

First Community Corp.

Outperform
FCCO (NASDAQ)
Price \$19.05
Price Target \$24.00

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Market Data

Market Cap (\$M)	\$143.4
Price / Tang. Book	1.23x
52-Week Range	\$12.23 - \$22.00
3-Mo. Avg. Daily Volume	21,365
Dividends	\$0.48
Dividend Yield	2.52%
Shares Outstanding (M)	7.5
Institutional Ownership	52.2%
Insider Ownership	5.7%

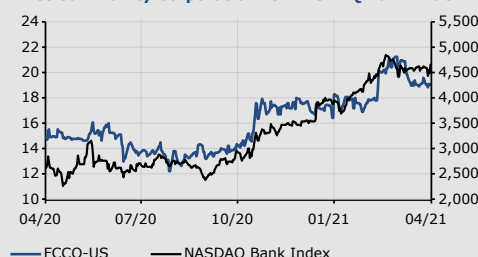
Financial Summary

As of December 31, 2020

Assets (\$M)	\$1,492.5
Tangible Book Value	\$15.55
Tang. Common Eq. / Tang. Assets	7.9%
ROA	0.87%
ROE	9.2%
Net Interest Margin	3.23%

Price Performance

First Community Corporation vs. NASDAQ Bank Index



Company Description

First Community Corporation stock trades on the NASDAQ Capital Market under the symbol "FCCO" and is the holding company for First Community Bank, a local community bank based in the Midlands of South Carolina. First Community Bank is a full-service commercial bank offering deposit and loan products and services, residential mortgage lending and financial planning/investment advisory services for businesses and consumers. First Community serves customers in the Midlands, Aiken, and Greenville, South Carolina markets as well as Augusta, Georgia.

Increasing EPS Ests for Lower LLP and Better NII/Expenses; Reiterate Outperform Rating

EPS ESTIMATES

	Mar	Jun	Sep	Dec	Year	Growth	Est. Change	P/E
2020A	\$0.24	\$0.30	\$0.30	\$0.46	\$1.29	(11.6%)	--	14.8x
2021E	\$0.41A	\$0.50	\$0.49	\$0.46	\$1.87	44.9%	\$0.27	10.2x
2022E	\$0.37	\$0.44	\$0.49	\$0.52	\$1.82	(2.6%)	\$0.17	10.5x

Conclusion

We are increasing our 2021-22 EPS estimates to \$1.87 (+\$0.27) and \$1.82 (+\$0.17), respectively, following 1Q results. Earnings this quarter were essentially in-line with our forecast as lower provisioning helped offset a softer revenue performance. Our revised estimates are primarily driven by lower assumed credit costs, improved NII with the help of a larger B/S and PPP updates, and a smaller projected expense base. **Discounted valuation of 10.5x our 2022 EPS and 1.2x TBV (vs. peers at 13x and 1.4x) remains attractive and we reiterate our OP-rating and \$24 price target or 13x our 2022 EPS estimate.**

- **No material change to our growth outlook.** EOP core loan growth of +3% LQA was a little below our forecast of +6% as elevated payoffs weighed on trends this quarter. Despite a slower start to the year, mid-single-digit growth should be achievable this year, and we think upside to growth estimates is still possible as the economy strengthens throughout 2H21. We continue to model ~7-8% core growth in 2021-22.
- **Core NIM may move a little lower in the near-term.** Core NIM compression of 12 bps was more pronounced than we anticipated and reflected further headwinds from excess liquidity. Looking ahead, conversations indicate there may be a slight downward bias to the core NIM (driven by lower asset yields) and we are now modeling ~8 bps of core contraction over the next two quarters (as compared to a flattish trend previously). Separately, FCCO noted that there is a total of \$2.3M of PPP fees yet to be earned, and we assume the majority to be recorded in 2H21.
- **Lower provisioning modeled through 2022.** The LLP of \$0.2M was \$0.5M below our forecast and the reserve ratio (ex-PPP) was steady at ~1.30%. At this time, our sense is that reserve levels are likely to trend lower from here with future provisioning being a function of loan growth/charge-offs. Our updated model assumes provisioning of ~\$1M in 2021 (vs. \$3M previously) and \$0.8M in 2022 with the LLR ending next year at ~1.15%.
- **Share repurchases seem less likely at this time.** FCCO recently announced (Apr 12) a new share repurchase program for up to 375K shares (or ~5% of outstanding shares) but we do not expect FCCO to be overly active with buybacks in the near-term (TCE ~8.25% ex-PPP).

Important Disclosures regarding Price Target Risks, Valuation Methodology, Regulation Analyst Certification, Investment Banking, Ratings Definitions, and any potential conflicts of interest begin on page 5 of this report. Past performance is no guarantee of future results.

- **Review of the quarter.** FCCO reported 1Q21 EPS of \$0.41 which was largely in-line with both our and the consensus estimate. Relative to our forecast, lower provisioning (EPS: +\$0.06) and a smaller expense base (+\$0.02) were offset by lower fee income (-\$0.04), lower NII (-\$0.02), and a higher tax rate. EOP loan growth (ex-PPP) was +3% LQA as compared to our projected +6% while the reported NIM of 3.23% (-8 bps LQ) was below our forecast of 3.35%.

Exhibit 1: FCCO 1Q21 Variance Table

Actuals vs. Hovde and Consensus

(\$M) FCCO	Estimates		Actual 1Q21	Actuals vs:			
	Hovde	Cons.		Hovde		Consensus	
				\$ Diff.	P/S	\$ Diff.	P/S
Net Interest Income	10.9	10.8	10.7	(0.2) ▼	(\$0.02)	(0.1) ▼	(\$0.02)
NIM	3.35%	3.35%	3.23%	-12 bps ▼		-12 bps ▼	
Fee Income	3.5	3.4	3.1	(0.4) ▼	(\$0.04)	(0.2) ▼	(\$0.03)
Revenue	14.4	14.4	13.8	(0.6) ▼	(\$0.07)	(0.6) ▼	(\$0.06)
Expenses	9.7	9.6	9.5	0.2 ▼	\$0.02	0.1 ▼	\$0.01
Core PPNR	4.7	-	4.3	(0.4) ▼	(\$0.05)	-	-
PPNR	4.7	4.7	4.4	(0.2) ▼	(\$0.03)	(0.3) ▼	(\$0.03)
Provision	0.7	0.5	0.2	0.5 ▼	\$0.06	0.3 ▼	\$0.04
Tax Rate	19%	20%	21%	▲		▲	
EPS	\$0.42	-	\$0.43	▲	\$0.01		
Core EPS	\$0.42	\$0.42	\$0.41	▼	(\$0.01)	▼	(\$0.01)
TBVPS	\$16.33	\$16.36	\$15.55	▼	(\$0.79)	▼	(\$0.82)
Diluted Shares	7.5	7.5	7.5				
<u>Profitability</u>							
ROA	0.89%	0.88%	0.87%	-2 bps ▼		-1 bps ▼	
ROTCE	10.4%	-	10.5%	9 bps ▲			
Efficiency Ratio	67%	69%	69%	162 bps ▲		20 bps ▲	
<u>Balance Sheet</u>							
Avg Earning Assets	1,318	1,329	1,339	21 ▲		10 ▲	
EOP Loans	835	869	869	34 ▲		1 ▲	
Loans/Deposits	73%	73%	68%				
TCE Ratio	8.84%	-	7.92%	-92 bps ▼			
<u>Credit</u>							
Net Charge-Off Ratio	0.20%	0.12%	0.00%	-20 bps ▼		-11 bps ▼	
LLP/Loans	0.31%	0.23%	0.08%				

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

Exhibit 2: FCCO Comparable Group

Ticker	Company Name	4/26 Price	Mkt Cap (\$M)	Assets (\$M)	Valuation						Profitability (LTM; %)				Balance Sheet (MRQ; %)				Credit (MRQ; %)			CAGRs				Price Perf. (%)		
					Price/Earnings ¹		Dvd TBV	Yield	Dep. Prem.		ROA	ROTCE	NIM	Eff. Ratio	LTD Ratio	Core Dep. ²	TCE COFs	Ratio	NCOs (LTM)	NPAs/ Assets	LLR/ Loans	EPS		TBVPS		1M	3M	YTD
					LTM	'21E	'22E															'15-'20	'20-'22E	'15-'20	'20-'22E			
ACBI	Atlantic Cap Bcshs	\$26.85	\$547	\$3,733	16.6x	14.2x	13.5x	1.72x	-	7.0%	1.05	10.7	3.00	53.9	70.2	97.6	0.26	8.56	0.11	NA	1.19	-263%	34%	-	11%	8.6	39.6	68.7
AMNB	Amer Natl Bkshs	\$33.72	\$370	\$3,073	10.9x	11.3x	13.0x	1.47x	3.2%	4.5%	1.13	14.0	3.22	51.0	75.2	91.1	0.27	8.42	0.03	NA	1.07	10%	-3%	5%	5%	(1.6)	19.2	28.7
CARE	Carter Bkshs	\$13.17	\$348	\$4,179	-	14.7x	12.3x	0.79x	0.0%	-2.5%	-1.12	0.8	2.77	74.1	80.0	94.1	NA	10.53	0.09	3.76	1.81	-203%	-	4%	5%	(4.9)	21.5	22.9
CBAN	Colony Bkcp Inc	\$15.04	\$143	\$1,799	9.1x	11.8x	9.5x	1.14x	2.7%	1.2%	0.86	NA	3.46	69.7	69.6	90.6	0.27	7.01	0.07	NA	1.16	12%	13%	8%	7%	(2.0)	7.5	2.7
CSTR	CapStar Finl Hlgs	\$18.28	\$404	\$3,150	9.5x	9.8x	10.6x	1.37x	1.3%	4.0%	1.20	13.0	3.02	56.1	70.6	94.0	0.31	9.50	0.04	0.25	1.14	11%	14%	6%	8%	4.0	26.7	23.9
ESXB	Cnty Bnk Trst Corp	\$8.37	\$186	\$1,645	12.3x	12.1x	13.1x	1.10x	2.9%	1.2%	0.99	9.6	3.52	58.6	86.3	86.6	0.65	10.31	0.02	0.82	1.04	-244%	-4%	10%	5%	(3.9)	18.4	24.0
FBK	FB Finl Corp	\$43.56	\$2,062	\$11,207	16.8x	13.6x	15.3x	2.00x	1.0%	10.9%	0.75	9.1	3.46	58.2	74.9	93.0	0.54	9.38	0.20	0.64	2.13	-10%	31%	15%	11%	(5.3)	17.6	25.4
FBMS	First Bancshares	\$38.45	\$808	\$5,443	13.9x	13.4x	14.3x	1.77x	1.5%	7.6%	1.19	14.5	3.51	52.2	66.1	93.9	0.51	8.70	0.21	NA	1.06	10%	3%	11%	10%	2.4	22.9	24.5
FBNC	First Bancorp	\$43.16	\$1,229	\$7,290	16.0x	14.2x	14.6x	1.91x	1.9%	9.3%	1.20	13.4	3.56	53.5	75.4	93.2	NA	9.15	0.09	0.64	1.10	17%	2%	11%	8%	(4.5)	21.0	27.6
FCBC	First Comm Bkshs	\$28.79	\$508	\$3,011	13.4x	13.3x	14.0x	1.76x	3.5%	8.6%	1.24	13.1	4.29	54.7	85.9	98.5	0.16	10.09	0.23	1.13	1.20	9%	1%	5%	2%	(4.5)	30.9	33.4
FRST	Primis Financial C	\$14.41	\$355	\$3,089	17.3x	12.9x	12.7x	1.24x	2.8%	3.0%	0.78	8.8	3.35	54.9	100.3	84.8	0.93	9.49	0.07	0.50	1.49	5%	9%	6%	6%	(6.7)	16.2	19.0
HTBI	HomeTrust Bcshs	\$26.48	\$438	\$3,680	21.0x	16.9x	22.3x	1.17x	1.2%	2.2%	0.55	5.5	3.04	74.1	97.6	82.3	0.50	10.36	0.10	0.51	1.42	25%	-2%	5%	3%	5.1	30.6	37.1
RBNC	Reliant Bncp	\$27.96	\$466	\$3,057	10.0x	10.6x	10.7x	1.75x	1.7%	7.6%	1.46	NA	4.52	54.6	87.2	89.7	0.66	8.90	-0.01	NA	0.85	19%	12%	6%	12%	(3.0)	36.3	50.2
SFST	Southern First	\$49.38	\$387	\$2,483	23.4x	12.8x	12.3x	1.68x	-	7.4%	0.76	8.5	3.48	50.0	100.0	91.8	NA	9.20	0.10	0.57	2.00	9%	31%	14%	12%	3.7	23.7	39.7
SLCT	Select Bancorp	\$11.66	\$204	\$1,730	19.6x	12.5x	12.8x	1.19x	-	2.2%	0.52	4.9	3.79	64.4	87.8	89.7	0.69	10.14	0.04	0.95	1.08	-4%	42%	5%	9%	(0.8)	23.9	23.1
SMBK	SmartFinancial Inc	\$23.45	\$354	\$3,557	10.3x	11.6x	11.2x	1.28x	1.0%	2.5%	0.96	12.4	3.50	59.4	81.6	92.2	0.41	8.00	0.03	0.25	0.74	38%	14%	5%	8%	5.3	17.2	29.3
Peer Median			\$396	\$3,120	13.9x	12.8x	12.9x	1.42x	1.7%	4.2%	0.98	10.1	3.47	55.5	80.8	92.0	0.50	9.29	0.08	0.64	1.15	9%	12%	6%	8%	(1.8)	22.2	26.5
FCCO	First Cmnty Corp	\$18.85	\$142	\$1,492	-	10.9x	11.1x	1.21x	2.5%	2.0%	0.85	10.2	3.29	67.8	68.4	92.4	0.20	7.92	-0.01	0.48	1.18	8%	12%	8%	6%	(10.1)	5.4	10.9

¹Based on consensus EPS estimates

²Core 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	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E	2019	2020	2021E	2022E
Income Statement																				
Net Interest Income	9.1	9.2	9.4	9.4	9.5	9.8	10.3	10.8	10.7	10.9	11.2	11.2	10.6	11.0	11.3	11.7	37.2	40.4	44.0	44.6
Noninterest Income	2.5	3.2	3.1	2.9	2.9	3.4	3.9	3.6	3.3	3.6	3.3	3.3	3.2	3.4	3.5	3.4	11.7	13.8	13.5	13.6
Total Revenue	11.6	12.4	12.5	12.4	12.4	13.2	14.1	14.4	14.0	14.5	14.5	14.5	13.8	14.4	14.8	15.1	48.9	54.2	57.5	58.2
Noninterest Expense	8.3	8.6	8.8	8.9	9.0	9.1	9.7	9.7	9.5	9.6	9.5	9.7	9.9	10.0	10.1	10.0	34.6	37.5	38.3	39.9
Pre-tax, Pre-provision Income	3.3	3.8	3.8	3.5	3.4	4.1	4.4	4.7	4.4	4.9	5.0	4.8	3.9	4.5	4.8	5.1	14.3	16.6	19.2	18.3
Loan Loss Provision	0.1	0.0	0.0	-	1.1	1.3	1.1	0.3	0.2	0.2	0.3	0.4	0.3	0.2	0.1	0.1	0.1	3.7	1.0	0.8
Pre-tax Earnings	3.1	3.7	3.7	3.4	2.2	2.7	3.3	4.4	4.1	4.6	4.6	4.3	3.5	4.1	4.5	4.9	13.8	12.6	17.7	17.0
Taxes	0.6	0.8	0.8	0.7	0.4	0.5	0.6	0.9	0.9	0.9	0.9	0.8	0.7	0.8	0.9	0.9	2.9	2.5	3.5	3.2
Tax Rate (%)	20%	21%	21%	21%	20%	19%	18%	21%	21%	19%	19%	19%	19%	19%	19%	19%	21%	20%	20%	19%
Net Income Avail. to Common	2.5	2.9	2.9	2.7	1.8	2.2	2.7	3.4	3.3	3.8	3.7	3.5	2.8	3.3	3.7	4.0	11.0	10.1	14.2	13.8
Core Net Income Avail. to Common	2.5	2.8	2.9	2.9	1.8	2.2	2.2	3.4	3.1	3.8	3.7	3.5	2.8	3.3	3.7	4.0	11.1	9.7	14.1	13.8
Reported EPS	\$ 0.32	\$ 0.37	\$ 0.39	\$ 0.36	\$ 0.24	\$ 0.30	\$ 0.35	\$ 0.46	\$ 0.43	\$ 0.50	\$ 0.49	\$ 0.46	\$ 0.37	\$ 0.44	\$ 0.49	\$ 0.52	\$ 1.45	\$ 1.35	\$ 1.89	\$ 1.82
Core EPS	\$ 0.33	\$ 0.36	\$ 0.39	\$ 0.39	\$ 0.24	\$ 0.30	\$ 0.30	\$ 0.46	\$ 0.41	\$ 0.50	\$ 0.49	\$ 0.46	\$ 0.37	\$ 0.44	\$ 0.49	\$ 0.52	\$ 1.46	\$ 1.29	\$ 1.87	\$ 1.82
Average Diluted Shares	7.7	7.7	7.5	7.5	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	7.5	7.5	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	7.6	7.6	7.6	7.6	7.6	7.6	7.4	7.5	7.6	7.6
Book Value Per Share	\$ 15.19	\$ 15.64	\$ 16.03	\$ 16.16	\$ 16.70	\$ 17.47	\$ 17.78	\$ 18.18	\$ 17.63	\$ 17.96	\$ 18.31	\$ 18.64	\$ 18.83	\$ 19.09	\$ 19.43	\$ 19.81	\$ 16.16	\$ 18.18	\$ 18.64	\$ 19.81
Tangible Book Value Per Share	\$ 13.04	\$ 13.46	\$ 13.84	\$ 13.99	\$ 14.55	\$ 15.35	\$ 15.67	\$ 16.08	\$ 15.55	\$ 15.88	\$ 16.25	\$ 16.58	\$ 16.79	\$ 17.06	\$ 17.41	\$ 17.80	\$ 13.99	\$ 16.08	\$ 16.58	\$ 17.80
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	\$ 0.44	\$ 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%	1.03%	1.02%	0.96%	0.77%	0.91%	0.99%	1.05%	0.98%	0.78%	0.98%	0.93%
ROCE	8.8%	9.8%	9.9%	9.0%	5.8%	7.0%	8.1%	10.3%	9.6%	11.1%	11.0%	10.3%	8.3%	9.8%	10.9%	11.7%	9.4%	7.8%	10.5%	10.2%
ROTCE	10.6%	11.8%	11.8%	10.8%	6.9%	8.2%	9.4%	11.9%	11.0%	12.8%	12.4%	11.3%	9.0%	10.5%	11.3%	11.9%	11.2%	9.2%	11.9%	10.7%
Pretax Preprovision ROAA	1.22%	1.36%	1.34%	1.22%	1.15%	1.29%	1.31%	1.36%	1.23%	1.35%	1.37%	1.32%	1.07%	1.21%	1.28%	1.36%	1.28%	1.28%	1.32%	1.23%
Net Interest Margin	3.73%	3.67%	3.65%	3.56%	3.55%	3.38%	3.28%	3.31%	3.23%	3.20%	3.26%	3.26%	3.16%	3.22%	3.24%	3.29%	3.65%	3.37%	3.24%	3.22%
Efficiency Ratio	71%	70%	70%	72%	73%	69%	69%	67%	68%	66%	66%	67%	72%	69%	68%	66%	71%	69%	67%	69%
Fee Income/Operating Revenue	22%	26%	25%	24%	24%	26%	27%	25%	24%	25%	23%	23%	23%	24%	24%	23%	24%	25%	23%	23%
Dividend Payout Ratio	34%	29%	28%	30%	50%	40%	34%	26%	28%	24%	24%	26%	32%	27%	25%	23%	30%	36%	25%	26%
Total Payout Ratio	34%	148%	105%	30%	50%	40%	34%	26%	28%	24%	24%	26%	32%	27%	25%	23%	82%	36%	25%	26%
Average Balance Sheet																				
Loans	724	729	740	748	754	825	868	893	886	902	902	903	911	923	938	957	735	835	898	932
Securities	252	250	255	273	286	295	300	322	373	381	388	392	394	396	398	400	258	301	384	397
Earning Assets	993	1,005	1,022	1,052	1,077	1,171	1,249	1,297	1,339	1,366	1,366	1,363	1,366	1,374	1,388	1,408	1,018	1,198	1,358	1,384
Assets	1,089	1,103	1,120	1,151	1,176	1,269	1,345	1,392	1,435	1,462	1,463	1,460	1,463	1,471	1,486	1,506	1,116	1,296	1,455	1,482
Deposits	909	924	939	968	969	1,060	1,137	1,182	1,208	1,218	1,229	1,239	1,190	1,200	1,210	1,221	935	1,087	1,223	1,205
Interest Bearing Liabilities	718	714	724	737	758	780	833	869	896	917	911	902	924	925	934	947	723	810	906	933
Equity	114	117	117	120	123	127	132	133	136	138	141	144	146	148	151	154	117	129	140	150
Capital Ratios																				
TCE Ratio	9.24%	9.20%	9.21%	9.02%	9.29%	8.78%	8.60%	8.74%	7.92%	8.07%	8.22%	8.35%	8.40%	8.48%	8.55%	8.63%	9.02%	8.74%	8.35%	8.63%
Tier 1 Common Ratio	13.4%	13.5%	13.4%	13.5%	13.4%	13.0%	13.0%	12.8%	13.1%	13.4%	13.6%	13.8%	13.9%	14.0%	14.1%	14.2%	13.5%	12.8%	13.8%	14.2%
Leverage Ratio	10.2%	10.2%	10.1%	10.0%	9.9%	9.3%	9.0%	8.8%	8.7%	8.9%	9.0%	9.2%	9.2%	9.3%	9.4%	9.4%	10.0%	8.8%	9.2%	9.4%
Credit Quality Ratios																				
Reserve/Loans	0.88%	0.88%	0.89%	0.90%	1.03%	1.09%	1.20%	1.23%	1.22%	1.22%	1.23%	1.23%	1.21%	1.20%	1.18%	1.15%	0.90%	1.23%	1.23%	1.15%
Reserve/NPAs	155%	155%	178%	177%	239%	275%	341%	180%	189%	-	-	-	-	-	-	-	177%	180%	-	-
NPAs/Loans+OREO	0.57%	0.56%	0.50%	0.51%	0.43%	0.40%	0.35%	0.68%	0.64%	-	-	-	-	-	-	-	0.51%	0.68%	-	-
Net Charge-Off Ratio	0.01%	0.00%	-0.09%	-0.04%	0.00%	0.00%	-0.06%	0.00%	0.00%	0.05%	0.10%	0.15%	0.15%	0.10%	0.05%	0.05%	-0.03%	-0.01%	0.08%	0.09%
Provision/Average Loans	0.06%	0.00%	0.01%	0.00%	0.57%	0.63%	0.52%	0.13%	0.09%	0.08%	0.13%	0.18%	0.15%	0.10%	0.05%	0.05%	0.02%	0.46%	0.12%	0.09%
Provision/NCOs	750%	900%	-14%	0%	NA	NA	-923%	NA	2213%	144%	122%	115%	100%	100%	100%	100%	-62%	NA	146%	100%

Sources: Company Filings, Hovde Group

Model updated as of: 4/23/21

IMPORTANT DISCLOSURES:

Regulation Analyst Certification

I, Will Curtiss, hereby certify the views expressed in this research report accurately reflect my personal views about the subject security(ies) or issuer(s). I further certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this report.

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Investment risks associated with the achievement of the price target include, but are not limited to, a company's failure to achieve Hovde Group, LLC's earnings and revenue estimates; unforeseen macroeconomic and/or industry events that adversely affect demand for a company's products or services; product obsolescence; changes in investor sentiment regarding the specific company or industry; intense and rapidly changing competitive pressures; the continuing development of industry standards; the company's ability to recruit and retain competent personnel; and adverse market conditions.

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 \$24.00 is based on 13x our 2022 EPS estimate.

Definition of Investment Ratings:

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

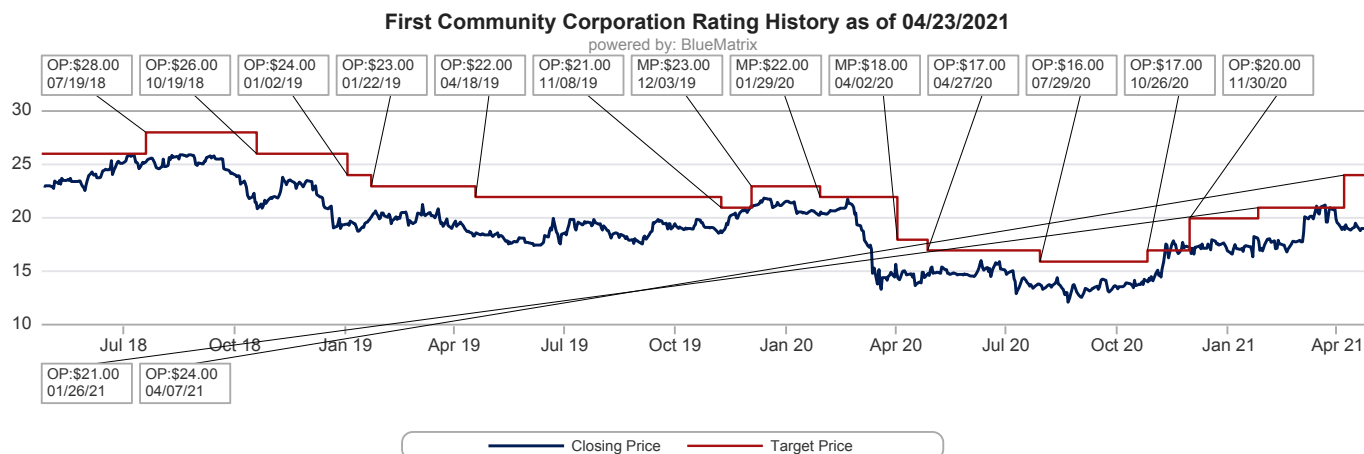
Market Perform (MP): Anticipated to perform in line relative to the sector indices over the next 12 months.

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

Ratings Distribution:

Rating Category	Count	Percent	IB Serv./Past 12Mos.	
			Count	Percent
Outperform	50	58.14%	8	16.00%
Market Perform	36	41.86%	2	5.56%
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.

For current company specific disclosures please see the most recently published company report, or contact the Hovde Group Research Department at the address or telephone number listed above. You may also access such disclosures, including price charts or other relevant disclosures, by visiting the following website: <https://hovdegroup.bluematrix.com/sellside/Disclosures.action>.

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