HOVDE GROUP

October 25, 2021

First Community Corp.

FCCO (NASDAQ)

Outperform

Price $19.57

Price Target $25.00

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Market Data

Market Cap ($M)	$147.6
Price / Tang. Book	1.20x
52-Week Range	$13.59 - $22.00
3-Mo. Avg. Daily Volume	8,729
Dividends	$0.48
Dividend Yield	2.45%
Shares Outstanding (M)	7.5
Institutional Ownership	49.3%
Insider Ownership	5.7%

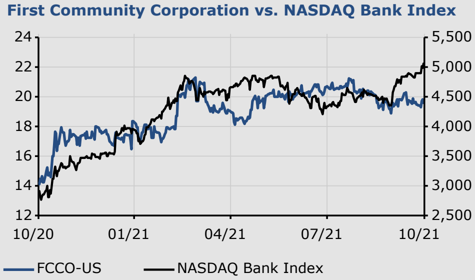
Financial Summary

As of September 30, 2021

Assets ($M)	$1,560.3
Tangible Book Value	$16.37
Tang. Common Eq. / Tang. Assets	8.0%
ROA	1.19%
ROE	13.0%
Net Interest Margin	3.47%

Price Performance

First Community Corporation vs. NASDAQ Bank Index



Company Description

First Community Corporation is the holding company for First Community Bank, a community bank based headquartered in Lexington, SC and operates in the Midlands, Aiken, and Greenville, South Carolina markets as well as Augusta, Georgia.

Adjusting EPS Ests Post 3Q but Revenue Outlook a Little Better; Reiterate Outperform Rating and $25 PT

EPS ESTIMATES	Mar	Jun	Sep	Dec	Year	Growth	Est. Change	P/E
2021E	$0.41A	$0.49A	$0.61A	$0.47	**$1.98**	53.4%	$0.14	9.9x
2022E	$0.41	$0.43	$0.46	$0.50	**$1.80**	(9.1%)	$-0.02	10.9x
2023E	$0.44	$0.49	$0.52	$0.55	**$2.00**	11.2%	$0.02	9.8x

Conclusion

We are increasing our 2021 EPS estimate to $1.98 (+$0.14) to account for the 3Q outperformance but adjusting our 2022-23 estimates to $1.80 (-$0.02) and $1.98 (+$0.02), respectively. Core results this quarter were well ahead of expectations as a stronger top-line, aided by PPP and strong core loan growth, more than offset a larger expenses base. We continue to like the name given the overall quality of the franchise, solid growth prospects, and attractive valuation of <11x our 2022 EPS and 1.2x TBV as compared to peers at 13x and ~1.65x, respectively. **Reiterate OP-rating and $25 PT which is now based on 12.5x our 2023 EPS estimate (vs. 13.5x 2022E previously).**

- **Core growth much stronger than we anticipated.** A key highlight from this quarter's results was the stronger-than-expected core loan growth of +20% LQA as compared to our forecasted +9% (commercial loan production was +15% LQ; +53% Y/Y). Going forward, we remain comfortable with FCCO's ability to produce solid growth over the next several quarters (although payoffs may be higher in 4Q relative to this quarter's level) and continue to think there could be upside to our modeled core growth of ~8% (no change) over the next couple of years.

- **Core NIM may remain under some pressure.** Core NIM compression of 3 bps was a little less than we had modeled (-5 bps) but did include ~$140K of extra income from the resolution of one large loan relationship. Looking ahead, conversations suggest the core NIM may continue to grind lower in the near-term (due to pressure on asset yields) but we anticipate it may find its footing in mid-2022. We revised our reported NIM forecast to 3.06% and 3.15% for 2022-23 (vs. 3.15% and 3.23% previously) due to a slightly lower core NIM but also lower PPP revenue (a sizable amount was pulled forward in 3Q). With respect to PPP, there is only ~$0.3M of PPP remaining which we assume will be recognized by 1Q22.

- **Expenses higher-than-expected but could trend lower next quarter.** Core expenses were +4% LQ and $0.04 p/s above our forecast primarily due to higher salaries. However, conversations suggest a meaningful portion of the increase was tied to an incentive true-up and its possible 4Q expenses could be lower than the 3Q level. We increased our expense forecast mostly to reflect the larger base, but we continue to model manageable growth going forward (~3.5% annual) with solid core efficiency improvement predicted throughout 2023.

Important Disclosures regarding Price Target Risks, Valuation Methodology, Regulation Analyst Certification, Investment Banking, Ratings Definitions, and any potential conflicts of interest begin on page 6 of this report. Past performance is no guarantee of future results.

- **Review of the quarter.** FCCO posted 3Q21 operating EPS of $0.61 vs. our consensus-like estimate of $0.48 (reported EPS was $0.63). Relative to our forecast, the upside was driven by higher NII (EPS: +$0.13), better fee income (+$0.02), and a lower LLP (+$0.02) which more than offset a larger expense base (-$0.04). EOP core loan growth was +20% LQA as compared to our projected +9% while the reported NIM of 3.47% (+27 bps LQ) was 20 bps above our forecast (core NIM was -3 bps LQ). NPAs (incl. 90 days) dropped to 0.10% of assets from 0.62% in 2Q due to the resolution of one large relationship.

Exhibit 1: FCCO 3Q21 Variance Table

Actuals vs. Hovde and Consensus

($M)				Actuals vs:					
FCCO	Estimates		Actual	Hovde			Consensus		
	Hovde	Cons.	3Q21	$ Diff.		P/S	$ Diff.		P/S
Net Interest Income	**11.3**	**11.2**	**12.6**	**1.3**	▲	**$0.13**	**1.4**	▲	**$0.15**
NIM	3.19%	3.17%	3.47%	28 bps	▲		30 bps	▲	
Fee Income	3.3	3.4	3.5	0.2	▲	$0.02	0.1	▲	$0.01
Revenue	14.6	14.7	16.1	1.4	▲	$0.15	1.4	▲	$0.15
Expenses	9.6	9.7	10.1	(0.4)	▲	($0.04)	(0.3)	▲	($0.04)
Core PPNR	**5.0**	**-**	**6.0**	**1.0**	▲	**$0.11**	**-**		**-**
PPNR	**5.0**	**5.0**	**6.2**	**1.2**	▲	**$0.13**	**1.3**	▲	**$0.13**
Provision	0.3	0.2	0.0	0.2	▼	$0.02	0.2	▼	$0.02
Tax Rate	21%	21%	22%		▲			▲	
EPS	**$0.48**	**-**	**$0.63**		▲	**$0.15**			
Core EPS	**$0.48**	**$0.48**	**$0.61**		▲	**$0.13**		▲	**$0.13**
TBVPS	$16.57	$16.58	$16.37		▼	($0.20)		▼	($0.21)
Diluted Shares	7.5	7.5	7.6						
Profitability									
ROA	0.97%	0.96%	1.19%	22 bps	▲		23 bps	▲	
ROTCE	11.9%	-	14.8%	286 bps	▲				
Efficiency Ratio	66%	66%	62%	-333 bps	▼		-412 bps	▼	
Balance Sheet									
Avg Earning Assets	1,409	1,415	1,441	32	▲		26	▲	
EOP Loans	883	884	882	(1)	▼		(2)	▼	
Loans/Deposits	68%	68%	66%						
TCE Ratio	8.27%	-	8.00%	-28 bps	▼				
Credit									
NCOs	0.2	0.3	(0.3)	(0.6)	▼		(0.6)	▼	
Net Charge-Off Ratio	0.10%	0.11%	-0.16%	-26 bps	▼		-27 bps	▼	
LLP/Loans	0.13%	0.11%	0.02%						
LLR/Loans	1.21%		1.25%						

Source: Company Filings, S&P Global Market Intelligence, and FactSet

Exhibit 2: FCCO Estimate Change Summary

Current Estimates vs. Prior

($M)	2021E					2022E					2023E				
FCCO	Estimates		Change			Estimates		Change			Estimates		Change		
	Prior	Current	$ Diff.	▲/▼	P/S	Prior	Current	$ Diff.	▲/▼	P/S	Prior	Current	$ Diff.	▲/▼	P/S
Net Interest Income	**44.6**	**45.7**	**1.1**	▲	**$0.11**	**45.0**	**44.9**	**(0.1)**	▼	**($0.01)**	**48.2**	**48.4**	**0.2**	▲	**$0.02**
NIM	3.21%	3.25%	4 bps	▲		3.15%	3.06%	-9 bps	▼		3.23%	3.15%	-8 bps	▼	
Fee Income	13.0	13.5	0.5	▲	$0.05	13.6	14.0	0.3	▲	$0.04	14.5	14.7	0.3	▲	$0.03
Revenue	57.6	59.2	1.5	▲	$0.16	58.7	58.9	0.3	▲	$0.03	62.7	63.1	0.5	▲	$0.05
Expenses	38.7	39.2	(0.5)	▲	($0.05)	40.2	40.6	(0.4)	▲	($0.04)	41.7	42.0	(0.3)	▲	($0.03)
Core PPNR	**18.9**	**19.9**	**1.0**	▲	**$0.11**	**18.5**	**18.3**	**(0.2)**	▼	**($0.02)**	**21.0**	**21.1**	**0.2**	▲	**$0.02**
PPNR	**18.9**	**20.2**	**1.2**	▲	**$0.13**	**18.5**	**18.3**	**(0.2)**	▼	**($0.02)**	**21.0**	**21.1**	**0.2**	▲	**$0.02**
Provision	0.9	0.5	0.4	▼	$0.04	0.7	0.7	0.0	▼	$0.00	1.5	1.5	0.0	▼	$0.00
Tax Rate	21%	21%		▲		21%	21%		—		21%	21%		—	
EPS	**$1.84**	**$2.00**		▲	**$0.16**	**$1.82**	**$1.80**		▼	**($0.02)**	**$1.98**	**$2.00**		▲	**$0.02**
Core EPS	**$1.84**	**$1.98**		▲	**$0.14**	**$1.82**	**$1.80**		▼	**($0.02)**	**$1.98**	**$2.00**		▲	**$0.02**
TBVPS	$16.90	$16.71		▼	($0.18)	$18.13	$17.94		▼	($0.19)	$19.52	$19.36		▼	($0.16)
Diluted Shares	7.5	7.5				7.6	7.6				7.6	7.6			
Profitability															
ROA	0.93%	0.99%	6 bps	▲		0.90%	0.87%	-3 bps	▼		0.94%	0.93%	-1 bps	▼	
ROTCE	11.5%	12.3%	88 bps	▲		10.5%	10.5%	4 bps	▲		10.6%	10.8%	23 bps	▲	
Efficiency Ratio	67%	66%	-85 bps	▼		68%	69%	41 bps	▲		66%	66%	-3 bps	▼	
Balance Sheet															
Avg Earning Assets	1,390	1,405	15	▲		1,427	1,469	41	▲		1,494	1,538	45	▲	
EOP Loans	887	895	9	▲		938	958	20	▲		1,016	1,037	22	▲	
Loans/Deposits	68%	67%				73%	72%				80%	79%			
TCE Ratio	8.40%	8.05%	-35 bps	▼		8.74%	8.31%	-43 bps	▼		8.97%	8.61%	-36 bps	▼	
Credit															
NCOs	0.6	(0.1)	(0.7)	▼		0.7	0.5	(0.2)	▼		0.5	0.5	(0.0)	▼	
Net Charge-Off Ratio	0.07%	-0.02%	-9 bps	▼		0.08%	0.06%	-2 bps	▼		0.05%	0.05%	0 bps	—	
LLP/Loans	0.11%	0.06%				0.08%	0.08%				0.15%	0.15%			
LLR/Loans	1.21%	1.24%				1.14%	1.18%				1.16%	1.18%			

Source: Company Filings

Exhibit 3: FCCO Comparable Group

					Valuation						Profitability (LTM; %)				Balance Sheet (MRQ; %)				Credit (MRQ; %)			CAGRs				Price Perf. (%)		
Ticker	Company Name	10/22 Price	Mkt Cap ($M)	Assets ($M)	Price/Earnings[1] LTM	Price/Earnings[1] '22E	Price/Earnings[1] '23E	Price/ TBV	Dvd Yield	Dep. Prem.	ROA	ROTCE	NIM	Eff. Ratio	LTD Ratio	Core Dep.[2]	COFs	TCE Ratio	NCOs (LTM)	NPAs/ Assets	LLR/ Loans	EPS '15-'20	EPS '20-'22E	TBVPS '15-'20	TBVPS '20-'22E	1M	3M	YTD
ACBI	Atlantic Cap Bcshs	$28.00	$569	$3,780	13.3x	14.3x	12.4x	1.72x	-	7.2%	1.28	13.7	2.93	53.3	68.5	97.3	0.23	8.80	0.07	0.45	1.15	-263%	37%	-	11%	20.9	17.7	75.9
AMNB	Amer Natl Bkshs	$36.21	$394	$3,289	9.3x	12.8x	12.8x	1.50x	3.0%	4.7%	1.33	16.7	3.13	51.1	67.8	92.1	0.17	8.14	0.01	NA	1.06	10%	1%	5%	8%	13.7	21.9	38.2
CARE	Carter Bkshs	$14.88	$394	$4,121	63.9x	11.5x	10.3x	0.99x	0.0%	-0.1%	-0.96	2.2	2.68	74.2	79.7	94.9	NA	9.69	0.33	3.33	3.74	-203%	-	4%	1%	5.2	46.6	38.8
CBAN	Colony Bkcp Inc	$18.70	$256	$2,513	8.9x	8.8x	8.0x	1.64x	2.2%	4.5%	1.02	NA	3.52	69.7	59.7	94.4	0.23	6.37	0.01	NA	0.96	12%	31%	8%	3%	7.8	5.2	27.6
CSTR	CapStar Finl Hlgs	$22.25	$493	$3,112	10.0x	11.8x	11.0x	1.53x	1.1%	6.4%	1.49	15.5	3.14	53.8	70.8	93.9	0.25	10.51	0.02	0.18	1.09	11%	24%	6%	10%	4.8	6.6	50.8
ESXB	Cmty Bnk Trst Corp	$11.59	$260	$1,754	11.6x	15.0x	-	1.45x	2.4%	5.4%	1.32	12.9	3.55	56.6	81.3	87.8	0.41	10.25	-0.01	0.46	0.92	-244%	6%	10%	6%	13.6	11.1	71.7
FBK	FB Finl Corp	$46.77	$2,231	$11,810	11.1x	14.7x	14.2x	1.96x	0.9%	10.8%	1.61	18.1	3.22	61.8	72.4	94.3	0.32	9.87	0.18	NA	1.71	-10%	38%	15%	12%	14.1	25.4	34.7
FBMS	First Bancshares	$39.75	$836	$5,510	13.6x	13.9x	13.6x	1.76x	1.5%	7.7%	1.13	13.9	3.39	53.1	65.0	94.3	0.43	8.91	0.21	0.67	1.07	10%	6%	11%	9%	1.8	8.3	28.7
FBNC	First Bancorp	$47.59	$1,356	$8,201	12.8x	14.8x	12.9x	2.03x	1.7%	9.6%	1.41	16.7	3.33	51.6	66.7	94.3	0.14	8.38	0.04	0.51	1.35	17%	11%	11%	8%	18.3	24.9	40.7
FCBC	First Comm Bkshs	$32.62	$564	$3,129	11.8x	13.0x	-	1.94x	3.3%	10.2%	1.57	17.0	3.96	54.6	80.8	98.8	0.11	9.74	0.19	1.07	1.48	9%	11%	5%	5%	9.8	15.8	51.2
FRST	Primis Financial C	$15.19	$373	$3,395	11.8x	14.4x	13.8x	1.24x	2.6%	2.7%	1.19	13.8	3.23	60.2	83.1	88.0	0.66	9.12	0.01	0.51	1.37	5%	5%	6%	7%	9.8	(0.3)	25.4
HTBI	HomeTrust Bcshs	$29.64	$480	$3,525	13.9x	15.4x	14.6x	1.33x	1.1%	3.7%	0.42	4.3	3.04	73.2	92.5	93.7	0.35	10.59	0.01	0.68	1.25	25%	21%	5%	3%	10.8	6.8	53.5
RBNC	Reliant Bncp	$34.69	$579	$3,014	12.0x	13.0x	12.0x	1.98x	1.4%	11.3%	1.67	NA	4.33	55.4	93.8	91.0	0.74	9.90	0.00	NA	0.85	19%	14%	6%	14%	24.7	25.1	86.3
SFST	Southern First	$54.26	$429	$2,650	13.6x	12.4x	11.5x	1.70x	-	7.7%	1.26	13.8	3.54	50.5	97.5	94.1	NA	9.50	0.04	0.44	1.83	9%	37%	14%	15%	11.4	8.3	53.5
SMBK	SmartFinancial Inc	$26.51	$445	$4,384	10.2x	12.0x	10.3x	1.39x	0.9%	3.3%	1.05	13.9	3.41	60.3	69.8	93.7	0.33	7.47	0.03	0.14	0.73	38%	17%	5%	9%	6.1	10.7	46.1
Peer Median			**$480**	**$3,395**	**11.8x**	**13.0x**	**12.4x**	**1.64x**	**1.5%**	**6.4%**	**1.28**	**13.9**	**3.33**	**55.4**	**72.4**	**94.1**	**0.32**	**9.50**	**0.03**	**0.51**	**1.15**	**10%**	**16%**	**6%**	**8%**	**10.8**	**11.1**	**46.1**
FCCO	**First Cmnty Corp**	**$19.57**	**$148**	**$1,560**	**-**	**11.1x**	**9.8x**	**1.20x**	**2.5%**	**1.8%**	**1.02**	**12.6**	**3.30**	**65.2**	**66.1**	**92.9**	**0.15**	**8.00**	**-0.03**	**0.19**	**1.24**	**8%**	**15%**	**8%**	**6%**	**1.2**	**(5.0)**	**15.2**

[1]Based on consensus EPS estimates
[2]Core deposits as % of total non-equity funding
Source: S&P Global Market Intelligence and FactSet

First Community Corporation

Will Curtiss; 615-783-1638

Summary Model

($M)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E	2020	2021E	2022E	2023E
Income Statement																				
Net Interest Income	9.1	9.2	9.4	9.4	9.5	9.8	10.3	10.8	10.7	11.2	12.6	11.2	10.9	11.0	11.4	11.6	40.4	45.7	44.9	48.4
Noninterest Income	2.5	3.2	3.1	2.9	2.9	3.4	3.9	3.6	3.3	3.4	3.6	3.4	3.4	3.5	3.5	3.5	13.8	13.7	14.0	14.7
Total Revenue	**11.6**	**12.4**	**12.5**	**12.4**	**12.4**	**13.2**	**14.1**	**14.4**	**14.0**	**14.6**	**16.1**	**14.6**	**14.3**	**14.6**	**14.9**	**15.2**	**54.2**	**59.4**	**58.9**	**63.1**
Noninterest Expense	8.3	8.6	8.8	8.9	9.0	9.1	9.7	9.7	9.5	9.9	9.9	9.9	10.1	10.2	10.2	10.1	37.5	39.2	40.6	42.0
Pre-tax, Pre-provision Income	**3.3**	**3.8**	**3.8**	**3.5**	**3.4**	**4.1**	**4.4**	**4.7**	**4.4**	**4.8**	**6.2**	**4.7**	**4.2**	**4.4**	**4.7**	**5.0**	**16.6**	**20.2**	**18.3**	**21.1**
Loan Loss Provision	0.1	0.0	0.0	-	1.1	1.3	1.1	0.3	0.2	0.2	0.0	0.1	0.2	0.2	0.2	0.2	3.7	0.5	0.7	1.5
Pre-tax Earnings	3.1	3.7	3.7	3.4	2.2	2.7	3.3	4.4	4.1	4.5	6.1	4.5	3.9	4.1	4.4	4.7	12.6	19.1	17.2	19.2
Taxes	0.6	0.8	0.8	0.7	0.4	0.5	0.6	0.9	0.9	0.9	1.3	0.9	0.8	0.8	0.9	1.0	2.5	4.0	3.5	3.9
Tax Rate (%)	20%	21%	21%	21%	20%	19%	18%	21%	21%	21%	22%	21%	21%	21%	21%	21%	20%	21%	21%	21%
Net Income Avail. to Common	**2.5**	**2.9**	**2.9**	**2.7**	**1.8**	**2.2**	**2.7**	**3.4**	**3.3**	**3.5**	**4.7**	**3.6**	**3.1**	**3.2**	**3.5**	**3.8**	**10.1**	**15.1**	**13.6**	**15.2**
Core Net Income Avail. to Common	2.5	2.8	2.9	2.9	1.8	2.2	2.2	3.4	3.1	3.7	4.6	3.6	3.1	3.2	3.5	3.8	9.7	14.9	13.6	15.2
Reported EPS	**$ 0.32**	**$ 0.37**	**$ 0.39**	**$ 0.36**	**$ 0.24**	**$ 0.30**	**$ 0.35**	**$ 0.46**	**$ 0.43**	**$ 0.47**	**$ 0.63**	**$ 0.47**	**$ 0.41**	**$ 0.43**	**$ 0.46**	**$ 0.50**	**$ 1.35**	**$ 2.00**	**$ 1.80**	**$ 2.00**
Core EPS	**$ 0.33**	**$ 0.36**	**$ 0.39**	**$ 0.39**	**$ 0.24**	**$ 0.30**	**$ 0.30**	**$ 0.46**	**$ 0.41**	**$ 0.49**	**$ 0.61**	**$ 0.47**	**$ 0.41**	**$ 0.43**	**$ 0.46**	**$ 0.50**	**$ 1.29**	**$ 1.98**	**$ 1.80**	**$ 2.00**
Average Diluted Shares	7.7	7.7	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.6	7.6	7.6	7.6	7.6	7.6	7.5	7.5	7.6	7.6
Period-end Shares	7.7	7.5	7.4	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.6	7.6	7.6	7.6	7.6	7.5	7.6	7.6	7.7
Book Value Per Share	$ 15.19	$ 15.64	$ 16.03	$ 16.16	$ 16.70	$ 17.47	$ 17.78	$ 18.18	$ 17.63	$ 18.29	$ 18.44	$ 18.77	$ 19.00	$ 19.27	$ 19.60	$ 19.96	$ 18.18	$ 18.77	$ 19.96	$ 21.34
Tangible Book Value Per Share	$ 13.04	$ 13.46	$ 13.84	$ 13.99	$ 14.55	$ 15.35	$ 15.67	$ 16.08	$ 15.55	$ 16.22	$ 16.37	$ 16.71	$ 16.96	$ 17.24	$ 17.58	$ 17.94	$ 16.08	$ 16.71	$ 17.94	$ 19.36
Dividend Per Share	$ 0.11	$ 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	$ 0.48	$ 0.48	$ 0.48	$ 0.48
Performance Ratios																				
ROA	0.92%	1.04%	1.03%	0.94%	0.61%	0.70%	0.79%	0.99%	0.91%	0.94%	1.23%	0.92%	0.81%	0.83%	0.89%	0.94%	0.78%	1.00%	0.87%	0.93%
ROCE	8.8%	9.8%	9.9%	9.0%	5.8%	7.0%	8.1%	10.3%	9.6%	10.5%	13.5%	10.1%	8.9%	9.2%	10.0%	10.7%	7.8%	10.9%	9.7%	10.8%
ROTCE	10.6%	11.8%	11.8%	10.8%	6.9%	8.2%	9.4%	11.9%	11.0%	12.0%	15.3%	11.5%	9.9%	10.1%	10.8%	11.2%	9.2%	12.5%	10.5%	10.8%
Pretax Preprovision ROAA	1.22%	1.36%	1.34%	1.22%	1.15%	1.29%	1.31%	1.36%	1.23%	1.26%	1.62%	1.23%	1.09%	1.14%	1.20%	1.26%	1.28%	1.34%	1.17%	1.29%
Net Interest Margin	3.73%	3.67%	3.65%	3.56%	3.55%	3.38%	3.28%	3.31%	3.23%	3.20%	3.47%	3.09%	3.06%	3.04%	3.06%	3.08%	3.37%	3.25%	3.06%	3.15%
Efficiency Ratio	71%	70%	70%	72%	73%	69%	69%	67%	68%	68%	61%	68%	71%	70%	68%	67%	69%	66%	69%	67%
Fee Income/Operating Revenue	22%	26%	25%	24%	24%	26%	27%	25%	24%	23%	22%	24%	24%	24%	24%	23%	25%	23%	24%	23%
Dividend Payout Ratio	34%	29%	28%	30%	50%	40%	34%	26%	28%	26%	19%	26%	29%	28%	26%	24%	36%	24%	27%	24%
Total Payout Ratio	34%	148%	105%	30%	50%	40%	34%	26%	28%	26%	19%	26%	29%	28%	26%	24%	36%	24%	27%	24%
Average Balance Sheet																				
Loans	724	729	740	748	754	825	868	893	886	896	894	886	892	908	928	947	835	891	919	995
Securities	252	250	255	273	286	295	300	322	373	431	489	498	503	506	508	511	301	448	507	511
Earning Assets	993	1,005	1,022	1,052	1,077	1,171	1,249	1,297	1,339	1,404	1,441	1,437	1,443	1,456	1,477	1,498	1,198	1,405	1,469	1,538
Assets	1,089	1,103	1,120	1,151	1,176	1,269	1,345	1,392	1,435	1,508	1,543	1,539	1,544	1,557	1,577	1,598	1,296	1,506	1,569	1,638
Deposits	909	924	939	968	969	1,060	1,137	1,182	1,208	1,285	1,313	1,324	1,271	1,282	1,293	1,304	1,087	1,282	1,288	1,269
Interest Bearing Liabilities	718	714	724	737	758	780	833	869	896	940	960	949	974	981	994	1,008	810	936	989	1,057
Equity	114	117	117	120	123	127	132	133	136	135	140	143	145	148	150	153	129	139	149	160
Capital Ratios																				
TCE Ratio	9.24%	9.20%	9.21%	9.02%	9.29%	8.78%	8.60%	8.74%	7.92%	8.16%	8.00%	8.05%	8.14%	8.19%	8.24%	8.31%	8.74%	8.05%	8.31%	8.61%
Tier 1 Common Ratio	13.4%	13.5%	13.4%	13.5%	13.4%	13.0%	13.0%	12.8%	13.2%	13.5%	13.6%	13.7%	13.8%	13.9%	14.0%	14.1%	12.8%	13.7%	14.1%	14.5%
Leverage Ratio	10.2%	10.2%	10.1%	10.0%	9.9%	9.3%	9.0%	8.8%	8.7%	8.5%	8.6%	8.6%	8.7%	8.7%	8.8%	8.8%	8.8%	8.6%	8.8%	9.1%
Credit Quality Ratios																				
Reserve/Loans	0.88%	0.88%	0.89%	0.90%	1.03%	1.09%	1.20%	1.23%	1.22%	1.21%	1.25%	1.24%	1.23%	1.22%	1.19%	1.18%	1.23%	1.24%	1.18%	1.18%
Reserve/NPAs	155%	155%	178%	177%	239%	275%	341%	180%	189%	206%	723%	-	-	-	-	-	180%	-	-	-
NPAs/Loans+OREO	0.57%	0.56%	0.50%	0.51%	0.43%	0.40%	0.35%	0.68%	0.64%	0.59%	0.17%	-	-	-	-	-	0.68%	-	-	-
Net Charge-Off Ratio	0.01%	0.00%	-0.09%	-0.04%	0.00%	0.00%	-0.06%	0.00%	0.00%	0.04%	-0.16%	0.04%	0.05%	0.08%	0.05%	0.05%	-0.01%	-0.02%	0.06%	0.05%
Provision/Average Loans	0.06%	0.00%	0.01%	0.00%	0.57%	0.63%	0.52%	0.13%	0.09%	0.08%	0.02%	0.06%	0.07%	0.10%	0.07%	0.07%	0.46%	0.06%	0.08%	0.15%
Provision/NCOs	750%	900%	-14%	0%	NA	NA	-923%	NA	2213%	181%	-14%	156%	145%	128%	143%	142%	NA	-361%	138%	301%

Sources: Company Filings, Hovde Group

Model updated as of: 10/22/21

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Company Specific Risks:

Risks to the price target, rating, and EPS estimates include: (a) the announcing of a large acquisition that is dilutive to TBV/sh and/or implies considerable integration risk, (b) the announcing of a large, dilutive capital raise, (c) the emergence of unanticipated credit deterioration, (d) NIM compression stemming from heightened deposit pricing competition amid rising ST rates and/or a flattening/inverted yield curve, (e) an economic downturn specific to the company's South Carolina footprint (likely slowing loan growth and pressuring credit quality), and (f) worsening economic conditions and credit losses related to COVID-19 beyond what we are currently expecting.

Valuation Methodology:

Methodology for ratings and target prices includes both qualitative and quantitative factors including an assessment of industry size, structure, trends and overall sector attractiveness; management; competition; financial condition; and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry or company-specific occurrences. Hovde Group, LLC analysts base valuations on a combination of forward looking earnings multiples and price-to-tangible book multiples. Hovde Group, LLC, believes this accurately reflects the strong absolute value of earnings, the strong earnings growth rate, the inherent profitability, and adjusted balance sheet factors. Additional company-specific valuation methodology is available through Hovde Group, LLC.

Company Specific Valuation:

Our price target of $25.00 is based on 12.5x our 2023 EPS estimate.

Definition of Investment Ratings:

Outperform (OP): Anticipated to outperform relative to the sector indices over the next 12 months.

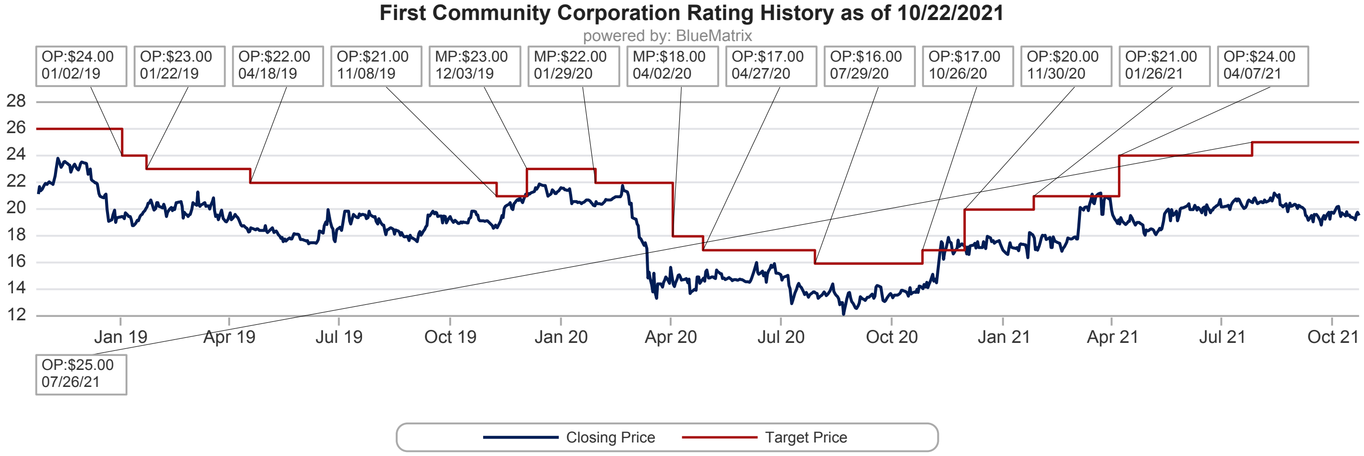
Market Perform (MP): Anticipated to perform in line relative to the sector indices over the next 12 months.

Underperform (UP): Anticipated to underperform relative to the sector indices over the next 12 months.

Ratings Distribution:

			IB Serv./Past 12Mos.	
Rating Category	Count	Percent	Count	Percent
Outperform	54	64.29%	9	16.67%
Market Perform	30	35.71%	3	10.00%
Underperform	0	0.00%	0	0%

For purposes only of FINRA ratings distribution rules, our Outperform rating falls into a buy rating category; our Market Perform rating falls into a hold rating category; and our Underperform rating falls into a sell rating category.



ADDITIONAL INFORMATION AVAILABLE UPON REQUEST: Contact the Hovde Research Department at 1-855-559-6831, or write to 1629 Colonial Parkway Inverness, IL 60067.

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