First Community Corporation

FCCO - NASDAQ

Institutional Equity Research

April 23, 2020

Looking to Get More Constructive in South Carolina; NEUTRAL

On the heels of FCCO's 1Q20 earnings report, we're trimming our EPS estimates given higher assumed credit costs. At the same time, we're upping our PT given a higher assumed multiple given a potential lift to the stock from Russell Index inclusion as well as several longer-term positive fundamentals.

Core miss: FCCO reported 1Q20 EPS of $0.24, which we consider as "core". This came in below our and the consensus estimates of $0.32 and $0.31, respectively. The core miss stemmed from a higher than expected provision for loan losses, partially offset by better than expected core PTPP income (highlighted by a relatively stable NIM). Please see our earlier First Look note for more details on FCCO's core 1Q20 results.

Trimming our EPS estimates: After inputting FCCO's core 1Q20 results into our model and fine-tuning our assumptions, we are reducing our 2020E EPS by 15 cents (to $1.11) and our 2021E EPS by 4 cents (to $1.32). The main adjustments – on top of the core 1Q20 miss – include a higher assumed pace of credit costs, additional core NIM pressure, a lower run-rate of core fee revs, and the net impact of PPP.

Staying NEUTRAL for now – but looking to get more constructive… Despite our reduced EPS estimates, we're boosting our PT by $2 (to $16.50), owing to a higher assumed multiple. Our PT assumes the shares will trade at 12.5x our 2021 EPS estimate one year out. Despite sticking with our **NEUTRAL** rating (for now), our more constructive bent on the stock stems from a few reasons.

…given a potential "Russell-Add" play in the shares… First, we suspect that FCCO could end up being an addition to the Russell 2K Index in 2020, which tends to lead to incremental buying activity for speculated additions as institutional investors look to create funds that replicate the index's membership. While the Russell trade has typically been played out by this point (as investors historically look to buy speculated names ahead of the annual early-May though late-June reconstitution timetable), we suspect that this year could prove very different given the volatility of recent months. In turn, we believe investors could get reacquainted with the Russell trade in short order in coming weeks (perhaps this even contributed to FCCO's outperformance yesterday).

…and several longer-term positives: Second, despite the aforementioned environmental, industrywide headwinds, we continue to view FCOO's fundamentals as generally positive on a longer-term horizon, particularly, the bank's attractive geographic footprint (with strong scarcity value in South Carolina), the opportunity to see gains from a pending MOE involving a much larger South Carolina-based bank, a very low cost of funds (~0.50%), an extremely liquid balance sheet (loans-to-deposits <80%), very healthy capital levels (Leverage, Total RBC, CET1, and TCE/TA ratios of 9.91%, 14.25%, 13.35%, and 9.39%, respectively), and a consistent and conservative management team.

FY (Dec)		2019A	2020E	Previous	Cons.	2021E	Previous	Cons.
EPS	Q1 (Mar)	$0.33	**$0.24A**	$0.32	*n.a.*	**$0.31E**	$0.32	*$0.29*
	Q2 (Jun)	$0.36	**$0.27E**	$0.29	*$0.30*	**$0.32E**	$0.34	*$0.31*
	Q3 (Sep)	$0.39	**$0.30E**	$0.32	*$0.30*	**$0.34E**	$0.35	*$0.34*
	Q4 (Dec)	$0.39	**$0.30E**	$0.33	*$0.29*	**$0.35E**	NC	*$0.32*
		$1.46	**$1.11E**	$1.26	*$0.75*	**$1.32E**	$1.36	*$1.13*
Price/EPS		*10.3x*	*13.5x*			*11.4x*		
Revenue ($M)	Q1 (Mar)	$11.6	**$12.3A**	-	*n.a.*	**$12.3E**	$12.5	*$12.5*
	Q2 (Jun)	$12.1	**$12.4E**	$12.2	*$12.2*	**$12.6E**	$12.8	*$12.8*
	Q3 (Sep)	$12.5	**$12.3E**	$12.4	*$12.4*	**$12.8E**	$13.0	*$13.0*
	Q4 (Dec)	$12.6	**$12.3E**	$12.4	*$12.3*	**$13.0E**	$13.1	*$13.1*
		$48.7	**$49.3E**	$49.4	*$49.2*	**$50.7E**	$51.5	*$51.5*

Neutral

Price Target	**↑$16.50**
Price (4/22/20)	$15.00
Industry	FINANCIAL INSTITUTIONS

Valuation & Performance

Return on Assets (MRQ)	0.61%
ROTCE (MRQ)	6.7%
Net Interest Margin (MRQ)	3.55%
Efficiency Ratio (MRQ)	72.9%
TBV per Share (3/31/20)	$14.55
TCE/TA (3/31/20)	9.4%
Dividend	$0.48 (3.2%)

Trading Data

Shares Outstanding (M)	7.5
Market Capitalization ($M)	$112.0
52-week range	$12.60 - $22.00
Avg. Volume (3-mth.) (K)	18.0

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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	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
NET INTEREST INCOME (FTE)	$ 35.748	$ 36.848	$ 37.098	$ 38.016	$ 8.534	$ 8.939	$ 8.883	$ 9.392	$ 9.020	$ 9.116	$ 9.353	$ 9.359	$ 9.417	$ 9.273	$ 9.214	$ 9.193	$ 9.286	$ 9.423	$ 9.544	$ 9.763
PROVISION FOR LOAN LOSSES	$ 0.346	$ 0.139	$ 2.475	$ 1.397	$ 0.202	$ 0.029	$ 0.021	$ 0.094	$ 0.105	$ 0.009	$ 0.025	$ -	$ 1.075	$ 0.521	$ 0.433	$ 0.446	$ 0.317	$ 0.365	$ 0.338	$ 0.376
Non-Interest Income																				
Deposit service charges	$ 1.769	$ 1.649	$ 1.636	$ 1.720	$ 0.463	$ 0.423	$ 0.434	$ 0.449	$ 0.411	$ 0.380	$ 0.421	$ 0.437	$ 0.399	$ 0.407	$ 0.413	$ 0.417	$ 0.419	$ 0.428	$ 0.434	$ 0.438
Mortgage banking income	$ 3.895	$ 4.555	$ 4.376	$ 4.345	$ 0.951	$ 1.016	$ 1.159	$ 0.769	$ 0.844	$ 1.238	$ 1.251	$ 1.222	$ 0.982	$ 1.198	$ 1.132	$ 1.064	$ 1.000	$ 1.130	$ 1.153	$ 1.061
Invest. Advisory fees & commissions	$ 1.683	$ 2.021	$ 2.457	$ 2.574	$ 0.383	$ 0.401	$ 0.423	$ 0.476	$ 0.438	$ 0.489	$ 0.509	$ 0.585	$ 0.634	$ 0.612	$ 0.600	$ 0.612	$ 0.624	$ 0.639	$ 0.649	$ 0.662
Gain (loss) on sale of other assets	$ 0.024	$ (0.003)	$ 0.024	$ 0.024	$ 0.015	$ 0.022	$ (0.029)	$ 0.016	$ -	$ (0.003)	$ -	$ -	$ 0.006	$ 0.006	$ 0.006	$ 0.006	$ 0.006	$ 0.006	$ 0.006	$ 0.006
Other	$ 3.615	$ 3.661	$ 3.738	$ 4.046	$ 0.923	$ 0.955	$ 0.855	$ 0.882	$ 0.845	$ 0.918	$ 0.932	$ 0.966	$ 0.907	$ 0.925	$ 0.944	$ 0.963	$ 0.982	$ 1.001	$ 1.021	$ 1.042
TOTAL NON-INTEREST INCOME (core)	$ 10.986	$ 11.883	$ 12.232	$ 12.709	$ 2.735	$ 2.817	$ 2.842	$ 2.592	$ 2.538	$ 3.022	$ 3.113	$ 3.210	$ 2.928	$ 3.148	$ 3.094	$ 3.062	$ 3.031	$ 3.205	$ 3.264	$ 3.209
OPERATING REVENUE	$ 46.734	$ 48.731	$ 49.330	$ 50.724	$ 11.269	$ 11.756	$ 11.725	$ 11.984	$ 11.558	$ 12.138	$ 12.466	$ 12.569	$ 12.345	$ 12.421	$ 12.309	$ 12.255	$ 12.317	$ 12.628	$ 12.808	$ 12.972
Noninterest Expense																				
Salaries & employee benefits	$ 19.515	$ 21.261	$ 22.967	$ 23.398	$ 4.577	$ 4.881	$ 5.079	$ 4.978	$ 5.170	$ 5.210	$ 5.465	$ 5.416	$ 5.653	$ 5.873	$ 5.756	$ 5.684	$ 5.781	$ 5.824	$ 5.911	$ 5.882
Occupancy	$ 2.380	$ 2.696	$ 2.565	$ 2.637	$ 0.614	$ 0.583	$ 0.611	$ 0.572	$ 0.655	$ 0.647	$ 0.703	$ 0.691	$ 0.643	$ 0.637	$ 0.643	$ 0.643	$ 0.649	$ 0.656	$ 0.662	$ 0.669
Equipment	$ 1.513	$ 1.493	$ 1.291	$ 1.344	$ 0.381	$ 0.398	$ 0.388	$ 0.346	$ 0.386	$ 0.389	$ 0.365	$ 0.353	$ 0.318	$ 0.321	$ 0.324	$ 0.328	$ 0.331	$ 0.334	$ 0.338	$ 0.341
Marketing & public relations	$ 0.919	$ 1.115	$ 1.039	$ 0.645	$ 0.089	$ 0.194	$ 0.177	$ 0.459	$ 0.175	$ 0.430	$ 0.159	$ 0.351	$ 0.354	$ 0.363	$ 0.163	$ 0.158	$ 0.171	$ 0.180	$ 0.153	$ 0.142
FDIC assessment	$ 0.375	$ 0.067	$ 0.261	$ 0.292	$ 0.081	$ 0.083	$ 0.094	$ 0.117	$ 0.074	$ 0.071	$ -	$ (0.078)	$ 0.042	$ 0.073	$ 0.073	$ 0.073	$ 0.073	$ 0.073	$ 0.073	$ 0.073
Amortization of intangibles	$ 0.563	$ 0.523	$ 0.414	$ 0.418	$ 0.142	$ 0.143	$ 0.142	$ 0.136	$ 0.132	$ 0.132	$ 0.133	$ 0.126	$ 0.105	$ 0.104	$ 0.103	$ 0.102	$ 0.103	$ 0.104	$ 0.105	$ 0.106
Other operating expenses	$ 6.760	$ 7.380	$ 7.666	$ 7.977	$ 1.692	$ 1.912	$ 1.606	$ 1.550	$ 1.702	$ 1.743	$ 1.934	$ 2.001	$ 1.888	$ 1.907	$ 1.926	$ 1.945	$ 1.965	$ 1.984	$ 2.004	$ 2.024
Noninterest Expense, Ex-Credit	$ 32.025	$ 34.535	$ 36.202	$ 36.711	$ 7.576	$ 8.194	$ 8.097	$ 8.158	$ 8.294	$ 8.622	$ 8.759	$ 8.860	$ 9.003	$ 9.278	$ 8.988	$ 8.933	$ 9.073	$ 9.155	$ 9.246	$ 9.237
OREO expense	$ 0.098	$ 0.081	$ 0.136	$ 0.132	$ 0.018	$ 0.031	$ 0.037	$ 0.012	$ 0.029	$ 0.018	$ 0.031	$ 0.003	$ 0.035	$ 0.034	$ 0.034	$ 0.033	$ 0.033	$ 0.033	$ 0.033	$ 0.033
Write-down of OREO	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net loss (gain) on sale of OREO	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NONINTEREST EXPENSE (core)	$ 32.123	$ 34.616	$ 36.338	$ 36.842	$ 7.594	$ 8.225	$ 8.134	$ 8.170	$ 8.323	$ 8.640	$ 8.790	$ 8.863	$ 9.038	$ 9.312	$ 9.022	$ 8.966	$ 9.106	$ 9.188	$ 9.279	$ 9.270
Pre-Tax Operating Income	$ 14.265	$ 13.976	$ 10.516	$ 12.485	$ 3.473	$ 3.502	$ 3.570	$ 3.720	$ 3.130	$ 3.489	$ 3.651	$ 3.706	$ 2.232	$ 2.589	$ 2.853	$ 2.843	$ 2.895	$ 3.074	$ 3.190	$ 3.326
Pre-Tax, Pre-Provision Operating Income	$ 14.611	$ 14.115	$ 12.991	$ 13.882	$ 3.675	$ 3.531	$ 3.591	$ 3.814	$ 3.235	$ 3.498	$ 3.676	$ 3.706	$ 3.307	$ 3.109	$ 3.287	$ 3.289	$ 3.212	$ 3.440	$ 3.529	$ 3.702
Pre-Tax, Pre-Credit Costs Operating Income	$ 14.709	$ 14.196	$ 13.127	$ 14.014	$ 3.693	$ 3.562	$ 3.628	$ 3.826	$ 3.264	$ 3.516	$ 3.707	$ 3.709	$ 3.342	$ 3.143	$ 3.320	$ 3.322	$ 3.244	$ 3.473	$ 3.561	$ 3.735
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	$ 10.516	$ 12.485	$ 3.369	$ 3.596	$ 3.570	$ 3.388	$ 3.101	$ 3.653	$ 3.651	$ 3.425	$ 2.232	$ 2.589	$ 2.853	$ 2.843	$ 2.895	$ 3.074	$ 3.190	$ 3.326
Income Taxes	$ 2.694	$ 2.858	$ 2.194	$ 2.647	$ 0.660	$ 0.595	$ 0.737	$ 0.702	$ 0.606	$ 0.772	$ 0.753	$ 0.727	$ 0.438	$ 0.549	$ 0.605	$ 0.603	$ 0.614	$ 0.652	$ 0.676	$ 0.705
Tax Rate	19.35%	20.67%	20.87%	21.20%	19.59%	16.55%	20.64%	20.72%	19.54%	21.1%	20.6%	21.2%	19.6%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Core Tax Rate	19.38%	20.63%	20.81%	21.20%	19.59%	16.55%	20.64%	20.72%	19.54%	21.1%	20.6%	21.2%	19.6%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
Extraordinary Items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Income	$ 11.229	$ 10.972	$ 8.322	$ 9.838	$ 2.709	$ 3.001	$ 2.833	$ 2.686	$ 2.495	$ 2.881	$ 2.898	$ 2.698	$ 1.794	$ 2.040	$ 2.248	$ 2.240	$ 2.281	$ 2.423	$ 2.514	$ 2.621
Preferred Dividends		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET INCOME AVAILABLE TO COMMON	$ 11.229	$ 10.972	$ 8.322	$ 9.838	$ 2.709	$ 3.001	$ 2.833	$ 2.686	$ 2.495	$ 2.881	$ 2.898	$ 2.698	$ 1.794	$ 2.040	$ 2.248	$ 2.240	$ 2.281	$ 2.423	$ 2.514	$ 2.621
Shares / Per Share Metrics	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Earnings Per Share (EPS) - Reported	$ 1.46	$ 1.44	$ 1.11	$ 1.32	$ 0.35	$ 0.39	$ 0.37	$ 0.35	$ 0.32	$ 0.37	$ 0.39	$ 0.36	$ 0.24	$ 0.27	$ 0.30	$ 0.30	$ 0.31	$ 0.32	$ 0.34	$ 0.35
Core EPS	**$ 1.49**	**$ 1.46**	**$ 1.11**	**$ 1.32**	**$ 0.36**	**$ 0.38**	**$ 0.37**	**$ 0.38**	**$ 0.33**	**$ 0.36**	**$ 0.39**	**$ 0.39**	**$ 0.24**	**$ 0.27**	**$ 0.30**	**$ 0.30**	**$ 0.31**	**$ 0.32**	**$ 0.34**	**$ 0.35**
Avg. Diluted Shares o/s	7.724	7.590	7.468	7.468	7.713	7.726	7.724	7.732	7.725	7.704	7.463	7.469	7.468	7.468	7.468	7.468	7.468	7.468	7.468	7.468
EOP Shares	7.634	7.440	7.462	7.462	7.601	7.605	7.630	7.634	7.665	7.511	7.409	7.440	7.462	7.462	7.462	7.462	7.462	7.462	7.462	7.462
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%	43.1%	36.4%	28.6%	25.6%	27.0%	28.6%	34.4%	29.7%	28.2%	33.3%	50.0%	43.9%	39.9%	40.0%	39.3%	37.0%	35.6%	34.2%
TBV / Share	$ 12.56	$ 13.99	$ 15.25	$ 16.09	$ 11.64	$ 11.85	$ 11.98	$ 12.56	$ 13.04	$ 13.46	$ 13.84	$ 13.99	$ 14.55	$ 14.89	$ 15.07	$ 15.25	$ 15.44	$ 15.64	$ 15.86	$ 16.09
Profitability Metrics	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
NIM	3.64%	3.62%	3.38%	3.34%	3.66%	3.71%	3.60%	3.79%	3.73%	3.67%	3.65%	3.56%	3.55%	3.35%	3.37%	3.31%	3.32%	3.33%	3.34%	3.36%
Core NIM	3.69%	3.64%	3.40%	3.34%	3.66%	3.71%	3.60%	3.79%	3.73%	3.67%	3.60%	3.56%	3.55%	3.35%	3.37%	3.31%	3.32%	3.33%	3.34%	3.36%
Core ROAA	1.07%	0.99%	0.70%	0.79%	1.06%	1.09%	1.04%	1.08%	0.92%	1.00%	1.03%	1.01%	0.61%	0.67%	0.75%	0.74%	0.75%	0.78%	0.81%	0.83%
Core PTPP ROAA	1.36%	1.26%	1.08%	1.12%	1.39%	1.32%	1.32%	1.40%	1.19%	1.27%	1.31%	1.29%	1.12%	1.03%	1.10%	1.08%	1.05%	1.11%	1.13%	1.17%
Core ROAE	10.73%	9.48%	6.62%	7.48%	10.58%	11.03%	10.50%	10.81%	8.85%	9.39%	9.89%	9.76%	5.81%	6.52%	7.11%	7.01%	7.06%	7.42%	7.61%	7.83%
Core ROTCE	12.70%	10.99%	7.53%	8.42%	12.62%	13.09%	12.48%	12.60%	10.28%	10.94%	11.38%	11.30%	6.70%	7.38%	8.04%	7.92%	7.97%	8.36%	8.56%	8.79%
Core Efficiency	68.7%	71.0%	73.7%	72.6%	67.2%	69.7%	69.1%	68.1%	71.76%	71.0%	70.3%	70.5%	72.9%	75.0%	73.3%	73.2%	73.9%	72.8%	72.4%	71.5%
Core Fee Income / Operating Revs	23.5%	24.4%	24.8%	25.1%	24.3%	24.0%	24.2%	21.6%	21.96%	24.9%	25.0%	25.5%	23.7%	25.3%	25.1%	25.0%	24.6%	25.4%	25.5%	24.7%

First Community Corp. (FCCO)

($M, except Per Share Data)

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Average Balance Sheet	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Avg. Loans	$ 686.3	$ 735.3	$ 765.6	$ 801.3	$ 658.2	$ 677.5	$ 696.2	$ 713.1	$ 724.1	$ 728.7	$ 740.2	$ 748.1	$ 753.7	$ 775.6	$ 761.3	$ 771.9	$ 783.5	$ 795.6	$ 806.8	$ 819.3
Avg. Securities	$ 271.7	$ 257.5	$ 293.5	$ 298.6	$ 278.7	$ 275.7	$ 271.3	$ 261.0	$ 251.9	$ 250.3	$ 254.8	$ 273.1	$ 286.3	$ 293.5	$ 294.2	$ 300.1	$ 297.1	$ 297.1	$ 297.1	$ 303.0
Avg. Other Earning Assets	$ 23.1	$ 25.5	$ 38.1	$ 39.1	$ 21.0	$ 24.8	$ 25.1	$ 21.6	$ 17.5	$ 26.4	$ 27.2	$ 31.0	$ 37.3	$ 38.2	$ 38.2	$ 38.9	$ 38.2	$ 39.1	$ 39.1	$ 39.9
Avg. Earning Assets	$ 981.1	$ 1,018.3	$ 1,097.3	$ 1,139.0	$ 957.9	$ 978.0	$ 992.6	$ 995.7	$ 993.5	$ 1,005.4	$ 1,022.2	$ 1,052.3	$ 1,077.2	$ 1,107.3	$ 1,093.7	$ 1,111.0	$ 1,118.8	$ 1,131.9	$ 1,143.0	$ 1,162.2
Avg. Total Assets	$ 1,076.5	$ 1,116.0	$ 1,198.2	$ 1,243.8	$ 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	$ 1,209.1	$ 1,194.3	$ 1,213.2	$ 1,221.7	$ 1,236.0	$ 1,248.2	$ 1,269.2
Avg. Shareholders Equity	$ 107.2	$ 117.0	$ 125.7	$ 131.4	$ 105.6	$ 106.0	$ 107.9	$ 109.1	$ 113.8	$ 117.3	$ 117.2	$ 119.6	$ 123.5	$ 125.2	$ 126.4	$ 127.8	$ 129.1	$ 130.6	$ 132.2	$ 133.8
Avg. Tangible Common Equity	$ 90.6	$ 101.0	$ 110.6	$ 116.8	$ 88.5	$ 89.3	$ 90.8	$ 93.6	$ 98.0	$ 100.7	$ 101.8	$ 103.3	$ 107.0	$ 110.5	$ 111.8	$ 113.1	$ 114.5	$ 116.0	$ 117.5	$ 119.2
EOP Balance Sheet	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Loans	$ 718.5	$ 737.0	$ 767.6	$ 814.7	$ 668.6	$ 684.3	$ 696.5	$ 718.5	$ 718.4	$ 726.7	$ 735.1	$ 737.0	$ 749.5	$ 751.4	$ 757.0	$ 767.6	$ 779.2	$ 791.2	$ 802.3	$ 814.7
Total Assets	$ 1,091.6	$ 1,170.3	$ 1,213.9	$ 1,288.4	$ 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	$ 1,188.3	$ 1,197.2	$ 1,213.9	$ 1,232.2	$ 1,251.3	$ 1,268.8	$ 1,288.4
Total Deposits	$ 925.5	$ 988.2	$ 1,010.5	$ 1,072.5	$ 919.9	$ 933.4	$ 921.7	$ 925.5	$ 919.8	$ 937.9	$ 948.8	$ 988.2	$ 986.6	$ 989.1	$ 996.5	$ 1,010.5	$ 1,025.6	$ 1,041.5	$ 1,056.1	$ 1,072.5
Loans / Deposits	77.6%	74.6%	76.0%	76.0%	72.7%	73.3%	75.6%	77.6%	78.1%	77.5%	77.5%	74.6%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%	76.0%
Capital Analysis	2018A	2019A	2020E	2021E	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19A	1Q20A	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Beginning Total Equity														$ 124.6	$ 125.8	$ 127.1	$ 128.5	$ 129.8	$ 131.4	$ 133.0
+ Net Income														$ 2.0	$ 2.2	$ 2.2	$ 2.3	$ 2.4	$ 2.5	$ 2.6
- Dividends														$ 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	$ 112.5	$ 120.2	$ 128.5	$ 134.7	$ 105.5	$ 107.0	$ 108.2	$ 112.5	$ 116.4	$ 117.5	$ 118.8	$ 120.2	$ 124.6	$ 125.8	$ 127.1	$ 128.5	$ 129.8	$ 131.4	$ 133.0	$ 134.7
Less: Intangible Assets	$ 16.6	$ 16.1	$ 14.6	$ 14.6	$ 17.0	$ 16.8	$ 16.8	$ 16.6	$ 16.2	$ 16.4	$ 16.2	$ 16.1	$ 14.6	$ 14.6	$ 14.6	$ 14.6	$ 14.6	$ 14.6	$ 14.6	$ 14.6
Less: Preferred Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tangible Common Equity	$ 95.9	$ 104.1	$ 113.8	$ 120.1	$ 88.5	$ 90.2	$ 91.4	$ 95.9	$ 100.2	$ 101.1	$ 102.5	$ 104.1	$ 110.0	$ 111.1	$ 112.5	$ 113.8	$ 115.2	$ 116.7	$ 118.3	$ 120.1
Tangible Assets	$ 1,075.0	$ 1,154.2	$ 1,199.3	$ 1,273.8	$ 1,053.5	$ 1,075.3	$ 1,074.4	$ 1,075.0	$ 1,081.2	$ 1,099.6	$ 1,113.7	$ 1,154.2	$ 1,170.7	$ 1,173.6	$ 1,182.5	$ 1,199.3	$ 1,217.5	$ 1,236.6	$ 1,254.1	$ 1,273.8
TCE/TA	8.92%	9.02%	9.49%	9.43%	8.40%	8.38%	8.51%	8.92%	9.27%	9.20%	9.21%	9.02%	9.39%	9.47%	9.51%	9.49%	9.46%	9.44%	9.44%	9.43%
TBV / Share (calc)	$ 12.56	$ 13.99	$ 15.25	$ 16.09	$ 11.64	$ 11.85	$ 11.98	$ 12.56	$ 13.07	$ 13.46	$ 13.84	$ 13.99	$ 14.74	$ 14.89	$ 15.07	$ 15.25	$ 15.44	$ 15.64	$ 15.86	$ 16.09
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	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Provision / Avg. Loans (ann'l)	0.05%	0.02%	0.32%	0.17%	0.12%	0.02%	0.01%	0.05%	0.06%	0.00%	0.01%	0.00%	0.57%	0.27%	0.23%	0.23%	0.16%	0.18%	0.17%	0.18%
NCOs / Avg. Loans (ann'l %)	-0.02%	-0.03%	0.07%	0.11%	0.01%	-0.04%	-0.06%	0.02%	0.01%	0.00%	-0.09%	-0.04%	0.00%	0.05%	0.09%	0.13%	0.10%	0.12%	0.11%	0.12%
Assumed ALLL for New Loans														1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Assumed Add/Release from ALLL														5.25%	2.50%	1.00%	0%	0%	0%	0%
Projected NCOs ($)														$ 0.097	$ 0.171	$ 0.251	$ 0.196	$ 0.239	$ 0.222	$ 0.246
Provision for New Loans														$ 0.020	$ 0.059	$ 0.111	$ 0.121	$ 0.127	$ 0.116	$ 0.131
Add/Release from ALLL														$ 0.40	$ 0.20	$ 0.08	$ -	$ -	$ -	$ -
Required Provision														$ 0.521	$ 0.433	$ 0.446	$ 0.317	$ 0.365	$ 0.338	$ 0.376
Beginning ALLL														$ 7.694	$ 8.118	$ 8.380	$ 8.575	$ 8.696	$ 8.823	$ 8.939
- NCOs														$ 0.097	$ 0.171	$ 0.251	$ 0.196	$ 0.239	$ 0.222	$ 0.246
+ Provision														$ 0.521	$ 0.433	$ 0.446	$ 0.317	$ 0.365	$ 0.338	$ 0.376
Ending ALLL	$ 6.263	$ 6.627	$ 8.575	$ 9.069	$ 5.986	$ 6.087	$ 6.212	$ 6.263	$ 6.354	$ 6.362	$ 6.560	$ 6.627	$ 7.694	$ 8.118	$ 8.380	$ 8.575	$ 8.696	$ 8.823	$ 8.939	$ 9.069
ALLL / Loans	0.87%	0.90%	1.12%	1.11%	0.90%	0.89%	0.89%	0.87%	0.88%	0.88%	0.89%	0.90%	1.03%	1.08%	1.11%	1.12%	1.12%	1.12%	1.11%	1.11%
Provision for Loan Losses	$ 0.346	$ 0.139	$ 2.475	$ 1.397	$ 0.202	$ 0.029	$ 0.021	$ 0.094	$ 0.105	$ 0.009	$ 0.025	$ -	$ 1.075	$ 0.521	$ 0.433	$ 0.446	$ 0.317	$ 0.365	$ 0.338	$ 0.376
Net Charge-Offs	$ (0.121)	$ (0.225)	$ 0.527	$ 0.902	$ 0.013	$ (0.072)	$ (0.105)	$ 0.043	$ 0.014	$ 0.001	$ (0.173)	$ (0.067)	$ 0.008	$ 0.097	$ 0.171	$ 0.251	$ 0.196	$ 0.239	$ 0.222	$ 0.246
Excess Provision (LLP less NCOs)	$ 0.467	$ 0.364	$ 1.948	$ 0.495	$ 0.189	$ 0.101	$ 0.126	$ 0.051	$ 0.091	$ 0.008	$ 0.198	$ 0.067	$ 1.067	$ 0.424	$ 0.262	$ 0.195	$ 0.121	$ 0.127	$ 0.116	$ 0.131

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 3/31/20)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
BUY (Buy)	58%	87%	60%	10%	0%	9%
NEUTRAL (Hold)	40%	13%	38%	9%	0%	9%
UNDERPERFORM (Sell)	2%	0%	2%	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	NEUTRAL	$15.00