initiating at NEUTRAL

We are initiating coverage of First Community Corp. with a **NEUTRAL** rating and \$20.50 price target. FCCO operates mostly in South Carolina's Midlands region, yet also extends to metro Greenville, SC and metro Augusta, GA. Main positives include an attractive footprint (with scarcity value), a low cost of funds, a favorable deposit mix, and a healthy contribution of fee revenues. With the NIM now shifting to a headwind, and the stock trading at a premium on P/E basis, we're sticking to the sidelines for now.

- **Attractive South Carolina's-based franchise with scarcity value:** FCCO operates in a legacy footprint spanning the Midlands region of South Carolina, complemented by an increasing presence in two faster-growth markets – the state's Upstate region (including metro Greenville) and metro Augusta (GA/SC). With several Carolinas-based banks having sold in recent years, FCCO's franchise appears to have heightened scarcity value to Southeast consolidators.
- **A very favorable cost of funds, deposit mix, and low loans/deposits ratio:** The bank benefits from a healthy contribution of noninterest-bearing deposits (~28% of deposits) and a low contribution of CDs (19%), and, in turn, a very favorable cost of funds (0.61% vs. peer median of 1.26%). Additionally, FCCO has made impressive progress in recent years in boosting loans as a proportion of earning assets, although the bank's ratio of loans/deposits remains well below peer median (77.5% vs. 91.5%) – implying a structural, self-help tailwind for the NIM over the long term as further progress is made.
- **Looking for past investments to lead to positive operating leverage:** FCCO acknowledges that its core expenses have been elevated and lumpy in recent years owing to deliberate investments in the franchise (e.g., new offices, a core systems conversion). That said, with these investments now made, management now expects expenses to level off and resulting benefits to emerge, and, in turn, to produce positive operating leverage in coming quarters.
- **NIM likely to be an incremental headwind:** While certain of FCCO's aforementioned positive attributes and asset sensitive balance sheet contributed to an expanding NIM in a rising or stable rate environment, we suspect that FCCO's NIM is more of a headwind for earnings in the current, more challenging spread/rate/yield curve environment. That said, a decent size mortgage business may serve as somewhat of a hedge.
- **Initiate at NEUTRAL with a \$20.50 price target.** We're establishing core EPS estimates for 2019 and 2020 of \$1.35 and \$1.34, respectively. Our price target assumes the shares will trade at 15.3x our 2020E EPS, which implies ~11.7% upside from current levels. We're very positive on FCCO on a long-term basis, with its attractive franchise, low cost-of-funds, low loans/deposits ratio, and benign asset quality. The stock appears about in line with the peer median on P/TBV, but trades at a premium on a P/E basis – and notably the stock was whipsawed as it relates to the Russell Index (i.e., it was an addition in 2018, yet a deletion in 2019). We will watch for a better entry point and/or the emergence of additional catalysts for earnings, with an eye to get more constructive on FCCO.

Neutral

Price Target	\$20.50
Price (8/19/19)	\$18.35
Industry	FINANCIAL INSTITUTIONS

Valuation & Performance

Return on Assets (MRQ)	1.00%
ROTCE (MRQ)	10.9%
Net Interest Margin (MRQ)	3.67%
Efficiency Ratio (MRQ)	71.0%
TBV per Share (6/30/19)	\$13.46
TCE/TA (6/30/19)	9.2%
Dividend	\$0.44 (2.4%)

Trading Data

Shares Outstanding (M)	7.7
Market Capitalization (\$M)	\$142.5
52-week range	\$17.08 - \$26.10
Avg. Volume (3-mth.) (K)	43.3

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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.

FY (Dec)		2018A	2019E	Cons.	2020E	Cons.
EPS	Q1 (Mar)	\$0.36	\$0.33A	<i>n.a.</i>	\$0.32E	\$0.33
	Q2 (Jun)	\$0.38	\$0.36A	<i>n.a.</i>	\$0.34E	\$0.36
	Q3 (Sep)	\$0.37	\$0.34E	\$0.36	\$0.34E	\$0.37
	Q4 (Dec)	\$0.38	\$0.32E	\$0.34	\$0.34E	\$0.36
		<u>\$1.49</u>	<u>\$1.35E</u>	<u>\$1.39</u>	<u>\$1.34E</u>	<u>\$1.43</u>
Price/EPS		12.3x	13.6x		13.7x	
Revenue (\$M)	Q1 (Mar)	\$11.3	\$11.6A	<i>n.a.</i>	\$11.9E	\$12.2
	Q2 (Jun)	\$11.8	\$12.1A	<i>n.a.</i>	\$12.3E	\$12.4
	Q3 (Sep)	\$11.7	\$12.0E	\$12.2	\$12.3E	\$12.7
	Q4 (Dec)	\$12.0	\$11.9E	\$12.1	\$12.4E	\$12.8
		<u>\$46.7</u>	<u>\$47.6E</u>	<u>\$48.3</u>	<u>\$48.9E</u>	<u>\$50.1</u>

Price Performance

NASDAQ: FCCO



Please refer to pages 11 - 12 of this report for detailed disclosure and certification information.

Initiating with a NEUTRAL rating and \$20.50 Price Target

First Community Corp. (FCCO), based in Lexington, SC, has total assets of \$1.1B and a market capitalization of ~\$150M. The company and its wholly-owned bank subsidiary, First Community Bank, operate 21 branches mostly in South Carolina, with a small presence in Georgia.

We are establishing core EPS estimates for 2019 and 2020 of \$1.35 and \$1.34, respectively. Our initial price target assumes the shares will trade at 15.3x our 2020E EPS one year out.

Main longer-term positives include an attractive geographic South Carolina banking franchise (with increased scarcity value owing to recent years of consolidation in the region), a low cost of funds, a favorable deposit mix (highlighted by a relatively high contribution of noninterest-bearing deposits and low reliance on CDs), a fairly liquid balance sheet (with loans/deposits of ~78%), an above-peer contribution of core fee revenues to total revenues, benign asset quality, and solid capital levels (permitting the utilization of buybacks).

Additionally, FCCO says it is shifting from a deliberate investment phase of the past 3+ years (highlighted by acquisitions, branch openings, a core systems conversion) – with the byproduct of having elevated and lumpy expense levels – to now more of a focus on producing positive operating leverage (with a leveling off of expenses coupled with resulting revenues from aforementioned investments).

All that said, with the NIM likely shifting to more of an incremental headwind (as FCCO is asset sensitive amid Fed rate cuts and a more challenged rate/curve environment), and the stock trading at a premium on a P/E basis, we suspect upside could be limited over the intermediate term.

We rate FCCO shares at **NEUTRAL**; our price target represents ~14.1% total return from current levels, inclusive of the 2.4% dividend yield.

Company Background

The bank was formed in 1995, with many of the senior team coming from the former Republic National Bank, a Columbia, SC-based community bank that was sold in 1994 by its parent company to legacy-Carolina First Bank (a subsidiary of The South Financial Group – which was acquired by Toronto-Dominion Bank in 2010).

The company's growth was mainly organic in its first decade, and subsequently complemented by a few bank deals in 2004-2006 (helping it round out the Midlands franchise), and a few fee-based deals during the financial downturn (in mortgage and financial planning). The bank's two most recent acquisitions reflect its two emerging growth markets – metro Augusta, GA, and metro Greenville, SC (which is within the Upstate SC region). Specifically, in 2014, FCCO acquired a bank providing entry into metro Augusta, GA, while in late-2017, the bank acquired a bank in metro Greenville, SC (this complemented the early-2016 hiring of a team to open a Greenville LPO). During much of 2015, the company was precluded from M&A owing to a BSA/AML-related Consent Order, although the order was lifted in early-2016.

The company is led by CEO Mike Crapps (60), who has served in this role since the bank's formation. Previously, he served as CEO of Republic National Bank, where he worked from 1985-1994. The CEO articulates FCCO's unique identity as involving cultural beliefs that drive core values and, in turn, drive the strategic plan and vision. This vision is to be the provider of choice of financial solutions to local businesses and professionals in the markets it serves, and, in turn, to optimize the long-term return to shareholders.

The company's senior management ranks have had the benefit of continuity, albeit with some change more recently. The longtime CFO, Joe Sawyer (68), plans to retire later this year after a new CFO is named; we suspect the bank is in the process of interviewing outside candidates. The Chief Credit Officer, David Proctor, retired effective July 31, 2019, and was succeeded by a 10-year FCCO veteran – Jack Walker. Additionally, Tanya Butts – an outside hire – joined the executive team in early 2017 in the newly created role of COO and CRO.

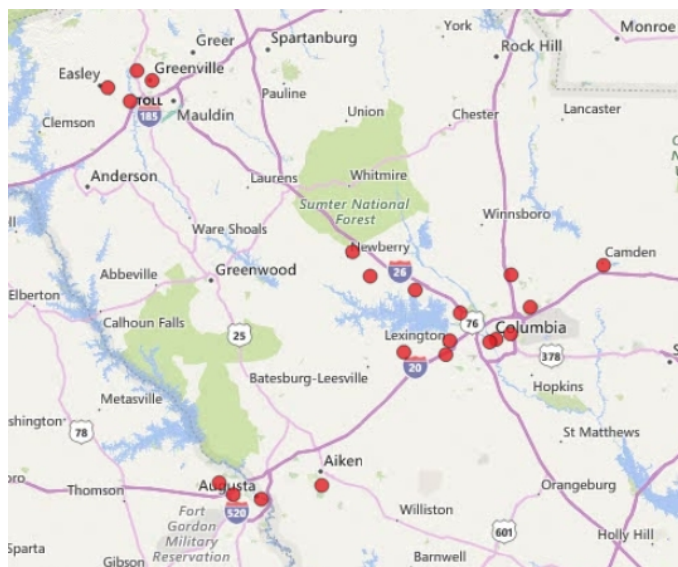
Franchise

The bulk of deposits are in South Carolina, with a very small presence just across the border in Georgia. In South Carolina, FCCO ranks #14 in deposit market share, or #5 among banks actually headquartered in the state.

By MSA, roughly 60% of deposits reside in metro Columbia (the state capitol), where it ranks #8, or #2 among SC-based banks. This market resides in the Midlands region of SC (accounting for ~76% of FCCO's deposits); which is comprised of four counties in or adjacent to metro Columbia (specifically, Richland, Lexington, Newberry, and Kershaw counties). Management emphasizes that FCCO is the largest community bank (i.e., locally-based and locally-focused) in the Midlands region, as all banks with higher-ranked deposit market share are out-of-state-based super-regionals. The Midlands region includes the state capitol (Columbia), University of South Carolina, and Fort Jackson (a large U.S. Army base).

FCCO's two smaller, yet more emerging and faster-growth markets include metro Greenville, SC (residing within South Carolina's Upstate region), and metro Augusta, GA (just along the SC/GA border), which account for 13% and 11%, respectively, of total deposits. Metro Greenville (within the Upstate region of SC) is an active and growing business market. Metro Augusta is home to Fort Gordon (the U.S. Army's center on cybersecurity) as well as an emerging private sector on cybersecurity, Augusta University, a large medical community, and the Masters Golf Tournament.

Figure 1: FCCO Branch Map



Source: S&P Global Market Intelligence

FCCO has grown in these markets via acquisitions (i.e., Cornerstone in metro Greenville; Savannah River Corp. in metro Augusta), as well as new branches (i.e., one in metro Greenville; two in metro Augusta).

Figure 2: FCCO Franchise Table

MSA	Market Rank	Number of Branches	Deposits in Market (\$000)	Deposit Market Share (%)	% of Total Franchise	Total Population 2019 (Actual)	Population % Change 2019-2024	Median HH Income 2019 (\$)
Columbia, SC	8	11	569,535	2.9	60.7	837,258	5.6	59,060
Newberry, SC	1	2	142,902	31.8	15.2	38,866	4.2	44,695
Greenville-Anderson, SC	16	4	125,337	0.7	13.4	912,621	6.2	55,471
Augusta-Richmond County, GA-SC	13	4	100,370	1.2	10.7	607,827	4.5	53,363
Aggregate National:							3.6	63,174

Source: S&P Global Market Intelligence

M&A Activity

FCCO's M&A activity in recent years has focused on its two emerging, growth markets of metro Greenville, SC, and metro Augusta, GA/SC. Specifically, in October 2017, FCCO completed the acquisition of Cornerstone Bancorp, which operated three branches in the Upstate region of SC, particularly, in the attractive Greenville MSA. In early-2014, the company acquired Savannah River Financial Corp., providing an entry into metro Augusta, GA/SC, which, being right on the GA/SC border, had one office in SC and one office in GA.

We get the sense that FCCO is on the lookout for additional acquisitions in what it would characterize as growth markets, particularly metro Greenville and Spartanburg in the Upstate region of the state.

Figure 3: M&A Activity

Announcement Date	Completion Date	Target	State HQ	Deal Value (\$M)	Total Assets (\$M)	Deal Value/ LTM Earnings	Deal Value/ Tagible Book
4/12/2017	10/20/2017	Cornerstone Bancorp	SC	25.9	152,820	35.2x	139
8/14/2013	2/1/2014	Savannah River Financial Corporation	GA	33.6	158,801	52.5x	115

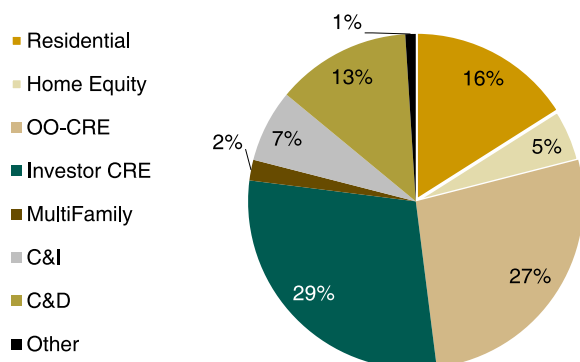
Source: S&P Global Market Intelligence

Balance Sheet

The loans/deposits ratio is 77.5% - up from 70.1% at mid-year 2016 - yet still well below the peer median of 91.5%. In recent years, FCCO had been working to increase this ratio – by boosting loans as a proportion of earning assets - and had been showing steady progress, and, in turn, a wider NIM (with expansion in 10 of the last 11 quarters prior to 2Q19). While FCCO's target was to exceed 80%, we get the sense that this ratio will remain mostly stable in the upper-70% range in the intermediate term – as deposit growth continues to be quite healthy.

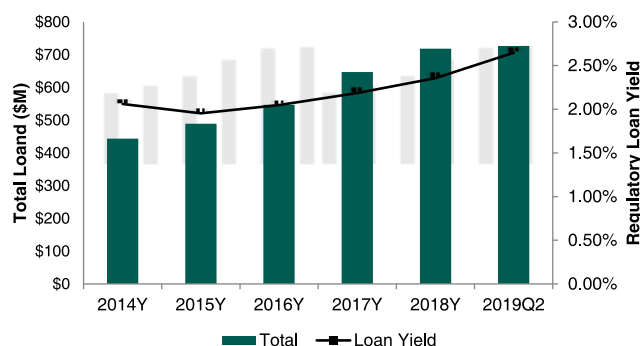
The loan portfolio has a CRE-bent, with the mix including roughly 29% investor CRE, 27% OO-CRE, 16% 1-4 family residential, 13% C&D, 7% C&I, with the balance in multi-family, home equity, and consumer/other. The ratio of non-OO CRE to risk-based capital is ~260%, and we get the sense that management doesn't view 300% as an absolute "stop sign" with regulators.

Figure 4: FCCO 2Q19 Loan Portfolio Composition



Source: Company Data, S&P Global Market Intelligence and D.A. Davidson & Co.

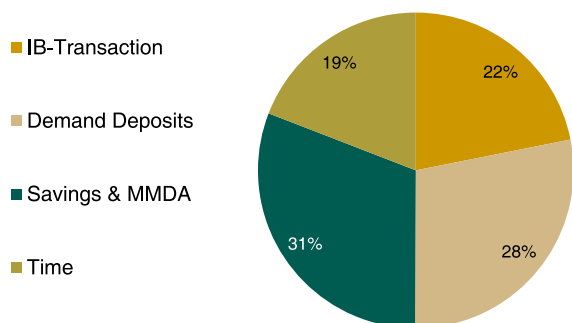
Figure 5: FCCO Loan Growth and Yield



Source: Company Data, S&P Global Market Intelligence and D.A. Davidson & Co.

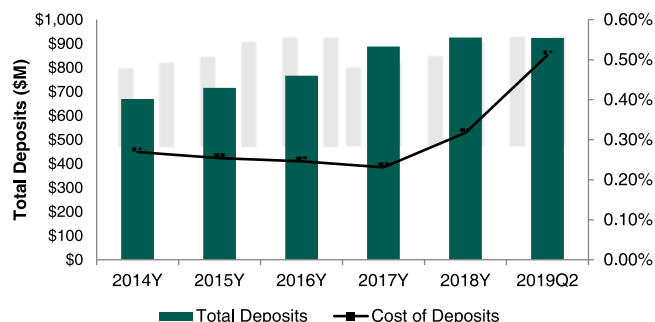
The mix of deposits appears attractive, with ~28% noninterest-bearing deposits, 22% interest-bearing transaction deposits, and 19% time deposits. This is evident when looking at FCCO's favorable cost of total deposits (0.51% vs. 1.16%) and cost of funds (0.61% vs. 1.26%).

Figure 6: FCCO 2Q19 Deposit Composition



Source: Company Data, S&P Global Market Intelligence and D.A. Davidson & Co.

Figure 7: FCCO Deposit Growth and Total Cost of Deposits



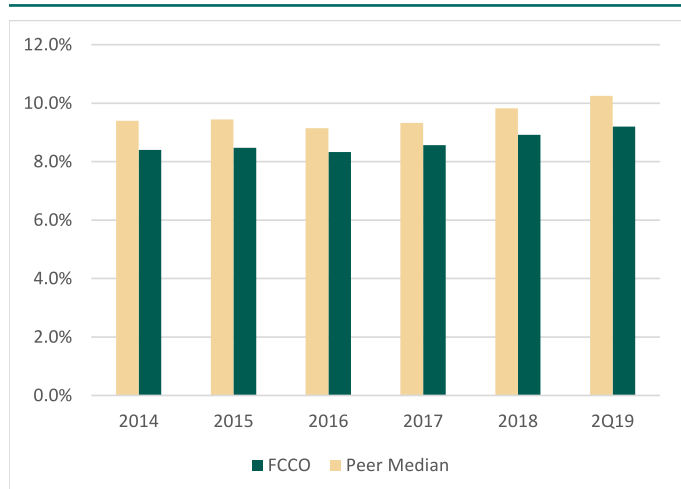
Source: Company Data, S&P Global Market Intelligence and D.A. Davidson & Co.

Capital Management

FCCO's ratio of TCE/TA is 9.2%, which is healthy, yet modestly below the peer median of 10.2%. The company has not raised common equity since July 2012, when it raised \$15M to be used mainly for the repurchase of TARP-CPP preferred shares and the warrants issued to the U.S. Treasury.

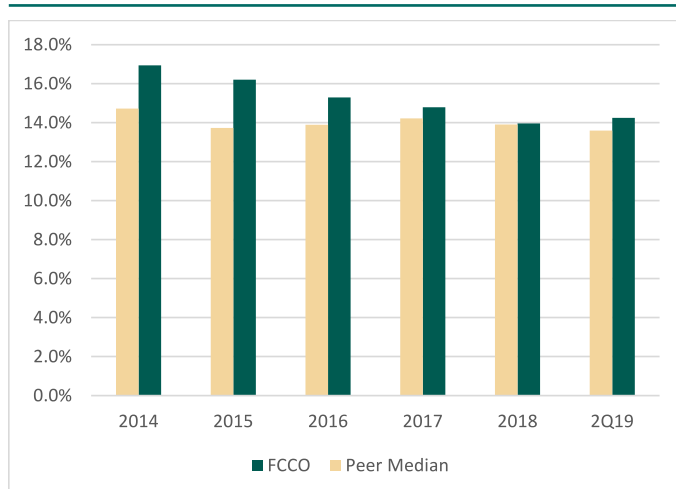
In May 2019, FCCO's BOD approved a share repurchase program of up to 300K shares (<4% of stock) up to two years, of which the bank repurchased 185K shares at an average price of \$18.41/sh during 2Q19. We suspect the remaining shares from the authorization will be repurchased during 3Q19.

Figure 8: TCE/TA Vs. Peers



Source: S&P Global Market Intelligence

Figure 9: Total RBC Vs. Peers



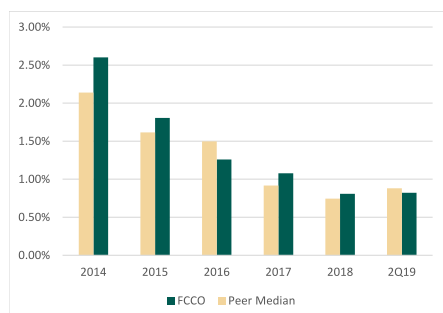
Source: S&P Global Market Intelligence

Asset Quality

Credit quality appears strong at FCCO, with the ratio of NPAs/loans+OREO of 0.82% (vs. peer median of 1.05%). The ALLL/loans ratio of 0.87% is slightly above peer median, while ALLL/NPLs of 137% is modestly ahead (vs. 122%).

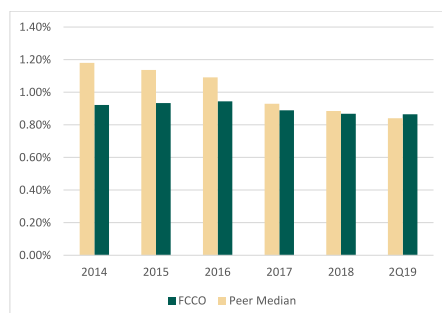
The pace of provisioning has been very nominal over the past several quarters, as the bank has actually recorded net recoveries (as opposed to net charge-offs) over this time.

Figure 10: NPAs/Loan+REO Vs. Peers



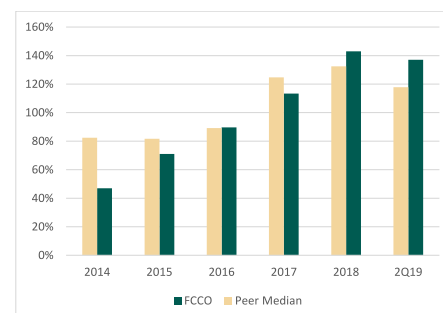
Source: S&P Global Market Intelligence

Figure 11: ALLL/Loans Vs. Peers



Source: S&P Global Market Intelligence

Figure 12: ALLL/NPLs Vs. peers



Source: S&P Global Market Intelligence

Profitability

Core ROAA and ROTCE were 1.00% (modestly below peer median of 1.12%) and 10.9% (in line with peer median) in 2Q19. The core efficiency ratio of 71.0% compares unfavorably to the peer median of 62.8%. At the same time, FCCO has a higher contribution of core fee revenues to total revenues (24.9% vs. peer median of 14.9%) – reflecting a dedicated presence in residential mortgage (8.8% of 1H19 core revenues) and financial planning / investment advisory businesses.

The NIM of 3.67% compares slightly better than the peer median of 3.62%, reflecting a favorable cost of funds (0.61% vs. 1.26%), partly offset by a lower loan yield (4.84% vs. 5.41%) and a generally underutilized balance sheet (with loans/deposits of 77.5% vs. peer median of 91.5%). The NIM compressed 6bp LQ in 2Q19, reflecting a higher cost of interest-bearing deposits, partly offset by a stable yield on earning assets.

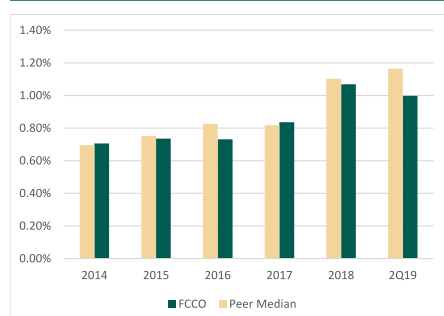
Looking ahead, management acknowledges that the balance sheet is asset sensitive (with the NIM having an upward trend over the last 2+ years prior to 2Q19), so the lower rate environment likely presents a headwind for the NIM. With the late-July Fed rate cut, we suspect the NIM will compress by a similar magnitude as seen in 2Q19 – reflecting a lower yield on assets and more stable deposit costs.

Loan growth was 4.6% LQA during 2Q19, which reflected improved commercial loan production, but partly offset by elevated loan payoffs and pay-downs. This was funded by strong core deposit growth, including customer cash management accounts of 11.7% LQA.

Core fee revenues increased 19% LQ, reflecting a very strong quarter for mortgage (up 47% LQ and 22% Y/Y). Management characterized the 2Q19 pace as not just seasonally strong – but at a record pace – so we're not necessarily viewing that as a run-rate going forward.

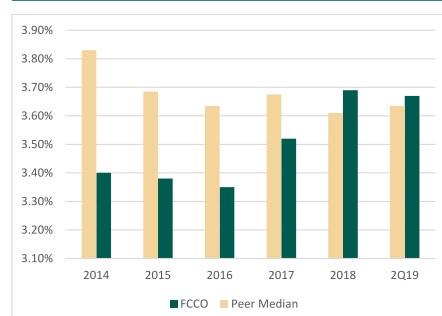
Core expenses increased 3.8% LQ in 2Q19, mainly owing to planned marketing and public relations activities to support the bank's new downtown Greenville banking office, and we suspect that core expenses in 3Q19 will reflect additional occupancy expenses for a new office in Evans, GA (opened in June). We suspect that the expansion activities, as well as a core systems conversion (in 2017), of the past three or so years have led to elevated core expenses, yet not surprisingly with resulting revenues taking time to emerge. With these investments now made, management expects expenses to level off, and, in turn, to produce positive operating leverage in coming quarters.

Figure 13: Core ROAA Vs. Peers



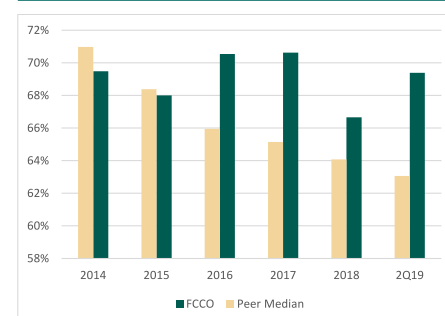
Source: S&P Global Market Intelligence and D.A. Davidson & Co.

Figure 14: NIM Vs. Peers



Source: S&P Global Market Intelligence and D.A. Davidson & Co.

Figure 15: Efficiency Vs. Peers



Source: S&P Global Market Intelligence and D.A. Davidson & Co.

Earnings Outlook

Our EPS estimates for 2019 and 2020 of \$1.35 and \$1.34, respectively, reflect broad expectations for mid-single-digit annualized loan growth, a compressing NIM in 2H19 and 1Q20 (factoring in additional Fed rate cuts in September and December) followed by a more stable NIM over the balance of 2020, modest growth in core fee revenues (with mortgage already at a seasonal high in 2Q19), stable to low single-digit annualized growth in core expenses, a gradually increasing pace of provisioning (and NCOs/average loans), a tax rate of ~21%, and completion of the 300K share buyback program in 3Q19.

Our model implies slight core EPS contraction for full-year 2020, yet 1-year forward growth in TBV/sh (ending June 30, 2020) of 4.7%.

Valuation and Price Target

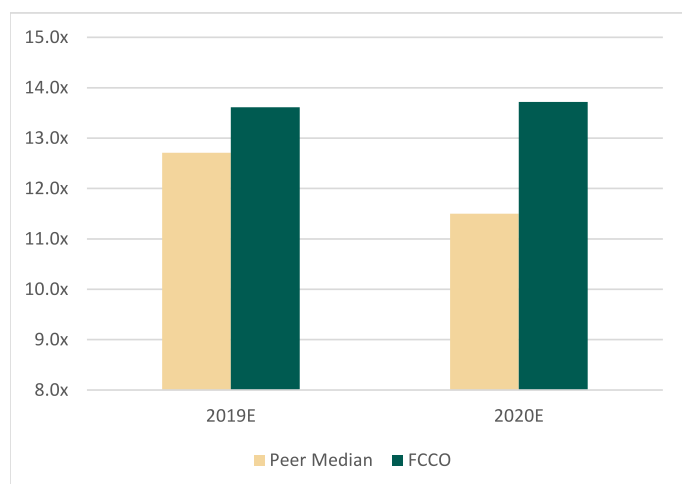
The stock is down ~29% over the past 12 months (underperforming the peer median of -13%), and down ~6% YTD 2019 (underperforming the peer median of +2%). FCCO's stock trended higher from March through September of 2018, but then, like most banks, sold off in 4Q18. The stock modestly recovered in early 2019, yet then exhibited a long, gradual decline from March through early-June 2019 (likely tied to anticipated deletion from the Russell Index – more on this below). In recent months, the stock has mostly remained in a trading range of \$18.50-\$19.50.

The stock was a deletion from the Russell 3K Index in June 2019 owing to its market cap falling below the cut-off, and investor speculation in the months preceding the move was likely a factor in FCCO's aforementioned stock underperformance. This came only a year after FCCO was an addition to the Russell in June 2018, and we note that FCCO's stock did outperform during 2017 – perhaps partly in anticipation of this move.

Institutional ownership is 54.9% (above the peer median of 33.8%) and inside ownership is 5.4% (below peer median of 10.7%). The shares trade at 136% of TBV/sh, slightly above the peer median. On a P/E basis, the shares trade at 13.6x our 2019E EPS (almost one multiple above the peer median) and 13.7x our 2020E EPS (a premium to peer median of 11.5x).

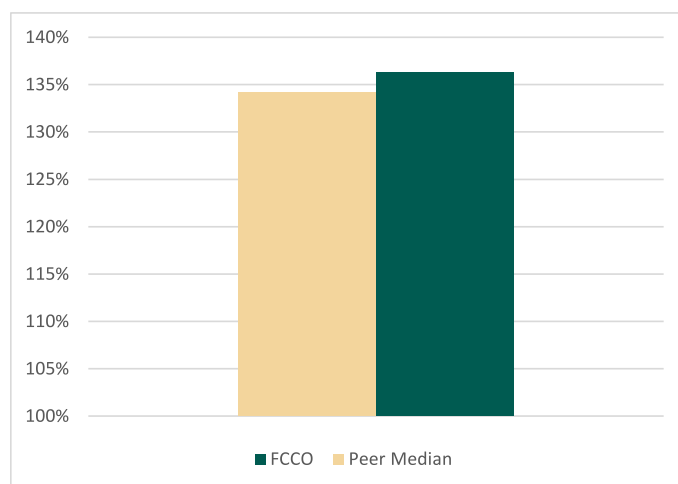
Our initial price target of \$20.50 assumes the shares will trade at 15.3x our 2020E EPS and ~145% of 2Q20E TBV/sh one year out.

Figure 16: Forward P/E Vs. Peers



Source: S&P Global Market Intelligence and D.A. Davidson & Co.

Figure 17: P/TBV Vs. Peers



Source: S&P Global Market Intelligence and D.A. Davidson & Co.

Figure 18: Southeast Comparable Companies

					Valuation			Profitability					Balance Sheet			Asset Quality			
				Total Assets (\$M)	P/E 2019E	P/E 2020E	P/TBV (%)	Core Deposit Premium	Core ROAA (%)	Core ROTCE (%)	NIM (%)	Cost of Deposits (%)	Efficiency Ratio (%)	Loan/Deposit Ratio (%)	Non-Int Bearing Deposits (%)	TCE/TA (%)	NPAs/Loans+REO (%)	LLR/Loans (%)	LLR/NPLs (%)
Ticker	Company Name	Closing Price	Rating																
AMNB	American National Bankshares Inc.	\$35.47	NR	2,418	13.0x	11.0x	180.7	11.69	1.25	12.8	3.82	0.70	61.0	91.9	27.7	9.4	NA	0.70	NA
SMBK	SmartFinancial, Inc.*	\$20.52	N	2,391	13.1x	12.2x	129.4	4.86	0.98	10.5	3.94	1.18	64.1	91.1	17.8	9.6	0.17	0.50	411.6
FCBC	First Community Bankshares, Inc.	\$33.42	NR	2,212	14.8x	15.5x	221.0	20.06	1.64	15.4	4.72	0.30	54.9	93.1	26.0	11.2	1.21	1.08	81.1
HBCP	Home Bancorp, Inc.	\$36.68	NR	2,220	11.6x	11.7x	139.5	6.73	1.35	12.0	4.36	0.83	60.4	92.6	24.6	11.5	1.32	1.02	63.2
BFST	Business First Bancshares, Inc.*	\$24.55	N	2,154	13.7x	12.6x	147.9	9.45	1.27	12.5	4.19	1.16	59.3	96.5	23.2	10.6	0.67	0.71	95.4
CSTR	CapStar Financial Holdings, Inc.	\$15.42	NR	2,018	11.6x	11.3x	129.9	4.70	1.50	14.6	3.68	1.39	59.4	83.6	19.0	10.6	0.18	0.84	481.3
SFST	Southern First Bancshares, Inc.	\$37.88	NR	2,116	10.7x	10.4x	150.8	6.56	1.42	15.7	3.43	1.37	55.1	97.6	19.9	9.0	0.60	0.88	126.7
ISTR	Investar Holding Corporation*	\$23.73	B	1,997	12.2x	10.6x	131.7	5.88	0.97	10.6	3.59	1.24	65.0	99.4	18.6	9.1	0.42	0.64	145.1
RRBI	Red River Bankshares, Inc.	\$45.30	NR	1,893	13.4x	12.8x	139.9	7.29	1.20	10.1	3.51	0.60	60.5	85.2	35.3	12.5	0.44	0.97	188.8
FGBI	First Guaranty Bankshares, Inc.*	\$20.31	NR	1,873	11.5x	10.1x	116.8	2.68	0.70	8.7	3.47	1.74	66.0	77.7	15.0	8.2	0.40	0.84	283.5
RBNC	Reliant Bancorp, Inc.*	\$23.10	B	1,794	15.4x	13.4x	159.1	13.01	0.97	10.6	3.57	1.45	75.4	84.7	14.5	9.3	NA	0.88	NA
MSL	MidSouth Bancorp, Inc.	\$10.73	NR	1,715	NA	NA	132.0	3.48	-0.45	-5.6	4.00	0.46	84.3	61.8	28.1	8.1	1.42	3.16	117.8
CBAN	Colony Bancorp, Inc.	\$16.50	NR	1,507	NA	NA	146.6	5.49	1.05	14.3	3.57	0.86	69.2	72.0	17.9	7.2	1.67	0.72	28.1
FVCB	FVCBankcorp, Inc.	\$17.00	NR	1,485	15.2x	13.4x	145.3	8.40	1.16	10.5	3.59	1.36	55.5	97.2	21.3	11.0	0.73	0.81	143.6
ESXB	Community Bankers Trust Corporation	\$7.72	NR	1,431	11.8x	11.3x	116.6	NA	1.00	9.7	3.69	1.21	65.6	87.2	14.8	10.3	1.17	0.85	57.0
SLCT	Select Bancorp, Inc.	\$11.06	NR	1,317	13.8x	11.4x	112.0	3.84	1.17	7.8	4.06	0.99	65.0	96.8	24.5	14.7	1.37	0.83	50.1
CNBW	CNB Corporation	\$75.40	NR	1,203	NA	NA	102.9	0.04	1.13	11.6	NA	0.38	59.5	53.2	26.3	9.7	0.27	1.24	294.4
MNSB	MainStreet Bankshares, Inc.	\$20.98	NR	1,185	12.7x	11.5x	134.1	9.12	1.18	10.8	3.51	1.85	55.0	98.2	19.9	10.9	0.23	0.93	614.8
BAYK	Bay Banks of Virginia, Inc.*	\$8.06	NR	1,094	15.8x	11.5x	97.3	-0.68	0.67	6.9	3.29	1.42	74.8	104.8	13.3	10.2	1.08	0.81	86.7
	Peer Median				13.1x	11.5x	134.1	6.2	1.16	10.6	3.64	1.18	61.0	91.9	19.9	10.2	0.67	0.84	126.7
FCCO	First Community Corporation	\$18.35	N	1,116	13.6x	13.7x	136.3	4.5	1.04	11.3	3.67	0.51	69.4	77.5	28.1	9.2	0.54	0.87	137.0

Source: S&P Global Market Intelligence and D.A. Davidson & Co.

*D.A. Davidson makes a market in this security

Management Biographies**Michael C. Crapps - President & CEO****Age: 60****Ownership: 0.93%**

Michael Crapps has served as President and CEO of First Community Corporation and its bank subsidiary First Community Bank since its founding in 1995. Prior to his employment with the bank he served as President, Chief Executive Officer, and a Director of Republic National Bank in Columbia from 1985 to 1993. He holds a B.S. degree in Economics from Clemson University, and an M.B.A. from the University of South Carolina. Mr. Crapps is also a graduate of the L.S.U. Banking School of the South.

Joseph G. Sawyer - Executive VP & CFO**Age: 68****Ownership: 0.37%**

Joseph Sawyer has served as Executive VP and CFO of First Community Corporation and its bank subsidiary First Community Bank since 1995. Prior to his appointment as CFO he was Senior Vice President and General Auditor for the National Bank of South Carolina. Mr. Sawyer is a CPA and he is a graduate of The Citadel with a B.A. in Political Science.

Tanya A. Butts - Executive VP, COO & CRO**Age: 60****Ownership: 0.03%**

Tanya Butts serves as Executive VP COO and CRO of First Community Corporation and its bank subsidiary First Community Bank. Prior to her appointment as COO in 2017 Ms. Butts served as the Executive Vice President, Chief Technology Officer and COO at The South Financial Group, Inc. She has over 25 years of experience in the financial services industry and holds a B.S. in Management from Jacksonville University.

First Community Corp. (FCCO)															
(\$M, except Per Share Data)															
Income Statement	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
NET INTEREST INCOME (FTE)	\$ 35.748	\$ 36.360	\$ 36.866	\$ 8.534	\$ 8.939	\$ 8.883	\$ 9.392	\$ 9.020	\$ 9.116	\$ 9.132	\$ 9.093	\$ 9.038	\$ 9.132	\$ 9.279	\$ 9.417
PROVISION FOR LOAN LOSSES	\$ 0.346	\$ 0.417	\$ 0.883	\$ 0.202	\$ 0.029	\$ 0.021	\$ 0.094	\$ 0.105	\$ 0.009	\$ 0.139	\$ 0.165	\$ 0.177	\$ 0.213	\$ 0.230	\$ 0.263
Non-Interest Income															
Deposit service charges	\$ 1.769	\$ 1.548	\$ 1.570	\$ 0.463	\$ 0.423	\$ 0.434	\$ 0.449	\$ 0.411	\$ 0.380	\$ 0.376	\$ 0.381	\$ 0.383	\$ 0.390	\$ 0.396	\$ 0.400
Mortgage banking income	\$ 3.895	\$ 4.200	\$ 4.550	\$ 0.951	\$ 1.016	\$ 1.159	\$ 0.769	\$ 0.844	\$ 1.238	\$ 1.139	\$ 0.980	\$ 1.028	\$ 1.286	\$ 1.196	\$ 1.040
Invest. Advisory fees & commissions	\$ 1.683	\$ 1.898	\$ 2.032	\$ 0.383	\$ 0.401	\$ 0.423	\$ 0.476	\$ 0.438	\$ 0.489	\$ 0.482	\$ 0.489	\$ 0.494	\$ 0.506	\$ 0.514	\$ 0.519
Gain (loss) on sale of other assets	\$ 0.024	\$ (0.003)	\$ -	\$ 0.015	\$ 0.022	\$ (0.029)	\$ 0.016	\$ -	\$ (0.003)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 3.615	\$ 3.599	\$ 3.839	\$ 0.923	\$ 0.955	\$ 0.855	\$ 0.882	\$ 0.845	\$ 0.918	\$ 0.909	\$ 0.927	\$ 0.946	\$ 0.946	\$ 0.964	\$ 0.984
TOTAL NON-INTEREST INCOME (core)	\$ 10.986	\$ 11.242	\$ 11.991	\$ 2.735	\$ 2.817	\$ 2.842	\$ 2.592	\$ 2.538	\$ 3.022	\$ 2.906	\$ 2.776	\$ 2.851	\$ 3.128	\$ 3.070	\$ 2.943
OPERATING REVENUE	\$ 46.734	\$ 47.602	\$ 48.858	\$ 11.269	\$ 11.756	\$ 11.725	\$ 11.984	\$ 11.558	\$ 12.138	\$ 12.037	\$ 11.869	\$ 11.889	\$ 12.260	\$ 12.349	\$ 12.360
Noninterest Expense															
Salaries & employee benefits	\$ 19.515	\$ 20.904	\$ 21.634	\$ 4.577	\$ 4.881	\$ 5.079	\$ 4.978	\$ 5.170	\$ 5.210	\$ 5.249	\$ 5.275	\$ 5.328	\$ 5.395	\$ 5.435	\$ 5.476
Occupancy	\$ 2.380	\$ 2.625	\$ 2.677	\$ 0.614	\$ 0.583	\$ 0.611	\$ 0.572	\$ 0.655	\$ 0.647	\$ 0.666	\$ 0.656	\$ 0.660	\$ 0.666	\$ 0.673	\$ 0.678
Equipment	\$ 1.513	\$ 1.557	\$ 1.607	\$ 0.381	\$ 0.398	\$ 0.388	\$ 0.346	\$ 0.386	\$ 0.389	\$ 0.389	\$ 0.393	\$ 0.396	\$ 0.400	\$ 0.404	\$ 0.408
Marketing & public relations	\$ 0.919	\$ 1.366	\$ 1.556	\$ 0.089	\$ 0.194	\$ 0.177	\$ 0.459	\$ 0.175	\$ 0.430	\$ 0.378	\$ 0.382	\$ 0.382	\$ 0.386	\$ 0.390	\$ 0.398
FDIC assessment	\$ 0.375	\$ 0.287	\$ 0.284	\$ 0.081	\$ 0.083	\$ 0.094	\$ 0.117	\$ 0.074	\$ 0.071	\$ 0.071	\$ 0.071	\$ 0.071	\$ 0.071	\$ 0.071	\$ 0.071
Amortization of intangibles	\$ 0.563	\$ 0.524	\$ 0.505	\$ 0.142	\$ 0.143	\$ 0.142	\$ 0.136	\$ 0.132	\$ 0.132	\$ 0.131	\$ 0.129	\$ 0.128	\$ 0.127	\$ 0.126	\$ 0.124
Other operating expenses	\$ 6.760	\$ 6.988	\$ 7.274	\$ 1.692	\$ 1.912	\$ 1.606	\$ 1.550	\$ 1.702	\$ 1.743	\$ 1.760	\$ 1.782	\$ 1.791	\$ 1.809	\$ 1.827	\$ 1.846
Noninterest Expense, Ex-Credit	\$ 32.025	\$ 34.251	\$ 35.536	\$ 7.576	\$ 8.194	\$ 8.097	\$ 8.158	\$ 8.294	\$ 8.622	\$ 8.645	\$ 8.690	\$ 8.756	\$ 8.854	\$ 8.926	\$ 9.000
OREO expense	\$ 0.098	\$ 0.082	\$ 0.066	\$ 0.018	\$ 0.031	\$ 0.037	\$ 0.012	\$ 0.029	\$ 0.018	\$ 0.018	\$ 0.017	\$ 0.017	\$ 0.017	\$ 0.016	\$ 0.016
Write-down of OREO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss (gain) on sale of OREO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NONINTEREST EXPENSE (core)	\$ 32.123	\$ 34.333	\$ 35.602	\$ 7.594	\$ 8.225	\$ 8.134	\$ 8.170	\$ 8.323	\$ 8.640	\$ 8.663	\$ 8.707	\$ 8.773	\$ 8.870	\$ 8.942	\$ 9.016
Pre-Tax Operating Income	\$ 14.265	\$ 12.852	\$ 12.373	\$ 3.473	\$ 3.502	\$ 3.570	\$ 3.720	\$ 3.130	\$ 3.489	\$ 3.236	\$ 2.998	\$ 2.939	\$ 3.176	\$ 3.177	\$ 3.081
Pre-Tax, Pre-Provision Operating Income	\$ 14.611	\$ 13.270	\$ 13.256	\$ 3.675	\$ 3.531	\$ 3.591	\$ 3.814	\$ 3.235	\$ 3.498	\$ 3.375	\$ 3.162	\$ 3.116	\$ 3.389	\$ 3.407	\$ 3.344
Pre-Tax, Pre-Credit Costs Operating Income	\$ 14.709	\$ 13.352	\$ 13.322	\$ 3.693	\$ 3.562	\$ 3.628	\$ 3.826	\$ 3.264	\$ 3.516	\$ 3.392	\$ 3.180	\$ 3.133	\$ 3.406	\$ 3.423	\$ 3.360
Gain (Loss) on sale of securities	\$ (0.342)	\$ 0.135	\$ -	\$ (0.104)	\$ 0.094	\$ -	\$ (0.332)	\$ (0.029)	\$ 0.164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Net One-Time Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Tax Income	\$ 13.923	\$ 12.987	\$ 12.373	\$ 3.369	\$ 3.596	\$ 3.570	\$ 3.388	\$ 3.101	\$ 3.653	\$ 3.236	\$ 2.998	\$ 2.939	\$ 3.176	\$ 3.177	\$ 3.081
Income Taxes	\$ 2.694	\$ 2.672	\$ 2.598	\$ 0.660	\$ 0.595	\$ 0.737	\$ 0.702	\$ 0.606	\$ 0.772	\$ 0.680	\$ 0.615	\$ 0.617	\$ 0.667	\$ 0.667	\$ 0.647
Tax Rate	19.35%	20.57%	21.00%	19.59%	16.55%	20.64%	20.72%	19.54%	21.1%	21.0%	20.5%	21.0%	21.0%	21.0%	21.0%
Core Tax Rate	19.38%	20.54%	21.00%	19.59%	16.55%	20.64%	20.72%	19.54%	21.1%	21.0%	20.5%	21.0%	21.0%	21.0%	21.0%
Extraordinary Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 11.229	\$ 10.315	\$ 9.775	\$ 2.709	\$ 3.001	\$ 2.833	\$ 2.686	\$ 2.495	\$ 2.881	\$ 2.556	\$ 2.383	\$ 2.322	\$ 2.509	\$ 2.510	\$ 2.434
Preferred Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME AVAILABLE TO COMMON	\$ 11.229	\$ 10.315	\$ 9.775	\$ 2.709	\$ 3.001	\$ 2.833	\$ 2.686	\$ 2.495	\$ 2.881	\$ 2.556	\$ 2.383	\$ 2.322	\$ 2.509	\$ 2.510	\$ 2.434
Shares / Per Share Metrics	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Earnings Per Share (EPS) - Reported	\$ 1.46	\$ 1.35	\$ 1.34	\$ 0.35	\$ 0.39	\$ 0.37	\$ 0.35	\$ 0.32	\$ 0.37	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.34	\$ 0.34	\$ 0.34
Core EPS	\$ 1.49	\$ 1.35	\$ 1.34	\$ 0.36	\$ 0.38	\$ 0.37	\$ 0.38	\$ 0.33	\$ 0.36	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.34	\$ 0.34	\$ 0.34
Avg. Diluted Shares o/s	7.724	7.572	7.309	7.713	7.726	7.724	7.732	7.725	7.704	7.449	7.409	7.369	7.329	7.289	7.249
EOP Shares	7.634	7.216	7.056	7.601	7.605	7.630	7.634	7.665	7.511	7.256	7.216	7.176	7.136	7.096	7.056
Dividend per Share	\$ 0.40	\$ 0.44	\$ 0.48	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Dividend Payout Ratio	27.4%	32.5%	35.9%	28.6%	25.6%	27.0%	28.6%	34.4%	29.7%	32.1%	34.2%	38.1%	35.0%	34.8%	35.7%
TBV / Share	\$ 12.56	\$ 13.71	\$ 14.49	\$ 11.64	\$ 11.85	\$ 11.98	\$ 12.56	\$ 13.04	\$ 13.46	\$ 13.52	\$ 13.71	\$ 13.89	\$ 14.09	\$ 14.29	\$ 14.49
Profitability Metrics	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
NIM	3.64%	3.60%	3.50%	3.66%	3.71%	3.60%	3.79%	3.73%	3.67%	3.60%	3.54%	3.49%	3.49%	3.51%	3.52%
Core NIM	3.69%	3.64%	3.50%	3.66%	3.71%	3.60%	3.79%	3.73%	3.67%	3.60%	3.54%	3.49%	3.49%	3.51%	3.52%
Core ROAA	1.07%	0.92%	0.85%	1.06%	1.09%	1.04%	1.08%	0.92%	1.00%	0.92%	0.85%	0.82%	0.87%	0.87%	0.83%
Core PTPP ROAA	1.36%	1.20%	1.15%	1.39%	1.32%	1.32%	1.40%	1.19%	1.27%	1.21%	1.12%	1.10%	1.18%	1.17%	1.14%
Core ROAE	10.73%	8.84%	8.36%	10.58%	11.03%	10.50%	10.81%	8.85%	9.39%	8.82%	8.30%	8.03%	8.62%	8.55%	8.23%
Core ROTCE	12.70%	10.29%	9.72%	12.62%	13.09%	12.48%	12.60%	10.28%	10.94%	10.27%	9.68%	9.35%	10.03%	9.94%	9.56%
Core Efficiency	68.7%	72.1%	72.9%	67.2%	69.7%	69.1%	68.1%	71.76%	71.0%	72.0%	73.4%	73.8%	72.4%	72.4%	72.9%
Core Fee Income / Operating Revs	23.5%	23.6%	24.5%	24.3%	24.0%	24.2%	21.6%	21.96%	24.9%	24.1%	23.4%	24.0%	25.5%	24.9%	23.8%

First Community Corp. (FCCO)															
(\$M, except Per Share Data)															
Average Balance Sheet	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Loans	\$ 686.3	\$ 735.1	\$ 774.6	\$ 658.2	\$ 677.5	\$ 696.2	\$ 713.1	\$ 724.1	\$ 728.7	\$ 738.5	\$ 748.9	\$ 758.2	\$ 769.2	\$ 779.6	\$ 791.3
Securities	\$ 271.7	\$ 251.0	\$ 252.2	\$ 278.7	\$ 275.7	\$ 271.3	\$ 261.0	\$ 251.9	\$ 250.3	\$ 249.7	\$ 252.2	\$ 251.6	\$ 251.6	\$ 252.2	\$ 253.4
Other Earning Assets	\$ 23.1	\$ 24.2	\$ 25.7	\$ 21.0	\$ 24.8	\$ 25.1	\$ 21.6	\$ 17.5	\$ 26.4	\$ 26.4	\$ 26.4	\$ 26.1	\$ 25.9	\$ 25.6	\$ 25.3
Earning Assets	\$ 981.1	\$ 1,010.2	\$ 1,052.5	\$ 957.9	\$ 978.0	\$ 992.6	\$ 995.7	\$ 993.5	\$ 1,005.4	\$ 1,014.6	\$ 1,027.4	\$ 1,035.9	\$ 1,046.6	\$ 1,057.4	\$ 1,070.1
Total Assets	\$ 1,076.5	\$ 1,108.4	\$ 1,155.1	\$ 1,054.5	\$ 1,073.3	\$ 1,087.2	\$ 1,091.2	\$ 1,089.3	\$ 1,103.3	\$ 1,113.5	\$ 1,127.5	\$ 1,136.8	\$ 1,148.6	\$ 1,160.4	\$ 1,174.4
Shareholders Equity	\$ 107.2	\$ 115.5	\$ 116.9	\$ 105.6	\$ 106.0	\$ 107.9	\$ 109.1	\$ 113.8	\$ 117.3	\$ 116.0	\$ 114.9	\$ 115.7	\$ 116.5	\$ 117.4	\$ 118.2
Tangible Common Equity	\$ 90.6	\$ 99.2	\$ 100.6	\$ 88.5	\$ 89.3	\$ 90.8	\$ 93.6	\$ 98.0	\$ 100.7	\$ 99.6	\$ 98.5	\$ 99.3	\$ 100.1	\$ 101.0	\$ 101.8
EOP Balance Sheet	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Loans	\$ 718.5	\$ 746.8	\$ 789.1	\$ 668.6	\$ 684.3	\$ 696.5	\$ 718.5	\$ 718.4	\$ 726.7	\$ 736.5	\$ 746.8	\$ 756.2	\$ 767.1	\$ 777.5	\$ 789.1
Total Assets	\$ 1,091.6	\$ 1,146.9	\$ 1,211.9	\$ 1,070.5	\$ 1,092.1	\$ 1,091.1	\$ 1,091.6	\$ 1,097.4	\$ 1,116.0	\$ 1,131.0	\$ 1,146.9	\$ 1,161.2	\$ 1,178.0	\$ 1,193.9	\$ 1,211.9
Total Deposits	\$ 925.5	\$ 963.9	\$ 1,018.5	\$ 919.9	\$ 933.4	\$ 921.7	\$ 925.5	\$ 919.8	\$ 937.9	\$ 950.6	\$ 963.9	\$ 976.0	\$ 990.1	\$ 1,003.5	\$ 1,018.5
Loans / Deposits	77.6%	77.5%	77.5%	72.7%	73.3%	75.6%	77.6%	78.1%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%	77.5%
Capital Analysis	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Beginning Total Equity										\$ 117.5	\$ 114.5	\$ 115.3	\$ 116.0	\$ 116.9	\$ 117.8
+ Net Income										\$ 2.6	\$ 2.4	\$ 2.3	\$ 2.5	\$ 2.5	\$ 2.4
- Dividends										\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.8
- Cost of Share Repurchases										\$ 4.78	\$ 0.74	\$ 0.75	\$ 0.76	\$ 0.77	\$ 0.78
+ Shares Issued (M&A less cash paid; raises)										\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Shareholders Equity	\$ 112.5	\$ 115.3	\$ 118.6	\$ 105.5	\$ 107.0	\$ 108.2	\$ 112.5	\$ 116.4	\$ 117.5	\$ 114.5	\$ 115.3	\$ 116.0	\$ 116.9	\$ 117.8	\$ 118.6
Less: Intangible Assets	\$ 16.6	\$ 16.4	\$ 16.4	\$ 17.0	\$ 16.8	\$ 16.8	\$ 16.6	\$ 16.2	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4
Less: Preferred Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tangible Common Equity	\$ 95.9	\$ 98.9	\$ 102.2	\$ 88.5	\$ 90.2	\$ 91.4	\$ 95.9	\$ 100.2	\$ 101.1	\$ 98.1	\$ 98.9	\$ 99.6	\$ 100.5	\$ 101.4	\$ 102.2
Tangible Assets	\$ 1,075.0	\$ 1,130.5	\$ 1,195.5	\$ 1,053.5	\$ 1,075.3	\$ 1,074.4	\$ 1,075.0	\$ 1,081.2	\$ 1,099.6	\$ 1,114.7	\$ 1,130.5	\$ 1,144.8	\$ 1,161.7	\$ 1,177.6	\$ 1,195.5
TCE/TA	8.92%	8.75%	8.55%	8.40%	8.38%	8.51%	8.92%	9.27%	9.20%	8.80%	8.75%	8.70%	8.65%	8.61%	8.55%
TBV / Share (calc)	\$ 12.56	\$ 13.71	\$ 14.49	\$ 11.64	\$ 11.85	\$ 11.98	\$ 12.56	\$ 13.07	\$ 13.46	\$ 13.52	\$ 13.71	\$ 13.89	\$ 14.09	\$ 14.29	\$ 14.49
Shares Repurchased	-	0.295	0.16	0.000	0.000	0.000	0.000	0.000	-	0.26	0.04	0.04	0.04	0.04	0.04
Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Quality	2018A	2019E	2020E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Provision / Avg. Loans (ann'l)	0.05%	0.06%	0.11%	0.12%	0.02%	0.01%	0.05%	0.06%	0.00%	0.08%	0.09%	0.09%	0.11%	0.12%	0.13%
NCOs / Avg. Loans (ann'l %)	-0.02%	0.02%	0.07%	0.01%	-0.04%	-0.06%	0.02%	0.01%	0.00%	0.03%	0.04%	0.05%	0.06%	0.07%	0.08%
Assumed ALLL for New Loans										0.85%	0.87%	0.88%	0.89%	0.90%	0.90%
Assumed Add/Release from ALLL										0%	0%	0%	0%	0%	0%
Projected NCOs (\$)										\$ 0.055	\$ 0.075	\$ 0.095	\$ 0.115	\$ 0.136	\$ 0.158
Provision for New Loans										\$ 0.083	\$ 0.090	\$ 0.082	\$ 0.098	\$ 0.093	\$ 0.105
Add/Release from ALLL										\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Required Provision										\$ 0.139	\$ 0.165	\$ 0.177	\$ 0.213	\$ 0.230	\$ 0.263
Beginning ALLL										\$ 6.362	\$ 6.445	\$ 6.535	\$ 6.617	\$ 6.715	\$ 6.808
- NCOs										\$ 0.055	\$ 0.075	\$ 0.095	\$ 0.115	\$ 0.136	\$ 0.158
+ Provision										\$ 0.139	\$ 0.165	\$ 0.177	\$ 0.213	\$ 0.230	\$ 0.263
Ending ALLL	\$ 6.263	\$ 6.535	\$ 6.913	\$ 5.986	\$ 6.087	\$ 6.212	\$ 6.263	\$ 6.354	\$ 6.362	\$ 6.445	\$ 6.535	\$ 6.617	\$ 6.715	\$ 6.808	\$ 6.913
ALLL / Loans	0.87%	0.88%	0.88%	0.90%	0.89%	0.89%	0.87%	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%
Provision for Loan Losses	\$ 0.346	\$ 0.417	\$ 0.883	\$ 0.202	\$ 0.029	\$ 0.021	\$ 0.094	\$ 0.105	\$ 0.009	\$ 0.139	\$ 0.165	\$ 0.177	\$ 0.213	\$ 0.230	\$ 0.263
Net Charge-Offs	\$ (0.121)	\$ 0.145	\$ 0.505	\$ 0.013	\$ (0.072)	\$ (0.105)	\$ 0.043	\$ 0.014	\$ 0.001	\$ 0.055	\$ 0.075	\$ 0.095	\$ 0.115	\$ 0.136	\$ 0.158
Excess Provision (LLP less NCOs)	\$ 0.467	\$ 0.272	\$ 0.378	\$ 0.189	\$ 0.101	\$ 0.126	\$ 0.051	\$ 0.091	\$ 0.008	\$ 0.083	\$ 0.090	\$ 0.082	\$ 0.098	\$ 0.093	\$ 0.105

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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

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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 6/30/19)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
BUY (Buy)	59%	84%	61%	11%	3%	11%
NEUTRAL (Hold)	40%	16%	38%	7%	0%	7%
UNDERPERFORM (Sell)	1%	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.

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