D|A DAVIDSON

First Community Corporation

Institutional Equity Research

FCCO - NASDAQ

October 26, 2020

Healthy and Open SC Markets Reflect Some Embedded Optimism; BUY

*On the heels of FCCO's 3Q20 earnings report, we're nudging our 2020E EPS higher, reducing our 2021E EPS, establishing a 2022E EPS, and nudging our PT lower, yet reiterating our **BUY** rating. The bank demonstrated strong loan growth and continued strength in mortgage, partially offset by ongoing NIM pressure. Trading at 90% of TBV/sh, we view the ultra-low COF and the attractiveness and scarcity value of the franchise as longer-term positives.*

Slight core beat: FCCO reported 3Q20 EPS of $0.35. We estimate core EPS of $0.31, which came in ahead of our estimate of $0.28 and consensus of $0.30. The core beat stems mainly from higher NII (+$0.04/sh) and core fee revs (+$0.02/sh), as well as a lower than expected provision (+$0.02/sh), partially offset by higher than modeled core expenses (-$0.06/sh). For more details on FCCO's 3Q20 core results, please see our earlier First Look note.

Adjusting our EPS estimates: After inputting FCCO's core 3Q20 results into our model and fine-tuning our assumptions, we're nudging higher our 2020E EPS by a penny (to $1.19), yet reducing our 2021E EPS by four cents (to $1.04), and also establishing a 2022E EPS of $1.09. The main adjustments included a slightly lower base core NIM, a higher run-rate of core expenses, a larger average balance sheet, as well as fine-tuning to our assumed timing on peak NCOs (pushed to 2H21) and the NIM benefit from PPP forgiveness (more weighted in 1Q21).

Reiterate BUY: We're nudging our PT lower by $0.50 (to $16.50) given our reduced 2021E EPS. Our PT assumes the shares will trade at ~101% of 3Q21E TBV/sh and 15.1x our 2022E EPS one year out. While FCCO doesn't rank in the top-tier in terms of core profitability, with the stock trading at 90% of TBV/sh, we believe the shares will benefit over a longer-term horizon from the best-in-class cost of funding (0.27%), the attractiveness and scarcity value of the geographic franchise, and management's historically conservative track record on credit.

MAIN TAKEAWAYS FROM 3Q20 RESULTS AND DISCUSSION W/ MANAGEMENT:

Strong loan production was one of the main positives from 3Q20 results (and looking ahead), which came from all three primary markets (Columbia/Midlands, Greenville, and Augusta), and reflected a combination of higher OO-CRE production and less payoffs and pay-downs. The CEO cited that these markets are open and healthy, and the production reflects embedded optimism.

The core NIM will likely continue to ratchet lower - yet likely at a diminishing rate - as yield pressure is only partially offset by improving funding costs; however, management seems more intent on deploying excess liquidity into securities to pick up some incremental yield.

Mortgage fees will be seasonally weaker in 4Q20, although we'd expect associated compensation costs to decline as well.

Credit metrics remain nominal, and the bank saw a steep decline in deferrals (down to 2.7% of loans ex-PPP as of mid-October). We got the sense from the CEO that assuming the macro environment stays on the current path, the bulk of reserve build is now in the rear-view; and we note that with the bank using the incurred loss ALLL methodology, it is limited to tapping qualitative factors in light of very limited historical losses.

FY (Dec)		2019A	2020E	Previous	Cons.	2021E	Previous	Cons.
EPS	Q1 (Mar)	$0.33	**$0.24A**	-	*n.a.*	**$0.35E**	$0.23	*$0.26*
	Q2 (Jun)	$0.36	**$0.30A**	-	*n.a.*	**$0.27E**	$0.25	*$0.27*
	Q3 (Sep)	$0.39	**$0.31A**	$0.28	*n.a.*	**$0.21E**	$0.28	*$0.30*
	Q4 (Dec)	$0.39	**$0.34E**	$0.36	*$0.32*	**$0.21E**	$0.32	*$0.29*
		$1.46	**$1.19E**	$1.18	*$1.15*	**$1.04E**	$1.08	*$1.12*
Price/EPS		*9.6x*	*11.9x*			*13.5x*		
Revenue ($M)	Q1 (Mar)	$11.6	**$12.3A**	-	*n.a.*	**$14.0E**	$12.5	*$13.3*
	Q2 (Jun)	$12.1	**$13.1A**	-	*n.a.*	**$13.3E**	$12.8	*$13.3*
	Q3 (Sep)	$12.5	**$13.6A**	$13.1	*n.a.*	**$13.5E**	$13.0	*$13.4*
	Q4 (Dec)	$12.6	**$13.8E**	$14.0	*$13.9*	**$13.5E**	$13.2	*$13.3*
		$48.7	**$52.9E**	$52.5	*$53.3*	**$54.3E**	$51.5	*$53.3*

Buy

Price Target	**↓$16.50**
Price (10/26/20)	$14.08
Industry	FINANCIAL INSTITUTIONS

Valuation & Performance

Return on Assets (MRQ)	0.69%
ROTCE (MRQ)	8.0%
Net Interest Margin (MRQ)	3.28%
Efficiency Ratio (MRQ)	70.8%
TBV per Share (9/30/20)	$15.67
TCE/TA (9/30/20)	8.6%
Dividend	$0.48 (3.4%)

Trading Data

Shares Outstanding (M)	7.5
Market Capitalization ($M)	$105.4
52-week range	$12.23 - $22.00
Avg. Volume (3-mth.) (K)	14.7

Kevin P. Fitzsimmons
MD, Senior Research Analyst
856-994-6062
kfitzsimmons@dadco.com

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)

Kevin P. Fitzsimmons 856-994-6062

Income Statement	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
NET INTEREST INCOME (FTE)	36.848	39.837	41.392	42.275	9.020	9.116	9.353	9.359	9.417	9.743	10.176	10.501	10.866	10.082	10.161	10.284	10.402	10.488	10.609	10.775
PROVISION FOR LOAN LOSSES	0.139	4.498	5.508	4.795	0.105	0.009	0.025	-	1.075	1.250	1.062	1.111	1.024	1.103	1.629	1.752	1.478	1.343	1.070	0.904
Non-Interest Income																				
Deposit service charges	1.649	1.103	1.102	1.170	0.411	0.380	0.421	0.437	0.399	0.210	0.242	0.252	0.260	0.275	0.280	0.286	0.284	0.292	0.295	0.299
Mortgage banking income	4.555	5.136	3.951	3.326	0.844	1.238	1.251	1.222	0.982	1.572	1.403	1.179	0.966	1.029	1.029	0.926	0.815	0.860	0.860	0.791
Invest. Advisory fees & commissions	2.021	2.683	2.970	3.199	0.438	0.489	0.509	0.585	0.634	0.671	0.672	0.706	0.720	0.738	0.749	0.764	0.775	0.795	0.807	0.823
Gain (loss) on sale of other assets	(0.003)	0.288	0.564	0.564	-	(0.003)	-	-	0.006	-	0.141	0.141	0.141	0.141	0.141	0.141	0.141	0.141	0.141	0.141
Other	3.661	3.854	4.335	4.669	0.845	0.918	0.932	0.966	0.907	0.934	0.982	1.031	1.052	1.073	1.094	1.116	1.133	1.155	1.179	1.202
TOTAL NON-INTEREST INCOME (core)	11.883	13.063	12.921	12.928	2.538	3.022	3.113	3.210	2.928	3.387	3.440	3.308	3.139	3.255	3.293	3.233	3.149	3.243	3.281	3.256
OPERATING REVENUE	48.731	52.900	54.313	55.202	11.558	12.138	12.466	12.569	12.345	13.130	13.616	13.809	14.005	13.337	13.454	13.517	13.551	13.730	13.890	14.031
Noninterest Expense																				
Salaries & employee benefits	21.261	23.606	24.650	25.300	5.170	5.210	5.465	5.416	5.653	5.840	6.087	6.026	6.101	6.147	6.224	6.177	6.270	6.301	6.380	6.348
Occupancy	2.696	2.794	3.018	3.145	0.655	0.647	0.703	0.691	0.643	0.679	0.736	0.736	0.743	0.751	0.758	0.766	0.772	0.783	0.791	0.799
Equipment	1.493	1.255	1.317	1.377	0.386	0.389	0.365	0.353	0.318	0.298	0.318	0.321	0.324	0.328	0.331	0.334	0.338	0.343	0.346	0.350
Marketing & public relations	1.115	1.131	0.750	0.760	0.175	0.430	0.159	0.351	0.354	0.247	0.342	0.188	0.182	0.195	0.182	0.191	0.185	0.198	0.184	0.193
FDIC assessment	0.067	0.404	0.548	0.548	0.074	0.071	-	(0.078)	0.042	0.088	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137	0.137
Amortization of intangibles	0.523	0.389	0.386	0.382	0.132	0.132	0.133	0.126	0.105	0.095	0.095	0.094	0.095	0.096	0.097	0.098	0.097	0.096	0.095	0.094
Other operating expenses	7.380	7.591	7.953	8.301	1.702	1.743	1.934	2.001	1.888	1.844	1.920	1.939	1.959	1.978	1.998	2.018	2.038	2.064	2.084	2.115
Noninterest Expense, Ex-Credit	34.535	37.171	38.622	39.813	8.294	8.622	8.759	8.860	9.003	9.091	9.635	9.442	9.542	9.632	9.727	9.721	9.837	9.922	10.017	10.036
OREO expense	0.081	0.231	0.325	0.299	0.029	0.018	0.031	0.003	0.035	0.040	0.079	0.077	0.081	0.081	0.081	0.081	0.077	0.076	0.074	0.072
Write-down of OREO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss (gain) on sale of OREO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NONINTEREST EXPENSE (core)	34.616	37.402	38.947	40.112	8.323	8.640	8.790	8.863	9.038	9.131	9.714	9.519	9.624	9.713	9.808	9.802	9.914	9.998	10.092	10.108
Pre-Tax Operating Income	13.976	10.999	9.858	10.295	3.130	3.489	3.651	3.706	2.232	2.749	2.840	3.178	3.358	2.521	2.017	1.963	2.159	2.389	2.729	3.018
Pre-Tax, Pre-Provision Operating Income	14.115	15.498	15.366	15.090	3.235	3.498	3.676	3.706	3.307	3.999	3.902	4.290	4.381	3.624	3.646	3.715	3.637	3.732	3.798	3.923
Pre-Tax, Pre-Credit Costs Operating Income	14.196	15.729	15.691	15.389	3.264	3.516	3.707	3.709	3.342	4.039	3.981	4.367	4.463	3.705	3.727	3.796	3.714	3.808	3.872	3.995
Gain (Loss) on sale of securities	0.136	0.099	-	-	(0.029)	0.164	-	0.001	-	-	0.099	-	-	-	-	-	-	-	-	-
Other Net One-Time Items	(0.282)	0.311	-	-	-	-	-	(0.282)	-	-	0.311	-	-	-	-	-	-	-	-	-
Pre-Tax Income	13.830	11.409	9.858	10.295	3.101	3.653	3.651	3.425	2.232	2.749	3.250	3.178	3.358	2.521	2.017	1.963	2.159	2.389	2.729	3.018
Income Taxes	2.858	2.204	2.070	2.162	0.606	0.772	0.753	0.727	0.438	0.532	0.598	0.636	0.705	0.529	0.423	0.412	0.453	0.502	0.573	0.634
Tax Rate	20.67%	19.31%	21.00%	21.00%	19.54%	21.1%	20.6%	21.2%	19.6%	19.4%	18.4%	20.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Core Tax Rate	20.63%	19.34%	21.00%	21.00%	19.54%	21.1%	20.6%	21.2%	19.6%	19.4%	18.4%	20.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	10.972	9.206	7.788	8.133	2.495	2.881	2.898	2.698	1.794	2.217	2.652	2.543	2.653	1.992	1.593	1.551	1.706	1.887	2.156	2.385
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME AVAILABLE TO COMMON	10.972	9.206	7.788	8.133	2.495	2.881	2.898	2.698	1.794	2.217	2.652	2.543	2.653	1.992	1.593	1.551	1.706	1.887	2.156	2.385
Shares / Per Share Metrics	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
Earnings Per Share (EPS) - Reported	1.44	1.23	1.04	1.09	0.32	0.37	0.39	0.36	0.24	0.30	0.35	0.34	0.35	0.27	0.21	0.21	0.23	0.25	0.29	0.32
Core EPS	**1.46**	**1.19**	**1.04**	**1.09**	**0.33**	**0.36**	**0.39**	**0.39**	**0.24**	**0.30**	**0.31**	**0.34**	**0.35**	**0.27**	**0.21**	**0.21**	**0.23**	**0.25**	**0.29**	**0.32**
Avg. Diluted Shares o/s	7.590	7.474	7.482	7.482	7.725	7.704	7.463	7.469	7.468	7.465	7.482	7.482	7.482	7.482	7.482	7.482	7.482	7.482	7.482	7.482
EOP Shares	7.440	7.493	7.493	7.493	7.665	7.511	7.409	7.440	7.462	7.486	7.493	7.493	7.493	7.493	7.493	7.493	7.493	7.493	7.493	7.493
Dividend per Share	0.45	0.48	0.48	0.48	0.11	0.11	0.11	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Dividend Payout Ratio	31.3%	39.0%	46.1%	44.2%	34.4%	29.7%	28.2%	33.3%	50.0%	40.0%	34.3%	35.3%	33.8%	45.1%	56.4%	57.9%	52.6%	47.6%	41.6%	37.6%
TBV / Share	13.99	15.89	16.45	17.05	13.04	13.46	13.84	13.99	14.55	15.35	15.67	15.89	16.12	16.27	16.36	16.45	16.56	16.69	16.86	17.05
Profitability Metrics	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
NIM	3.62%	3.34%	3.27%	3.24%	3.73%	3.67%	3.65%	3.56%	3.55%	3.38%	3.28%	3.30%	3.47%	3.19%	3.20%	3.21%	3.23%	3.23%	3.24%	3.24%
Core NIM	3.64%	3.36%	3.20%	3.24%	3.73%	3.67%	3.60%	3.56%	3.55%	3.38%	3.28%	3.23%	3.19%	3.19%	3.20%	3.21%	3.23%	3.23%	3.24%	3.24%
Core ROAA	0.99%	0.69%	0.57%	0.58%	0.92%	1.00%	1.03%	1.01%	0.61%	0.70%	0.69%	0.74%	0.79%	0.58%	0.47%	0.45%	0.49%	0.54%	0.61%	0.67%
Core PTPP ROAA	1.26%	1.20%	1.13%	1.07%	1.19%	1.27%	1.31%	1.29%	1.12%	1.26%	1.16%	1.25%	1.30%	1.06%	1.07%	1.08%	1.05%	1.07%	1.08%	1.09%
Core ROAE	9.48%	6.87%	5.67%	5.77%	8.85%	9.39%	9.89%	9.76%	5.81%	6.99%	7.04%	7.59%	7.82%	5.81%	4.61%	4.47%	4.89%	5.38%	6.09%	6.68%
Core ROTCE	10.99%	7.84%	6.40%	6.49%	10.28%	10.94%	11.38%	11.30%	6.75%	7.94%	7.98%	8.60%	8.85%	6.56%	5.21%	5.05%	5.52%	6.06%	6.86%	7.51%
Core Efficiency	71.0%	70.7%	71.7%	72.7%	71.76%	71.0%	70.3%	70.5%	72.9%	69.2%	70.8%	68.9%	68.7%	72.8%	72.9%	72.5%	73.2%	72.8%	72.7%	72.0%
Core Fee Income / Operating Revs	24.4%	24.7%	23.8%	23.4%	21.96%	24.9%	25.0%	25.5%	23.7%	25.8%	25.3%	24.0%	22.4%	24.4%	24.5%	23.9%	23.2%	23.6%	23.6%	23.2%

First Community Corp. (FCCO)

($M, except Per Share Data)

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Average Balance Sheet	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
Avg. Loans	$ 735.3	$ 832.7	$ 872.7	$ 929.6	$ 724.1	$ 728.7	$ 740.2	$ 748.1	$ 753.7	$ 824.8	$ 868.1	$ 884.3	$ 852.3	$ 866.3	$ 879.3	$ 893.0	$ 905.0	$ 920.9	$ 937.0	$ 955.7
Avg. Securities	$ 257.5	$ 297.9	$ 318.1	$ 310.2	$ 251.9	$ 250.3	$ 254.8	$ 273.1	$ 286.3	$ 294.9	$ 299.9	$ 310.4	$ 319.7	$ 319.7	$ 316.5	$ 316.5	$ 313.3	$ 310.2	$ 307.1	$ 310.1
Avg. Other Earning Assets	$ 25.5	$ 61.9	$ 76.3	$ 66.9	$ 17.5	$ 26.4	$ 27.2	$ 31.0	$ 37.3	$ 51.4	$ 80.7	$ 78.2	$ 80.6	$ 78.2	$ 74.3	$ 72.0	$ 69.9	$ 67.8	$ 65.7	$ 64.4
Avg. Earning Assets	$ 1,018.3	$ 1,192.5	$ 1,267.1	$ 1,306.8	$ 993.5	$ 1,005.4	$ 1,022.2	$ 1,052.3	$ 1,077.2	$ 1,171.2	$ 1,248.6	$ 1,272.8	$ 1,252.5	$ 1,264.2	$ 1,270.1	$ 1,281.5	$ 1,288.2	$ 1,298.8	$ 1,309.8	$ 1,330.3
Avg. Total Assets	$ 1,116.0	$ 1,290.5	$ 1,365.0	$ 1,407.8	$ 1,089.3	$ 1,103.3	$ 1,120.0	$ 1,151.5	$ 1,176.4	$ 1,269.2	$ 1,345.1	$ 1,371.2	$ 1,349.3	$ 1,361.9	$ 1,368.2	$ 1,380.5	$ 1,387.8	$ 1,399.2	$ 1,411.0	$ 1,433.1
Avg. Shareholders Equity	$ 117.0	$ 129.0	$ 137.4	$ 141.1	$ 113.8	$ 117.3	$ 117.2	$ 119.6	$ 123.5	$ 126.9	$ 131.7	$ 134.1	$ 135.8	$ 137.2	$ 138.1	$ 138.8	$ 139.5	$ 140.4	$ 141.5	$ 142.9
Avg. Tangible Common Equity	$ 101.0	$ 113.1	$ 121.6	$ 125.2	$ 98.0	$ 100.7	$ 101.8	$ 103.3	$ 106.3	$ 111.7	$ 116.2	$ 118.2	$ 119.9	$ 121.4	$ 122.3	$ 122.9	$ 123.7	$ 124.6	$ 125.7	$ 127.0
EOP Balance Sheet	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
Loans	$ 737.0	$ 860.0	$ 867.2	$ 928.1	$ 718.4	$ 726.7	$ 735.1	$ 737.0	$ 749.5	$ 817.4	$ 844.5	$ 860.0	$ 827.7	$ 841.4	$ 854.0	$ 867.2	$ 878.9	$ 894.3	$ 909.9	$ 928.1
Total Assets	$ 1,170.3	$ 1,419.8	$ 1,506.2	$ 1,612.0	$ 1,097.4	$ 1,116.0	$ 1,130.0	$ 1,170.3	$ 1,185.3	$ 1,324.8	$ 1,381.8	$ 1,419.8	$ 1,437.6	$ 1,461.3	$ 1,483.2	$ 1,506.2	$ 1,526.5	$ 1,553.2	$ 1,580.4	$ 1,612.0
Total Deposits	$ 988.2	$ 1,205.8	$ 1,279.2	$ 1,369.1	$ 919.8	$ 937.9	$ 948.8	$ 988.2	$ 986.6	$ 1,118.9	$ 1,173.6	$ 1,205.8	$ 1,220.9	$ 1,241.0	$ 1,259.7	$ 1,279.2	$ 1,296.5	$ 1,319.1	$ 1,342.2	$ 1,369.1
Loans / Deposits	74.6%	71.3%	67.8%	67.8%	78.1%	77.5%	77.5%	74.6%	76.0%	73.1%	72.0%	71.3%	67.8%	67.8%	67.8%	67.8%	67.8%	67.8%	67.8%	67.8%
Capital Analysis	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
Beginning Total Equity												$ 133.2	$ 134.9	$ 136.6	$ 137.7	$ 138.4	$ 139.1	$ 139.9	$ 140.9	$ 142.1
+ Net Income												$ 2.5	$ 2.7	$ 2.0	$ 1.6	$ 1.6	$ 1.7	$ 1.9	$ 2.2	$ 2.4
- Dividends												$ 0.9	$ 0.9	$ 0.9	$ 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	$ 120.2	$ 134.9	$ 139.1	$ 143.6	$ 116.4	$ 117.5	$ 118.8	$ 120.2	$ 124.6	$ 130.8	$ 133.2	$ 134.9	$ 136.6	$ 137.7	$ 138.4	$ 139.1	$ 139.9	$ 140.9	$ 142.1	$ 143.6
Less: Intangible Assets	$ 16.1	$ 15.8	$ 15.8	$ 15.8	$ 16.2	$ 16.4	$ 16.2	$ 16.1	$ 16.0	$ 15.9	$ 15.8	$ 15.8	$ 15.8	$ 15.8	$ 15.8	$ 15.8	$ 15.8	$ 15.8	$ 15.8	$ 15.8
Less: Preferred Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tangible Common Equity	$ 104.1	$ 119.1	$ 123.3	$ 127.8	$ 100.2	$ 101.1	$ 102.5	$ 104.1	$ 108.6	$ 114.9	$ 117.4	$ 119.1	$ 120.8	$ 121.9	$ 122.6	$ 123.3	$ 124.1	$ 125.0	$ 126.3	$ 127.8
Tangible Assets	$ 1,154.2	$ 1,404.0	$ 1,490.4	$ 1,596.2	$ 1,081.2	$ 1,099.6	$ 1,113.7	$ 1,154.2	$ 1,169.3	$ 1,308.9	$ 1,366.0	$ 1,404.0	$ 1,421.7	$ 1,445.4	$ 1,467.4	$ 1,490.4	$ 1,510.7	$ 1,537.4	$ 1,564.6	$ 1,596.2
TCE/TA	9.02%	8.48%	8.27%	8.01%	9.27%	9.20%	9.21%	9.02%	9.29%	8.78%	8.60%	8.48%	8.50%	8.43%	8.36%	8.27%	8.21%	8.13%	8.07%	8.01%
TBV / Share (calc)	$ 13.99	$ 15.89	$ 16.45	$ 17.05	$ 13.07	$ 13.46	$ 13.84	$ 13.99	$ 14.55	$ 15.35	$ 15.67	$ 15.89	$ 16.12	$ 16.27	$ 16.36	$ 16.45	$ 16.56	$ 16.69	$ 16.86	$ 17.05
Shares Repurchased	-	-	-	-	0.000	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Quality	2019A	2020E	2021E	2022E	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E
Provision / Avg. Loans (ann'l)	0.02%	0.54%	0.63%	0.52%	0.06%	0.00%	0.01%	0.00%	0.57%	0.61%	0.49%	0.50%	0.48%	0.51%	0.74%	0.78%	0.65%	0.58%	0.46%	0.38%
NCOs / Avg. Loans (ann'l %)	-0.03%	0.04%	0.64%	0.52%	0.01%	0.00%	-0.09%	-0.04%	0.00%	0.00%	-0.05%	0.20%	0.40%	0.50%	0.80%	0.85%	0.70%	0.60%	0.45%	0.35%
Assumed ALLL for New Loans												1.15%	1.15%	1.15%	1.15%	1.15%	1.15%	1.13%	1.11%	1.10%
Assumed Add/Release from ALLL												4.00%	0.50%	-1.25%	-2.50%	-2.75%	-2.25%	-2.00%	-1.50%	-1.25%
Projected NCOs ($)												$ 0.442	$ 0.852	$ 1.083	$ 1.759	$ 1.898	$ 1.584	$ 1.381	$ 1.054	$ 0.836
Provision for New Loans												$ 0.26	$ 0.118	$ 0.157	$ 0.145	$ 0.152	$ 0.135	$ 0.174	$ 0.174	$ 0.200
Add/Release from ALLL												$ 0.40	$ 0.05	$ (0.14)	$ (0.27)	$ (0.30)	$ (0.24)	$ (0.21)	$ (0.16)	$ (0.13)
Required Provision												$ 1.111	$ 1.024	$ 1.103	$ 1.629	$ 1.752	$ 1.478	$ 1.343	$ 1.070	$ 0.904
Beginning ALLL												$ 10.113	$ 10.782	$ 10.954	$ 10.974	$ 10.845	$ 10.699	$ 10.592	$ 10.554	$ 10.570
- NCOs												$ 0.442	$ 0.852	$ 1.083	$ 1.759	$ 1.898	$ 1.584	$ 1.381	$ 1.054	$ 0.836
+ Provision												$ 1.111	$ 1.024	$ 1.103	$ 1.629	$ 1.752	$ 1.478	$ 1.343	$ 1.070	$ 0.904
Ending ALLL	$ 6.627	$ 10.782	$ 10.699	$ 10.638	$ 6.354	$ 6.362	$ 6.560	$ 6.627	$ 7.694	$ 8.936	$ 10.113	$ 10.782	$ 10.954	$ 10.974	$ 10.845	$ 10.699	$ 10.592	$ 10.554	$ 10.570	$ 10.638
ALLL / Loans	0.90%	1.25%	1.23%	1.15%	0.88%	0.88%	0.89%	0.90%	1.03%	1.09%	1.20%	1.25%	1.32%	1.30%	1.27%	1.23%	1.21%	1.18%	1.16%	1.15%
Provision for Loan Losses	$ 0.139	$ 4.498	$ 5.508	$ 4.795	$ 0.105	$ 0.009	$ 0.025	$ -	$ 1.075	$ 1.250	$ 1.062	$ 1.111	$ 1.024	$ 1.103	$ 1.629	$ 1.752	$ 1.478	$ 1.343	$ 1.070	$ 0.904
Net Charge-Offs	$ (0.225)	$ 0.343	$ 5.591	$ 4.855	$ 0.014	$ 0.001	$ (0.173)	$ (0.067)	$ 0.008	$ 0.008	$ (0.115)	$ 0.442	$ 0.852	$ 1.083	$ 1.759	$ 1.898	$ 1.584	$ 1.381	$ 1.054	$ 0.836
Excess Provision (LLP less NCOs)	$ 0.364	$ 4.155	$ (0.084)	$ (0.061)	$ 0.091	$ 0.008	$ 0.198	$ 0.067	$ 1.067	$ 1.242	$ 1.177	$ 0.669	$ 0.171	$ 0.020	$ (0.129)	$ (0.146)	$ (0.106)	$ (0.038)	$ 0.015	$ 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 9/30/20)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
BUY (Buy)	57%	89%	59%	15%	0%	14%
NEUTRAL (Hold)	42%	11%	40%	6%	0%	6%
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.

Other Disclosures

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Other Companies Mentioned in this Report

Company Name	Ticker	Rating	Price
First Community Corporation	FCCO	BUY	$14.08