HOVDE GROUP

January 26, 2021

First Community Corp.

OUTPERFORM

FCCO (NASDAQ)

Price $18.14
Price target $21.00

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Market Data

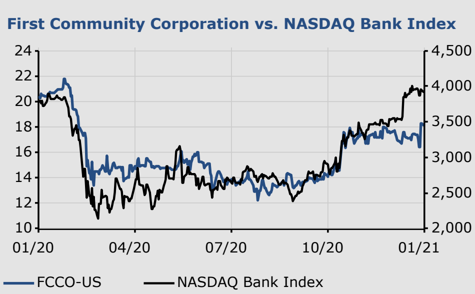
Market Cap ($M)	$136.1
Price / Tang. Book	1.13x
52-Week Range	$12.23 - $21.80
3-Mo. Avg. Daily Volume	15,068
Dividends	$0.48
Dividend Yield	2.65%
Shares Outstanding (M)	7.5
Institutional Ownership	52.2%
Insider Ownership	5.7%

Financial Summary

As of December 31, 2020

Assets ($M)	$1,395.4
Tangible Book Value	$16.08
Tang. Common Eq. / Tang. Assets	8.7%
ROA	0.99%
ROE	10.3%
Net Interest Margin	3.31%

Price Performance



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 series, 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.

Stronger Top-line Drives Estimates Higher; Increasing PT and 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%)	--	14.0x
2021E	$0.42	$0.41	$0.38	$0.38	**$1.60**	23.7%	$0.42	11.4x
2022E	$0.33	$0.40	$0.45	$0.47	**$1.65**	3.3%	$0.25	11.0x

We are increasing our 2021-22 EPS estimates to $1.60 (+$0.42) and $1.65 (+$0.25), respectively, to reflect a significantly stronger top-line and lower provisioning in 2021. In addition, we are raising our PT to $21 ($1) which is now based on 1.25x forward TBV and 13x our 2021 EPS. Results this quarter primarily benefited by a lower-than-expected LLP and to a lesser extent a better revenue performance (both NII and fees). Despite the stock's recent strength (+7% vs. the KRE), we think the discounted valuation of 1.1x TBV (vs. peers at 1.2x and L-T avg of ~1.5x) remains attractive given the quality of the franchise, strengthened return profile, and solid growth dynamics. **Reiterate Outperform rating.**

- **Thoughts on the near-term outlook.** Overall, the outlook appears to be in good shape following 4Q results, and we revised our NII forecast higher to reflect a larger projected B/S going forward. While core loan growth was a little softer than we had anticipated, conversations suggest production remained strong, and we think mid-single-digit growth should be achievable this year (if not possibly exceeded as the recovery progresses). The core margin appears to be stabilizing (-1 bp LQ in 4Q) and we think the NIM (ex-PPP) should hold up relatively well over the next couple of quarters. On a reported basis, our updated NIM forecast of 3.30% assumes the vast majority of PPP forgiveness occurs in 1H21.

- **Lower provisioning anticipated.** The LLP of $0.3M was $1.2M below our forecast and the reserve increased slightly to 1.30% (ex-PPP). Our sense, at this time, is that provisioning should be a function of charge-offs and growth moving forward, and we now assume a LLP of $3M in 2021 (vs. $4M previously) with the LLR ending the year at 1.23%. NPAs did move higher this quarter due to one credit (an in-footprint development project/event venue) but asset quality metrics remain solid, and we continue to have comfort with the overall credit situation.

- **Review of the quarter.** FCCO reported 4Q20 EPS of $0.46 vs. our estimate of $0.30 and consensus of $0.34. Relative to our forecast, the upside was driven by a lower provision (EPS: +$0.13), higher NII (+$0.03), and better fee income (+$0.02) but partially offset by a slightly larger expense base (-$0.01). EOP loan growth (ex-PPP) was +4% LQA as compared to our projected +8% while the reported NIM of 3.31% (+3 bps LQ) was essentially in-line with expectations.

Figure 1: FCCO 4Q20 Variance Table – Actuals vs. Hovde and Consensus

($M) FCCO	Estimates		Actual	Actuals vs: Hovde			Consensus		
	Hovde	Cons.	4Q20	$ Diff.		P/S	$ Diff.		P/S
Net Interest Income	**10.5**	**10.4**	**10.8**	**0.3**	▲	**$0.04**	**0.3**	▲	**$0.04**
NIM	3.30%	3.31%	3.31%	1 bps	▲		0 bps	▲	
Fee Income	3.4	3.3	3.6	0.2	▲	$0.02	0.3	▲	$0.04
Revenue	13.9	13.8	14.4	0.5	▲	$0.06	0.6	▲	$0.07
Expenses	9.5	9.4	9.7	(0.1)	▲	($0.01)	(0.2)	▲	($0.03)
Core PPNR	**4.3**	**-**	**4.7**	**0.4**	▲	**$0.04**	**-**		**-**
PPNR	**4.3**	**4.4**	**4.7**	**0.4**	▲	**$0.04**	**0.4**	▲	**$0.04**
Provision	1.4	1.0	0.3	1.2	▼	$0.13	0.7	▼	$0.08
Tax Rate	19%	20%	21%		▲			▲	
EPS	**$0.30**	**-**	**$0.46**		▲	**$0.16**			
Core EPS	**$0.30**	**$0.34**	**$0.46**		▲	**$0.16**		▲	**$0.12**
TBVPS	$15.80	$15.89	$16.08		▲	$0.28		▲	$0.19
Diluted Shares	7.5	7.5	7.5						
Profitability									
ROA	0.67%	0.74%	0.99%	32 bps	▲		25 bps	▲	
ROTCE	7.9%	-	11.9%	397 bps	▲				
Efficiency Ratio	68%	69%	67%	-147 bps	▼		-200 bps	▼	
Balance Sheet									
Avg Earning Assets	1,261	1,270	1,297	35	▲		26	▲	
EOP Loans	853	860	844	(9)	▼		(16)	▼	
Loans/Deposits	76%	74%	71%						
TCE Ratio	8.63%	-	8.74%	11 bps	▲				
Credit									
Net Charge-Off Ratio	0.20%	0.31%	0.00%	-20 bps	▼		-31 bps	▼	
LLP/Loans	0.65%	0.46%	0.12%						

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

Figure 2: FCCO Comparable Group

					Valuation						Profitability (LTM; %)				Balance Sheet (MRQ; %)				Credit (MRQ; %)			CAGRs				Price Perf. (%)		
					Price/Earnings[1]																	EPS		TBVPS				
Ticker	Company Name	1/25 Price	Mkt Cap ($M)	Assets ($M)	LTM	'21E	'22E	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	'14-'19	'19-'21E	'14-'19	'19-'21E	1M	3M	YTD
ACBI	Atlantic Cap Bcshs	$18.91	$386	$3,616	18.0x	13.2x	11.3x	1.22x	-	2.2%	0.76	7.2	3.16	53.3	71.1	97.5	0.31	8.79	0.11	NA	1.41	31%	-16%	6%	10%	20.0	27.5	18.8
AMNB	Amer Natl Bkshs	$28.34	$311	$3,050	10.2x	11.2x	11.3x	1.26x	3.8%	2.5%	1.08	13.2	3.30	52.8	77.2	90.7	0.36	8.34	0.03	NA	1.05	4%	13%	4%	6%	7.3	18.1	8.1
CARE	Carter Bkshs	$11.18	$295	$4,134	-	22.2x	12.3x	0.68x	0.0%	-3.9%	-1.11	0.9	2.86	75.4	82.6	-	NA	10.52	0.09	4.04	1.66	-4%	-29%	4%	5%	4.0	52.1	4.3
CBAN	Colony Bkcp Inc	$14.02	$133	$1,764	10.9x	11.9x	9.0x	1.06x	2.9%	0.5%	0.70	10.6	3.50	71.7	73.3	87.2	0.32	7.21	0.12	NA	1.09	14%	3%	7%	9%	(0.8)	10.0	(4.3)
CSTR	CapStar Finl Hlgs	$14.67	$322	$3,024	11.4x	10.7x	10.2x	1.14x	1.4%	1.5%	0.86	8.9	3.17	60.3	72.8	92.6	0.74	9.54	0.05	0.17	1.10	20%	7%	6%	8%	3.7	34.8	(0.5)
ESXB	Cmty Bnk Trst Corp	$7.11	$159	$1,622	11.6x	13.5x	12.0x	0.96x	3.4%	-0.5%	0.94	8.9	3.54	60.2	88.0	84.8	0.79	10.22	0.04	0.82	1.04	16%	-13%	8%	6%	1.7	31.9	5.3
FBK	FB Finl Corp	$37.18	$1,755	$11,010	19.7x	14.4x	14.5x	1.78x	1.0%	8.5%	0.55	6.7	3.66	60.3	79.3	89.7	0.62	9.16	0.10	0.48	2.28	7%	-1%	14%	13%	7.2	21.9	7.1
FBMS	First Bancshares	$31.83	$681	$5,164	12.9x	12.5x	12.4x	1.52x	1.5%	5.5%	1.10	13.3	3.77	52.0	74.6	90.5	0.58	9.01	0.04	0.95	1.08	16%	0%	9%	10%	5.0	27.5	3.1
FBNC	First Bancorp	$36.26	$1,038	$7,064	14.0x	14.3x	13.3x	1.65x	2.0%	6.7%	1.21	13.2	3.71	54.1	79.4	92.9	0.27	9.26	0.09	0.63	1.01	21%	-10%	10%	8%	8.2	49.0	7.2
FCBC	First Comm Bkshs	$22.61	$401	$2,948	11.0x	11.6x	11.1x	1.42x	4.4%	4.7%	1.26	13.1	4.36	55.9	88.1	98.5	0.19	10.06	0.17	1.27	1.24	13%	-11%	5%	2%	3.5	11.1	4.8
HTBI	HomeTrust Bcshs	$20.85	$352	$3,674	17.1x	19.8x	19.4x	0.95x	1.5%	-0.8%	0.54	5.4	3.09	71.7	101.0	81.6	0.61	10.25	0.09	0.51	1.49	22%	-18%	4%	3%	7.3	27.0	8.0
RBNC	Reliant Bncp	$20.59	$343	$3,027	8.7x	8.8x	8.7x	1.34x	1.9%	3.4%	1.13	NA	4.33	56.9	89.2	84.5	0.73	8.65	0.01	NA	0.84	8%	25%	7%	4%	11.7	19.4	10.6
SFST	Southern First	$39.56	$306	$2,479	20.4x	12.5x	11.1x	1.40x	-	4.0%	0.73	8.0	3.45	50.4	95.3	92.4	NA	8.82	0.10	0.63	1.97	27%	-6%	15%	9%	12.1	38.4	11.9
SLCT	Select Bancorp	$9.61	$171	$1,772	19.7x	18.7x	18.8x	1.01x	-	0.1%	0.51	4.3	3.80	66.9	87.1	86.4	0.74	9.82	0.06	0.96	1.05	21%	-13%	7%	1%	(0.9)	20.9	1.5
SMBK	SmartFinancial Inc	$20.53	$310	$3,305	10.7x	11.9x	12.0x	1.15x	1.0%	1.4%	0.79	10.0	3.61	60.5	84.9	91.5	0.46	8.41	0.03	0.32	0.77	29%	-6%	3%	8%	13.8	40.6	13.2
SONA	Southern National	$12.58	$307	$3,155	17.7x	12.0x	11.0x	1.09x	3.2%	1.2%	0.81	9.0	3.29	56.2	113.9	74.3	0.84	9.22	0.08	0.58	1.02	17%	-12%	6%	5%	3.9	25.7	3.9
Peer Median			**$317**	**$3,102**	**12.9x**	**12.5x**	**11.7x**	**1.18x**	**1.9%**	**1.8%**	**0.80**	**8.9**	**3.52**	**58.6**	**83.8**	**90.5**	**0.59**	**9.19**	**0.08**	**0.63**	**1.08**	**17%**	**-8%**	**6%**	**7%**	**6.1**	**27.2**	**6.2**
FCCO	**First Cmnty Corp**	**$18.14**	**$136**	**$1,395**	**13.5x**	**12.5x**	**12.1x**	**1.13x**	**2.6%**	**1.3%**	**0.78**	**9.2**	**3.37**	**68.9**	**71.0**	**93.1**	**0.24**	**8.74**	**-0.01**	**0.52**	**1.17**	**13%**	**-3%**	**7%**	**9%**	**3.6**	**26.5**	**6.8**

[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

($M)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E	2Q22E	3Q22E	4Q22E	2019	2020	2021E	2022E
Income Statement																				
Net Interest Income	9.1	9.2	9.4	9.4	9.5	9.8	10.3	10.8	10.9	11.0	10.9	10.9	10.8	11.1	11.3	11.5	37.2	40.4	43.6	44.8
Noninterest Income	2.5	3.2	3.1	2.9	2.9	3.4	3.9	3.6	3.5	3.4	3.4	3.4	3.3	3.4	3.6	3.5	11.7	13.8	13.7	13.9
Total Revenue	**11.6**	**12.4**	**12.5**	**12.4**	**12.4**	**13.2**	**14.1**	**14.4**	**14.4**	**14.4**	**14.3**	**14.3**	**14.1**	**14.5**	**14.9**	**15.0**	**48.9**	**54.2**	**57.3**	**58.6**
Noninterest Expense	8.3	8.6	8.8	8.9	9.0	9.1	9.7	9.7	9.7	9.8	9.8	9.8	10.1	10.1	10.2	10.1	34.6	37.5	39.1	40.5
Pre-tax, Pre-provision Income	**3.3**	**3.8**	**3.8**	**3.5**	**3.4**	**4.1**	**4.4**	**4.7**	**4.7**	**4.6**	**4.5**	**4.5**	**4.1**	**4.4**	**4.8**	**4.9**	**14.3**	**16.6**	**18.2**	**18.1**
Loan Loss Provision	0.1	0.0	0.0	-	1.1	1.3	1.1	0.3	0.7	0.7	0.8	0.8	0.9	0.6	0.4	0.4	0.1	3.7	3.0	2.3
Pre-tax Earnings	3.1	3.7	3.7	3.4	2.2	2.7	3.3	4.4	3.9	3.8	3.6	3.6	3.1	3.7	4.2	4.4	13.8	12.6	14.8	15.4
Taxes	0.6	0.8	0.8	0.7	0.4	0.5	0.6	0.9	0.7	0.7	0.7	0.7	0.6	0.7	0.8	0.8	2.9	2.5	2.8	2.9
Tax Rate (%)	20%	21%	21%	21%	20%	19%	18%	21%	19%	19%	19%	19%	19%	19%	19%	19%	21%	20%	19%	19%
Net Income Avail. to Common	**2.5**	**2.9**	**2.9**	**2.7**	**1.8**	**2.2**	**2.7**	**3.4**	**3.1**	**3.1**	**2.9**	**2.9**	**2.5**	**3.0**	**3.4**	**3.5**	**11.0**	**10.1**	**12.0**	**12.5**
Core Net Income Avail. to Common	2.5	2.8	2.9	2.9	1.8	2.2	2.2	3.4	3.1	3.1	2.9	2.9	2.5	3.0	3.4	3.5	11.1	9.7	12.0	12.5
Reported EPS	**$ 0.32**	**$ 0.37**	**$ 0.39**	**$ 0.36**	**$ 0.24**	**$ 0.30**	**$ 0.35**	**$ 0.46**	**$ 0.42**	**$ 0.41**	**$ 0.38**	**$ 0.38**	**$ 0.33**	**$ 0.40**	**$ 0.45**	**$ 0.47**	**$ 1.45**	**$ 1.35**	**$ 1.60**	**$ 1.65**
Core EPS	$ 0.33	$ 0.36	$ 0.39	$ 0.39	$ 0.24	$ 0.30	$ 0.30	$ 0.46	$ 0.42	$ 0.41	$ 0.38	$ 0.38	$ 0.33	$ 0.40	$ 0.45	$ 0.47	$ 1.46	$ 1.29	$ 1.60	$ 1.65
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	7.5	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	$ 18.42	$ 18.65	$ 18.90	$ 19.14	$ 19.30	$ 19.52	$ 19.83	$ 20.15	$ 16.16	$ 18.18	$ 19.14	$ 20.15
Tangible Book Value Per Share	$ 13.04	$ 13.46	$ 13.84	$ 13.99	$ 14.55	$ 15.35	$ 15.67	$ 16.08	$ 16.33	$ 16.58	$ 16.84	$ 17.09	$ 17.26	$ 17.49	$ 17.81	$ 18.15	$ 13.99	$ 16.08	$ 17.09	$ 18.15
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%	0.89%	0.88%	0.81%	0.81%	0.70%	0.83%	0.93%	0.95%	0.98%	0.78%	0.85%	0.85%
ROCE	8.8%	9.8%	9.9%	9.0%	5.8%	7.0%	8.1%	10.3%	9.4%	9.3%	8.6%	8.7%	7.5%	9.1%	10.2%	10.6%	9.4%	7.8%	9.0%	9.3%
ROTCE	10.6%	11.8%	11.8%	10.8%	6.9%	8.2%	9.4%	11.9%	10.4%	10.2%	9.3%	9.2%	7.8%	9.3%	10.2%	10.4%	11.2%	9.2%	9.7%	9.5%
Pretax Preprovision ROAA	1.22%	1.36%	1.34%	1.22%	1.15%	1.29%	1.31%	1.36%	1.32%	1.30%	1.25%	1.26%	1.14%	1.21%	1.29%	1.32%	1.28%	1.28%	1.28%	1.24%
Net Interest Margin	3.73%	3.67%	3.65%	3.56%	3.55%	3.38%	3.28%	3.31%	3.35%	3.33%	3.25%	3.26%	3.27%	3.28%	3.28%	3.28%	3.65%	3.37%	3.30%	3.28%
Efficiency Ratio	71%	70%	70%	72%	73%	69%	69%	67%	68%	68%	69%	69%	71%	70%	68%	67%	71%	69%	68%	69%
Fee Income/Operating Revenue	22%	26%	25%	24%	24%	26%	27%	25%	24%	24%	24%	24%	24%	24%	24%	23%	24%	25%	24%	24%
Dividend Payout Ratio	34%	29%	28%	30%	50%	40%	34%	26%	29%	29%	31%	31%	36%	30%	27%	26%	30%	36%	30%	29%
Total Payout Ratio	34%	148%	105%	30%	50%	40%	34%	26%	29%	29%	31%	31%	36%	30%	27%	26%	82%	36%	30%	29%
Average Balance Sheet																				
Loans	724	729	740	748	754	825	868	893	893	893	903	912	931	949	968	987	735	835	900	959
Securities	252	250	255	273	286	295	300	322	338	340	342	343	345	347	349	350	258	301	341	348
Earning Assets	993	1,005	1,022	1,052	1,077	1,171	1,249	1,297	1,318	1,323	1,326	1,329	1,342	1,355	1,373	1,393	1,018	1,198	1,324	1,366
Assets	1,089	1,103	1,120	1,151	1,176	1,269	1,345	1,392	1,413	1,419	1,422	1,425	1,438	1,452	1,470	1,490	1,116	1,296	1,420	1,462
Deposits	909	924	939	968	969	1,060	1,137	1,182	1,136	1,145	1,155	1,165	1,120	1,129	1,138	1,148	935	1,087	1,150	1,134
Interest Bearing Liabilities	718	714	724	737	758	780	833	869	906	906	905	902	932	940	952	967	723	810	905	948
Equity	114	117	117	120	123	127	132	133	135	138	140	142	143	145	148	150	117	129	139	147
Capital Ratios																				
TCE Ratio	9.24%	9.20%	9.21%	9.02%	9.29%	8.78%	8.60%	8.74%	8.84%	9.02%	9.03%	9.05%	9.04%	9.06%	9.10%	9.15%	9.02%	8.74%	9.05%	9.15%
Tier 1 Common Ratio	13.4%	13.5%	13.4%	13.5%	13.4%	13.0%	13.0%	13.2%	13.3%	13.6%	13.6%	13.7%	13.6%	13.7%	13.7%	13.8%	13.5%	13.2%	13.7%	13.8%
Leverage Ratio	10.2%	10.2%	10.1%	10.0%	9.9%	9.3%	9.0%	9.1%	9.2%	9.4%	9.4%	9.4%	9.4%	9.4%	9.5%	9.5%	10.0%	9.1%	9.4%	9.5%
Credit Quality Ratios																				
Reserve/Loans	0.88%	0.88%	0.89%	0.90%	1.03%	1.09%	1.20%	1.23%	1.27%	1.28%	1.25%	1.23%	1.23%	1.23%	1.22%	1.22%	0.90%	1.23%	1.23%	1.22%
Reserve/NPAs	155%	155%	178%	177%	239%	275%	341%	180%	-	-	-	-	-	-	-	-	177%	180%	-	-
NPAs/Loans+OREO	0.57%	0.56%	0.50%	0.51%	0.43%	0.40%	0.35%	0.68%	-	-	-	-	-	-	-	-	0.51%	0.68%	-	-
Net Charge-Off Ratio	0.01%	0.00%	-0.09%	-0.04%	0.00%	0.00%	-0.05%	0.00%	0.20%	0.30%	0.35%	0.35%	0.30%	0.15%	0.10%	0.10%	-0.03%	-0.01%	0.30%	0.16%
Provision/Average Loans	0.06%	0.00%	0.01%	0.00%	0.57%	0.61%	0.49%	0.12%	0.31%	0.30%	0.35%	0.35%	0.39%	0.23%	0.18%	0.18%	0.02%	0.44%	0.33%	0.24%
Provision/NCOs	750%	900%	-14%	0%	NA	NA	-923%	NA	157%	100%	100%	100%	129%	156%	182%	180%	-62%	NA	109%	152%

Sources: Company Filings, Hovde Group

Model updated as of: 1/25/21

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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Hovde Group, LLC provided and received compensation for providing non-investment banking securities related services for the following subject company within the past 12 months: First Community Corporation.

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Price Target Risks & Related Risk Factors:

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 $21.00 is based on 1.25x forward TBV and 13x our 2021 EPS estimate.

Definition of Investment Ratings:

OUTPERFORM: We expect the subject stock to outperform the industry benchmark (NASDAQ Bank) over the next 12 months.

MARKET PERFORM: We expect the subject stock will perform inline with the industry benchmark (NASDAQ Bank) over the next 12 months.

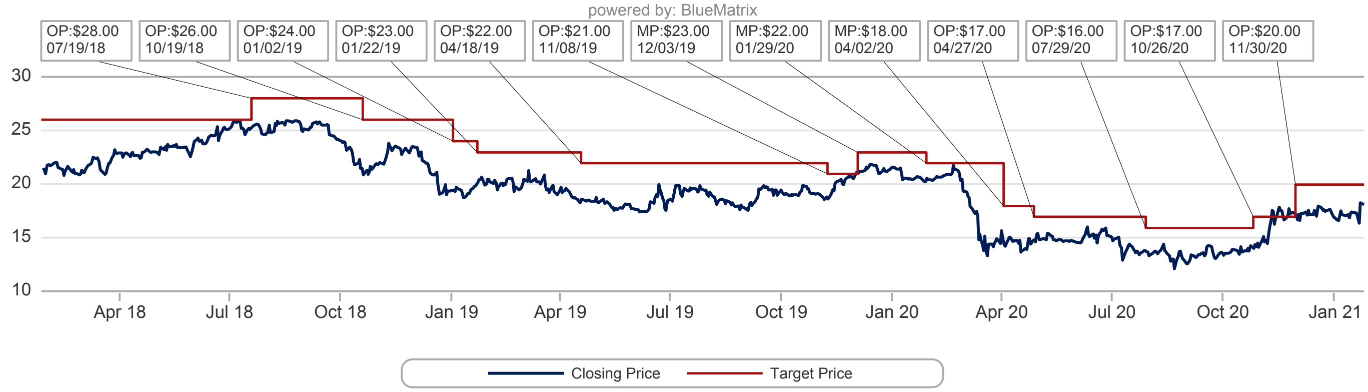
UNDERPERFORM: We expect the subject stock will underperform the industry benchmark (NASDAQ Bank) over the next 12 months.

Ratings Distribution:

			IB Serv./Past 12Mos.	
Rating Category	Count	Percent	Count	Percent
OUTPERFORM	44	57.89%	7	15.91%
MARKET PERFORM	32	42.11%	2	6.25%
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.

First Community Corporation Rating History as of 01/25/2021



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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