July 18, 2025

First Community Corp.

Outperform

FCCO (NASDAQ)

Price $24.89
Price Target $29.00

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Financial Summary

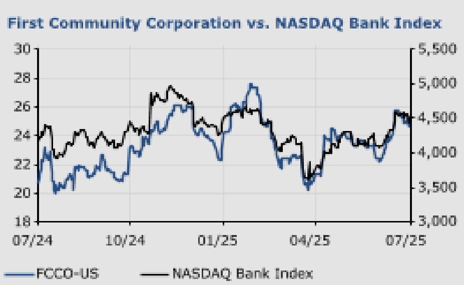
As of March 31, 2025

Assets ($M)	$2,039
Tangible Book Value	$17.56
Tang. Common Eq. / Tang. Assets	6.7%
ROA	0.81%
ROE	11.0%
Net Interest Margin	3.13%

Market Data

Market Cap ($M)	$191
Price / Tang. Book	1.42x
52-Week Range	$19.46 - $27.96
3-Mo. Avg. Daily Volume	42,971
Dividends	$0.60
Dividend Yield	2.41%
Shares Outstanding (M)	7.7

Price Performance



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.

Reiterating OP Rating as First Community Expands Into Atlanta MSA With the Signature Bank Acquisition; Adding SBA Scale to Franchise

EPS ESTIMATES

	Mar	Jun	Sep	Dec	Year	Growth	Est. Change	P/E
2024A	$0.34	$0.41	$0.50	$0.57	**$1.82**	10.8%	--	13.6x
2025E	$0.51A	$0.55	$0.58	$0.59	**$2.23**	22.4%	--	11.1x
2026E	$0.54	$0.63	$0.65	$0.66	**$2.48**	11.2%	--	10.0x

Conclusion

Earlier this week, First Community Corp. announced the intended acquisition of Sandy Springs, GA-based Signature Bank of Georgia (SGBG; Not-rated) in an all-stock deal valued at $41.6M (*Hovde Group served as Financial Adviser to FCCO*). At this time, we make no changes to our EPS estimates given the proximity to earnings release and are reiterating our Outperform rating on the shares as well as our $29 Price Target. As we have noted in the past, we continue to like the bank's positioning into the second quarter from both a NIM and Loan growth perspective, despite our belief that we project some modest pullback in the latter item relative to first quarter levels which were very strong.

Under the terms of the agreement, each share of SGBG common has the right to receive 0.641 shares of FCCO common stock for each share of Signature Bank common stock held. Based on March 2025 financials, we peg pricing at ~1.24x stated TBV of Signature Bank that has reported average ROA of ~110bps over the last five calendar years. Per the merger press release, FCCO projects the acquisition to be ~4.4% accretive to 2026 EPS with anticipated TBV dilution of 2.6% with an earn-back period of 2.2 years. Cost saves per our conversation with management are pegged at around 30% and are expected to drive the bulk of EPS accretion. The acquisition is expected to close during the first quarter of 2026 and marks First Community's first deal in over 7 years.

- **Deal Thoughts.** The deal had been widely anticipated to occur after a draft press release detailing the transaction was mistakenly released last week forcing FCCO management to issue an 8-K acknowledging deal talks were occurring. That said, despite the noise surrounding the deal, we note the modest size of the transaction (just over 10% of FCCO Assets) appears to make the transaction readily digestible, and we believe integration risk will be relatively constrained. Management views the looming transaction as a quasi-capital raise as the TCE/TA ratio projects to be augmented by about 35bps post close driving the TCE ratio close to 7.5% (now at 6.8%). We understand the deal matches First Community's desire to expand into nearby metro areas with Atlanta certainly checking this box and management likes the relationship driven focus that Signature Bank offers within its in-market small business lending platform.

- **Signature Deal Builds out SBA Capabilities and NIM Additive**. Management of FCCO notes one of the appealing aspects of the deal was the ability to leverage SGBG's legacy strength and product expertise in Small Business Lending. As a preferred lender doing business as such since 2007, the company offers significant experience in the SBA lending segment that management of FCCO intends to introduce and scale across the legacy franchise. Based on SBA lending data, Signature Bank approved ~$28.2M of SBA 7(a) loans last year with an average loan size of $1.568M. FCCO has experience in this segment but on a smaller scale. Additionally, management notes the timing of the deal close could line up nicely with expiration of certain hedges in place as management forecasts the deal should drive the NIM closer to the 3.50% range post-close (our 2026 NIM estimate is 3.25%) given the higher earning asset yield base at SGBG. Finally, while the SBA GOS benefits are clear, FCCO management notes the ability to introduce its legacy Mortgage Banking products to the Signature Bank client base in greater Atlanta which is also a source of potential Fee Income upside.

- **Background on Signature Bank.** Signature Bank of Georgia reported $249M in Assets as of March 31, 2025, supported by Deposits of approximately $201M and Loans of $189M as of the same date. As noted above, the company has a strong SBA lending platform, and we understand that the entire servicing and production team at Signature Bank is being retained to assist in continuity and lock-in expertise. Historically Signature has operated with a bias skewed more towards a Gain on Sale rather than originate and retain model but with a larger balance sheet the company could seek a more balanced approach and on a traditional commercial lending standpoint will be able to entertain larger loan relationships. The company operates via one full service branch as well a Loan Production office in the greater Atlanta metro area.

First Community Corporation (FCCO)

David Bishop; 443-610-7379

Summary Model

($M)	1Q22A	2Q22A	3Q22A	4Q22A	1Q23A	2Q23A	3Q23A	4Q23A	1Q24A	2Q24A	3Q24A	4Q24A	1Q25A	2Q25A	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2022A	2023A	2024A	2025E	2026E
Income Statement																									
Net Interest Income	10.9	11.2	12.9	13.5	12.5	12.2	12.2	12.3	12.1	12.7	13.4	13.9	14.4	15.3	15.7	16.0	15.8	16.1	16.6	16.8	48.5	49.2	52.2	61.5	65.4
Noninterest Income	3.4	3.0	2.7	2.5	2.6	2.8	3.1	2.9	3.2	3.5	3.6	3.8	4.0	3.9	4.0	4.0	3.8	4.2	4.4	4.2	11.6	11.4	14.1	15.9	16.6
Total Revenue	**14.2**	**14.2**	**15.6**	**16.0**	**15.0**	**15.0**	**15.2**	**15.3**	**15.3**	**16.3**	**17.0**	**17.7**	**18.4**	**19.2**	**19.7**	**20.0**	**19.7**	**20.3**	**21.0**	**21.0**	**60.1**	**60.6**	**66.3**	**77.4**	**82.0**
Noninterest Expense	10.0	10.2	10.4	10.7	10.4	10.8	11.3	10.7	11.8	11.8	12.0	11.8	12.8	12.9	13.2	13.4	13.7	13.5	13.8	14.0	41.3	43.1	47.5	52.2	55.0
Pre-tax, Pre-provision Income	**4.3**	**4.0**	**5.2**	**5.3**	**4.6**	**4.3**	**4.0**	**4.6**	**3.5**	**4.4**	**5.0**	**5.9**	**5.7**	**6.3**	**6.6**	**6.6**	**6.0**	**6.8**	**7.2**	**7.1**	**18.8**	**17.4**	**18.9**	**25.1**	**27.0**
Loan Loss Provision	(0.1)	(0.1)	0.0	0.0	0.1	0.2	0.5	0.4	0.1	0.5	(0.0)	0.2	0.4	0.6	0.7	0.6	0.6	0.5	0.6	0.4	(0.2)	0.9	0.9	2.4	2.1
Taxable Equivalent Adjustment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	-	-	-	-	-	-	-	0.5	0.3	0.2	0.1	-
Pre-tax Earnings	4.4	4.1	5.2	5.3	4.5	4.3	2.3	4.2	3.4	4.1	5.0	5.4	5.2	5.6	5.8	6.0	5.4	6.3	6.6	6.7	18.9	15.5	17.8	22.7	24.9
Taxes	0.9	0.9	1.2	1.2	1.1	1.0	0.5	0.9	0.8	0.8	1.2	1.2	1.2	1.3	1.4	1.4	1.3	1.5	1.5	1.6	4.3	3.5	4.0	5.4	5.9
Tax Rate (%)	18%	21%	21%	22%	22%	22%	21%	20%	22%	19%	23%	22%	23%	24%	24%	24%	24%	24%	24%	24%	21%	21%	22%	23%	24%
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income Avail. to Common	**3.5**	**3.1**	**4.0**	**4.0**	**3.5**	**3.3**	**1.8**	**3.3**	**2.6**	**3.3**	**3.9**	**4.2**	**4.0**	**4.3**	**4.5**	**4.6**	**4.1**	**4.8**	**5.0**	**5.1**	**14.6**	**12.0**	**13.8**	**17.3**	**19.1**
Reported EPS	**$ 0.46**	**$ 0.41**	**$ 0.52**	**$ 0.53**	**$ 0.45**	**$ 0.43**	**$ 0.23**	**$ 0.43**	**$ 0.34**	**$ 0.42**	**$ 0.50**	**$ 0.55**	**$ 0.51**	**$ 0.55**	**$ 0.58**	**$ 0.59**	**$ 0.54**	**$ 0.63**	**$ 0.65**	**$ 0.66**	**$ 1.92**	**$ 1.55**	**$ 1.81**	**$ 2.23**	**$ 2.48**
Core EPS	**$ 0.46**	**$ 0.42**	**$ 0.52**	**$ 0.53**	**$ 0.45**	**$ 0.41**	**$ 0.35**	**$ 0.43**	**$ 0.34**	**$ 0.41**	**$ 0.50**	**$ 0.57**	**$ 0.51**	**$ 0.55**	**$ 0.58**	**$ 0.59**	**$ 0.54**	**$ 0.63**	**$ 0.65**	**$ 0.66**	**$ 1.92**	**$ 1.65**	**$ 1.82**	**$ 2.23**	**$ 2.48**
Average Diluted Shares	7.6	7.6	7.6	7.6	7.6	7.7	7.7	7.7	7.6	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	7.6	7.7	7.7	7.8	7.7
Period-end Shares	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.6	7.6	7.6	7.7	7.7
Book Value Per Share	$ 16.59	$ 15.54	$ 15.07	$ 15.62	$ 16.29	$ 16.35	$ 16.26	$ 17.23	$ 17.55	$ 17.84	$ 18.76	$ 18.90	$ 19.52	$ 19.93	$ 20.35	$ 20.79	$ 21.17	$ 21.64	$ 22.13	$ 22.63	$ 15.62	$ 17.23	$ 18.90	$ 20.79	$ 22.63
Tangible Book Value Per Share	$ 14.53	$ 13.50	$ 13.03	$ 13.59	$ 14.26	$ 14.33	$ 14.25	$ 15.23	$ 15.55	$ 15.85	$ 16.78	$ 16.93	$ 17.56	$ 18.10	$ 18.66	$ 19.22	$ 19.73	$ 20.33	$ 20.95	$ 21.59	$ 13.59	$ 15.23	$ 16.93	$ 19.22	$ 21.59
Dividend Per Share	$ 0.13	$ 0.13	$ 0.13	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.53	$ 0.56	$ 0.59	$ 0.62	$ 0.64
Performance Ratios																									
ROA	0.86%	0.77%	0.95%	0.96%	0.82%	0.73%	0.61%	0.73%	0.56%	0.69%	0.81%	0.90%	0.81%	0.84%	0.87%	0.88%	0.79%	0.91%	0.94%	0.94%	0.89%	0.73%	0.73%	0.85%	0.89%
ROCE	10.3%	10.8%	13.2%	13.9%	11.7%	10.7%	5.6%	10.5%	7.9%	9.8%	11.0%	11.7%	11.0%	11.4%	11.5%	11.5%	10.4%	11.8%	11.9%	11.7%	12.0%	9.8%	10.1%	11.3%	11.5%
ROTCE	11.6%	12.5%	15.1%	16.0%	13.4%	12.3%	6.3%	11.9%	8.9%	11.1%	12.4%	13.1%	12.3%	12.6%	12.6%	12.5%	11.2%	12.6%	12.6%	12.4%	13.7%	11.1%	11.3%	12.5%	12.2%
Pretax Preprovision ROAA	1.06%	0.98%	1.24%	1.27%	1.08%	0.99%	0.91%	1.02%	0.75%	0.95%	1.05%	1.21%	1.14%	1.23%	1.27%	1.27%	1.13%	1.29%	1.33%	1.30%	1.14%	1.00%	0.99%	1.23%	1.27%
Net Interest Margin	2.91%	2.93%	3.29%	3.42%	3.19%	3.02%	2.96%	2.89%	2.79%	2.93%	2.96%	3.00%	3.13%	3.18%	3.21%	3.24%	3.24%	3.24%	3.25%	3.27%	3.14%	3.01%	2.92%	3.19%	3.25%
Efficiency Ratio	70%	72%	67%	67%	69%	72%	74%	70%	77%	73%	70%	67%	69%	67%	67%	67%	70%	66%	66%	66%	69%	71%	72%	68%	67%
Fee Income/Operating Revenue	24%	21%	17%	16%	17%	19%	20%	19%	21%	22%	21%	22%	22%	20%	20%	20%	19%	21%	21%	20%	19%	19%	21%	21%	20%
Dividend Payout Ratio	28%	32%	25%	26%	31%	32%	61%	33%	41%	35%	30%	27%	29%	27%	28%	27%	30%	25%	24%	24%	28%	36%	33%	28%	26%
Average Balance Sheet																									
Loans	876	897	938	969	987	1,017	1,066	1,121	1,149	1,178	1,200	1,212	1,239	1,260	1,277	1,298	1,319	1,339	1,361	1,385	920	1,048	1,185	1,268	1,351
Securities	572	560	581	569	565	563	533	504	499	491	488	486	492	497	499	499	500	503	504	505	571	541	491	497	503
Earning Assets	1,515	1,530	1,557	1,563	1,582	1,622	1,628	1,695	1,746	1,750	1,806	1,846	1,872	1,930	1,943	1,962	1,983	1,998	2,022	2,042	1,541	1,632	1,787	1,927	2,011
Assets	1,622	1,644	1,668	1,677	1,696	1,737	1,745	1,810	1,858	1,862	1,916	1,955	1,981	2,046	2,063	2,082	2,103	2,123	2,144	2,167	1,653	1,747	1,898	2,043	2,134
Deposits	1,375	1,428	1,450	1,417	1,382	1,409	1,433	1,499	1,521	1,570	1,621	1,662	1,669	1,741	1,773	1,806	1,837	1,868	1,905	1,942	1,417	1,431	1,594	1,747	1,888
Borrowings	98	87	87	131	180	189	171	169	186	139	134	129	146	133	148	151	156	158	161	163	101	177	147	145	159
Common Equity	137	116	119	115	120	124	125	125	132	134	139	144	147	152	155	158	161	164	168	172	122	124	137	153	166
Balance Sheet Ratios																									
TCE Ratio	6.71%	6.12%	6.03%	6.21%	6.29%	6.31%	6.09%	6.39%	6.32%	6.47%	6.65%	6.66%	6.66%	6.82%	6.96%	7.10%	7.21%	7.36%	7.49%	7.64%	6.21%	6.39%	6.66%	7.10%	7.64%
Avg Loans/Avg Earning Assets	58%	59%	60%	62%	62%	63%	65%	66%	66%	67%	66%	66%	66%	65%	66%	66%	67%	67%	67%	68%	60%	64%	66%	66%	67%
Avg Loans/Avg Deposits	64%	63%	65%	68%	71%	72%	74%	75%	76%	75%	74%	73%	74%	72%	72%	72%	72%	72%	71%	71%	65%	73%	74%	73%	72%
Avg Earning Assets/Avg Assets	93%	93%	93%	93%	93%	93%	93%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	93%	93%	94%	94%	94%
Credit Quality Ratios																									
Reserve/Loans	1.26%	1.22%	1.19%	1.16%	1.15%	1.12%	1.08%	1.08%	1.08%	1.09%	1.08%	1.08%	1.09%	1.11%	1.13%	1.14%	1.14%	1.14%	1.14%	1.13%	1.16%	1.08%	1.08%	1.14%	1.13%
Reserve/NPLs	645%	251%	226%	227%	271%	6925%	8151%	3821%	5849%	5032%	3919%	4919%	6157%	0%	-	-	-	-	-	-	227%	3821%	4919%	-	-
NPAs/Loans+OREO	0.33%	0.60%	0.63%	0.60%	0.52%	0.11%	0.07%	0.08%	0.07%	0.07%	0.07%	0.07%	0.05%	0.00%	-	-	-	-	-	-	0.60%	0.08%	0.07%	-	-
Net Charge-Off Ratio	0.00%	-0.10%	-0.03%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.01%	0.00%	0.02%	-0.01%	0.00%	0.06%	0.07%	0.08%	0.10%	0.09%	0.09%	0.08%	-0.03%	0.00%	0.01%	0.05%	0.09%
Provision/Average Loans	-0.06%	-0.03%	0.01%	0.01%	0.03%	0.06%	0.09%	0.16%	0.07%	0.16%	0.02%	0.06%	0.15%	0.21%	0.22%	0.19%	0.17%	0.16%	0.17%	0.12%	-0.02%	0.09%	0.08%	0.19%	0.15%
Provision/NCOs	1563%	31%	-23%	625%	-467%	1540%	#DIV/0!	-44700%	973%	9560%	101%	-573%	-4200%	0%	0%	0%	0%	0%	0%	0%	49%	-15433%	1435%	368%	172%

Sources: Company Filings, Hovde Group.

Model updated as of: 7/17/25

IMPORTANT DISCLOSURES:

Regulation Analyst Certification

I, David Bishop, 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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Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, institutional equities and investment banking.

Hovde Group, LLC expects to receive or intends to seek compensation for investment banking services from the following subject company in the next three months: First Community Corporation.

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 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 $29.00 is based on 12x our 2026 EPS estimate.

Definition of Investment Ratings:

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

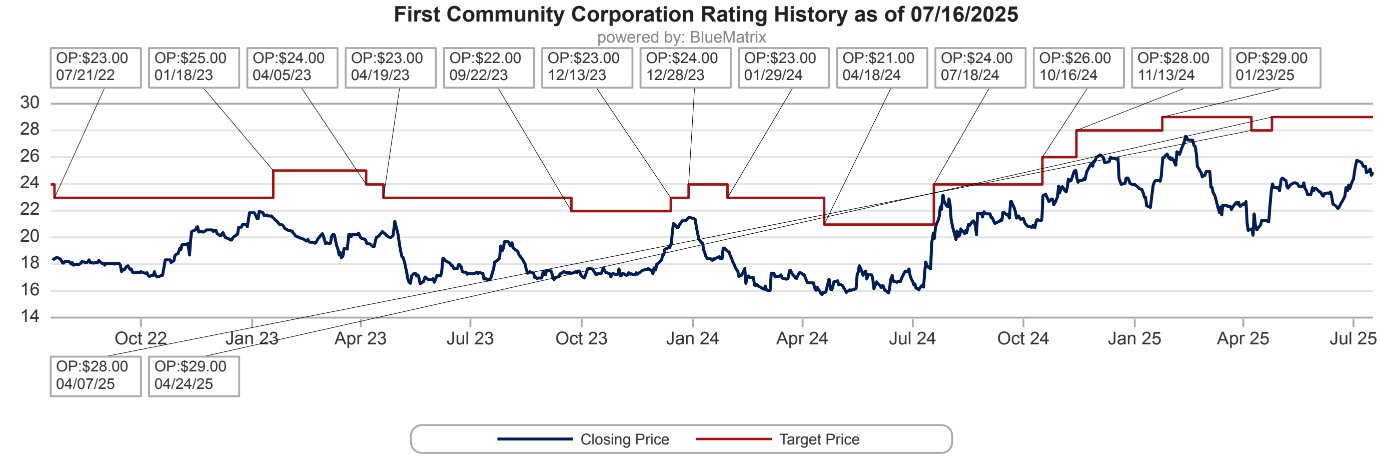
Market Perform (MP): Anticipated to perform in line relative to the sector indices over the next 12 months.

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	75	55.97%	6	8.00%
Market Perform	59	44.03%	7	11.86%
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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