

First Community Corp.

Outperform
FCCO (NASDAQ)
Price \$26.82
Price Target \$31.00

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Financial Summary

As of June 30, 2025

Assets (\$M)	\$2,046
Tangible Book Value	\$18.28
Tang. Common Eq. / Tang. Assets	6.9%
ROA	1.04%
ROE	13.7%
Net Interest Margin	3.21%

Market Data

Market Cap (\$M)	\$206
Price / Tang. Book	1.47x
52-Week Range	\$19.46 - \$27.96
3-Mo. Avg. Daily Volume	43,792
Dividends	\$0.60
Dividend Yield	2.24%
Shares Outstanding (M)	7.7

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.

Reiterating OP Rating Following Recent Management Catch-up Call; Raising Estimates and Price Target

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%	--	14.7x
2025E	\$0.51A	\$0.68A	\$0.62	\$0.63	\$2.44	33.9%	--	11.0x
2026E	\$0.60	\$0.70	\$0.72	\$0.72	\$2.73	11.9%	\$0.03	9.8x

Conclusion

We recently had the opportunity to connect with the executive management team at First Community Corp. and following this discussion, we are reiterating our Outperform rating on FCCO shares and raise our Price Target to \$31 (+\$1 equating to 11x our revised 2026 estimate). We remain constructive on the bank's strong deposit franchise, disciplined loan growth strategy, and the accretive impact of the Signature Bank acquisition, which enhances FCCO's diversification and fee income potential, in our view. We have increased our 2026 NIM estimate up by 2bps on fine-tuning of our outlook incorporating the pending Signature Bank of Georgia acquisition that drives our 2026 EPS estimate upwards by \$0.03 to \$2.73.

- **NIM Positioned to Remain Resilient.** We continue to model modest NIM expansion over the near-term into the Signature Bank acquisition, which we model to close in the first quarter of 2026. By way of reminder, during 2Q25 Spread income was \$0.01/share higher than our model as the FTE NIM of 3.21% was 3bps better than our expectations and the Street on 8bps of expansion LQ. The average Loan portfolio yield was 5.77% during 2Q25, with expectations of further improvement as loans reprice higher. Specifically, new and renewed loans are pricing in the upper 6% to low 7% range and have been trending about 10bps higher than internal targets of ~6.75% YTD. Based on recent investor presentation materials, ~\$202M of Loan cash flows are projected over the next year at a WAVG rate of 5.58% which implies ~12bps of NIM tailwind if reinvested into new origination at a 6.75% rate. We continue to project expansion from back-book Loan repricing and increased our 2025 NIM outlook by 3bps to 3.23% while our 2026 NIM forecast increased 21bps to 3.46% (still conservatively 10bps below Consensus) coming out of the 2Q25 print and inclusive of the estimated SGBG impact. We now take our 2026 NIM estimate up another 2bps to 3.48%.
- **Organic Growth Focus Still Present.** FCCO is focusing on organic growth by scaling SBA lending in legacy markets and expanding mortgage and wealth management services into Signature's markets. Loan pipelines remain robust, with Lexington, Columbia, and Rock Hill driving strong performance per management commentary during our discussion with resilience noted in the Residential Construction and Industrial CRE segments. To support further expansion, FCCO is actively recruiting bankers in Atlanta and is well-positioned, in our view, to benefit from potential market disruption from the recently announced **Pinnacle Financial Partners (PNFP; MP-rated)** and **Synovus Financial Corp. (SNV; Not-rated)** MOE.
- **Deposit Repricing Dynamics Favorable.** The time deposit portfolio, currently having a WAVG cost in the upper 3% range (avg. cost of 3.81% in 2Q25), almost entirely reprices within a year, gaining approximately 125 basis points on current rate specials per

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management. At the end of June 2025, CDs totaled just over \$345M, with \$10M in brokered CDs maturing by July 31st, at a rate of 4.70%. New CD rates are in the low-to-mid-2% range, with customers favoring shorter-term specials (6-8 months). While the company screens as slightly liability sensitive, in the immediate aftermath of a Fed rate cut, there could be some NIM pressure, but we believe this should be quickly overcome by the aforementioned Loan repricing and ability to lower rates on non-maturity Deposit sources. We note that based on the latest 10-Q IRR sensitivity disclosure, Spread income would benefit by 2.7% over a 12-month period under a 100bps "shocked" decline in interest rates.

- **Signature Bank Acquisition.** Set to close in early January 2026, with system conversion planned for 1Q26, this acquisition strengthens FCCO's presence in high-growth markets like Sandy Springs and Sewanee, Georgia. The deal adds fee-generating SBA loan sales and augments FCCO's investment advisory and mortgage banking lines, which generated \$1.7M in revenue and \$879K in fee income, respectively, last quarter. We like that Signature's SBA lending focus is in-market and relationship based with FCCO management noting the entire SBA credit analytics and servicing teams from legacy Signature Bank are slated to be retained.

First Community Corporation (FCCO)

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Summary Model/Acquisitions

SGBG

(SM)	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	15.4	15.9	16.3	18.8	19.4	19.9	20.1	48.5	49.2	52.2	62.0	78.3
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	4.1	4.0	4.0	4.5	5.0	5.2	5.0	11.6	11.4	14.1	16.0	19.8
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	19.5	19.9	20.2	23.4	24.4	25.1	25.1	60.1	60.6	66.3	78.0	98.1
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	12.8	13.1	13.3	15.4	15.3	15.5	15.7	41.3	43.1	47.5	52.1	61.8
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	6.6	6.8	6.9	8.0	9.1	9.6	9.5	18.8	17.4	18.9	25.9	36.2
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	(0.2)	0.5	0.5	1.7	0.6	0.8	0.6	(0.2)	0.9	0.9	1.1	3.6
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	0.1	-	-	-	-	-	-	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	6.7	6.3	5.4	0.4	8.6	8.8	8.9	18.9	15.5	17.8	23.7	26.6
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	1.6	1.5	1.3	0.1	2.0	2.1	2.1	4.3	3.5	4.0	5.5	6.3
Tax Rate (%)	18%	21%	21%	22%	22%	22%	21%	20%	22%	19%	23%	22%	23%	22%	23%	23%	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	5.2	4.8	4.1	0.3	6.6	6.7	6.8	14.6	12.0	13.8	18.2	20.4
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	\$ 0.67	\$ 0.62	\$ 0.53	\$ 0.03	\$ 0.70	\$ 0.72	\$ 0.72	\$ 1.92	\$ 1.55	\$ 1.81	\$ 2.33	\$ 2.16
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	\$ 0.68	\$ 0.62	\$ 0.63	\$ 0.60	\$ 0.70	\$ 0.72	\$ 0.72	\$ 1.92	\$ 1.65	\$ 1.82	\$ 2.44	\$ 2.73
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	9.4	9.4	9.4	9.4	7.6	7.7	7.7	7.8	9.4
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	9.4	9.4	9.4	9.4	7.6	7.6	7.6	7.7	9.4
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	\$ 20.23	\$ 20.70	\$ 21.08	\$ 21.62	\$ 22.16	\$ 22.72	\$ 23.29	\$ 15.62	\$ 17.23	\$ 18.90	\$ 21.08	\$ 23.29
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	\$ 18.28	\$ 18.88	\$ 19.39	\$ 19.06	\$ 19.71	\$ 20.37	\$ 21.04	\$ 13.59	\$ 15.23	\$ 16.93	\$ 19.39	\$ 21.04
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%	1.04%	0.94%	0.95%	0.83%	1.10%	1.12%	1.12%	0.89%	0.73%	0.73%	0.93%	1.04%
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%	13.7%	12.2%	10.2%	0.6%	12.8%	12.7%	12.5%	12.0%	9.8%	10.1%	11.8%	9.9%
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%	15.2%	13.4%	11.2%	0.7%	14.5%	14.2%	13.9%	13.7%	11.1%	11.3%	13.0%	11.1%
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%	1.30%	1.32%	1.33%	1.37%	1.54%	1.60%	1.56%	1.14%	1.00%	0.99%	1.27%	1.52%
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%	3.21%	3.26%	3.30%	3.46%	3.48%	3.49%	3.49%	3.14%	3.01%	2.92%	3.23%	3.48%
Efficiency Ratio	70%	72%	67%	67%	69%	72%	74%	70%	77%	73%	70%	67%	69%	66%	66%	66%	66%	63%	62%	62%	69%	71%	72%	67%	63%
Fee Income/Operating Revenue	24%	21%	17%	16%	17%	19%	20%	19%	21%	22%	21%	22%	21%	20%	20%	20%	19%	20%	21%	20%	19%	19%	21%	21%	20%
Dividend Payout Ratio	28%	32%	25%	26%	31%	32%	61%	33%	41%	35%	30%	27%	29%	23%	26%	30%	531%	23%	22%	22%	28%	36%	33%	27%	30%
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	1,263	1,270	1,290	1,479	1,521	1,546	1,573	920	1,048	1,185	1,266	1,530
Securities	572	560	581	569	565	563	533	504	499	491	488	486	492	505	508	509	530	537	539	540	571	541	491	504	536
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	1,924	1,937	1,955	2,209	2,236	2,264	2,286	1,541	1,632	1,787	1,922	2,249
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	2,033	2,056	2,076	2,343	2,377	2,401	2,427	1,653	1,747	1,898	2,037	2,387
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	1,737	1,770	1,804	1,994	2,068	2,108	2,149	1,417	1,431	1,594	1,745	2,080
Borrowings	98	87	87	131	180	189	171	169	186	139	134	129	146	125	133	121	131	132	141	143	101	177	147	131	137
Common Equity	137	116	119	115	120	124	125	125	132	134	139	144	147	152	157	161	191	205	210	215	122	124	137	154	205
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%	6.92%	7.07%	7.19%	7.62%	7.80%	7.97%	8.14%	6.21%	6.39%	6.66%	7.19%	8.14%
Avg Loans/Avg Earning Assets	58%	59%	60%	62%	62%	63%	65%	66%	66%	67%	66%	66%	66%	66%	66%	66%	67%	68%	68%	69%	60%	64%	66%	66%	68%
Avg Loans/Avg Deposits	64%	63%	65%	68%	71%	72%	74%	75%	76%	75%	74%	73%	74%	73%	72%	72%	74%	74%	73%	73%	65%	73%	74%	73%	74%
Avg Earning Assets/Avg Assets	93%	93%	93%	93%	93%	93%	93%	94%	94%	94%	94%	94%	94%	95%	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%	1.06%	1.06%	1.06%	1.07%	1.07%	1.08%	1.08%	1.16%	1.08%	1.08%	1.06%	1.01%
Reserve/NPLs	645%	251%	226%	227%	271%	6925%	8151%	3821%	5849%	5032%	3919%	4919%	6157%	4830%	-	-	-	-	-	-	227%	3821%	4919%	-	-
NPLs/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%	0.04%	-	-	-	-	-	-	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%	0.00%	0.07%	0.08%	0.10%	0.09%	0.09%	0.08%	-0.03%	0.00%	0.01%	0.04%	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%	-0.09%	0.14%	0.15%	0.45%	0.15%	0.20%	0.16%	-0.02%	0.09%	0.08%	0.09%	0.24%
Provision/NCOs	1563%	31%	-23%	625%	-467%	1540%	#DIV/0!	-44700%	973%	9560%	101%	-573%	-4200%	-2680%	0%	0%	0%	0%	0%	0%	49%	-15433%	1435%	236%	264%

Sources: Company Filings, Hovde Group.

Model updated as of: 8/26/25

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 \$31.00 is based on 11x 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:

Rating Category	Count	Percent	IB Serv./Past 12Mos.	
			Count	Percent
Outperform	74	54.41%	6	8.11%
Market Perform	62	45.59%	7	11.29%
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 08/25/2025

powered by: BlueMatrix



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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