

First Community Corp.

FCCO (NASDAQ)

Outperform
Price \$27.27
Price Target \$32.00

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Financial Summary

As of September 30, 2025

Assets (\$M)	\$2,067
Tangible Book Value	\$19.06
Tang. Common Eq. / Tang. Assets	7.1%
ROA	1.07%
ROE	13.0%
Net Interest Margin	3.27%

Market Data

Market Cap (\$M)	\$210
Price / Tang. Book	1.43x
52-Week Range	\$19.46 - \$29.55
3-Mo. Avg. Daily Volume	29,484
Dividends	\$0.64
Dividend Yield	2.35%
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 Outperform Rating on First Community as Operating Performance Remains Excellent as we Raise Estimates and 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%	--	14.9x
2025E	\$0.51A	\$0.68A	\$0.72A	\$0.65	\$2.56	40.5%	\$0.12	10.6x
2026E	\$0.60	\$0.71	\$0.73	\$0.74	\$2.77	8.2%	\$0.04	9.8x
2027E	\$0.72	\$0.75	\$0.76	\$0.74	\$2.96	6.9%	--	9.2x

Conclusion

Following 3Q25 earnings, we are adjusting our 2025/26 EPS estimates to \$2.56 (+\$0.12) and \$2.77 (+\$0.04), respectively, reflecting a higher NIM forecast in both years as well as the layered in accretive acquisition impact of the pending Signature Bank of GA deal struck just a week before earnings release last quarter (see below). We have also adjusted our LLP outlook lower each year as Credit quality remains absolutely stellar. Concurrently, we establish an initial 2027 EPS estimate of \$2.96. Third quarter EPS of \$0.72/share was \$0.10/share above our expectations with a nickel PPNR per share beat to our modeling driven by better than expected Fee and Spread income. **We reiterate our Outperform rating on the shares and raise our Price Target to \$32 (+\$1) - equating to ~11x our 2026 EPS estimate.**

- Loan Growth Present but Slows Somewhat.** Loan growth increased from the slow 2Q25 pace to 6.1% LQA, but fell \$53K short of our model. Loan payoff and paydowns relaxed from last quarter and were down 24.7%. Commercial loan production totaled \$47.4M (up 2.4% from 2Q25) with an additional \$10.7M in advances from unfunded commercial construction loans. We maintain our forecast of 7% loan growth for 2025 and 2026, aligning with prior modeling, as management targets mid-to-high-single-digit growth (compared to 8% in 2024). Note our Loan growth estimates are on a core basis for both years and exclude acquisition-related growth. While tariffs and the macroeconomic outlook have had a muted impact on loan growth, elevated interest rates and rising building costs have slowed commercial real estate construction activity. Pipeline remains consistent with 3Q25 trends, with no effects from the government shutdown to date, supporting mid-to-high single-digit growth into next quarter and the full year. Finally, the pending acquisition of Signature Bank of Georgia could expand into new markets while enhancing SBA and government-guaranteed lending expertise in legacy areas, leveraging Signature's strong pipeline and 18+ years of experience to manage through potential shutdown backlogs.
- NIM Outperforms with Continued Back Book Repricing Looming.** Spread income was \$0.01/share higher than our model as the NIM of 3.27% was 1bps better than our expectations on 6bps of expansion LQ, and accompanied by higher levels of Average Earning Assets from the previous quarter (up 1.0%). A pay-fixed swap agreement, effective May 5, 2023, with a notional amount of \$136.6M as of September 30, 2025, positively impacted loan yields and NIM by 9 and 6bps, respectively, in 3Q25, contributing \$280K to interest on loans during the quarter. Management remains confident in continued NIM expansion, driven by loan yields rising 7bps to 5.84% and new/renewed loans booking at ~6.70% with room to drop accretively into the lower 6% range even if the yield curve flattens.

Important Disclosures regarding Price Target Risks, Valuation Methodology, Regulation Analyst Certification, Investment Banking, Ratings Definitions, and any potential conflicts of interest begin on page 8 of this report. Past performance is no guarantee of future results.

Deposit costs declined 1bp to 1.81%, with a September exit rate of 1.78%, via a stair-step repricing approach on money markets and CDs (~98% repricing within 12 months), positioning FCCO for further declines and NIM stability despite bond portfolio headwinds in 4Q25.

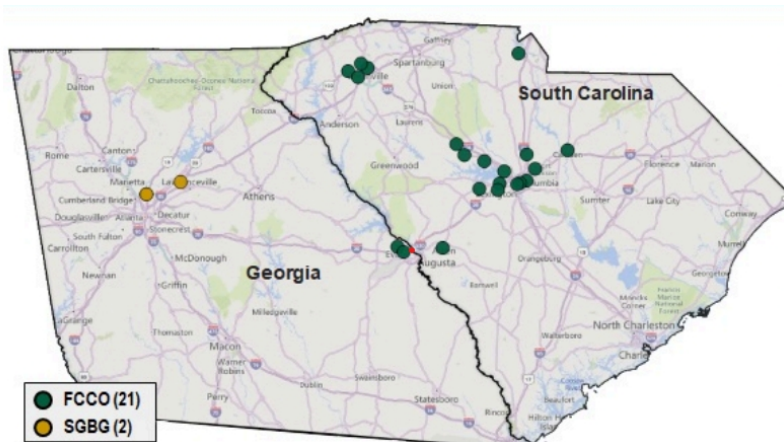
- **Loan Pricing Holding in Nicely Despite Cost to Growth.** Management notes new loan pricing remains healthy, with new loans booking at ~6.70%, as mentioned above, and a firm stance on the upper 6% range for renewals, though some deals have been observed in the low-5% range from more aggressive competitors. The bank walked away from select volume due to pricing and structure concerns, prioritizing risk-appropriate terms. Lower rates are expected to improve deal economics, stimulate activity by bringing sidelined players back, and counter yield compression, while Signature's acquisition will bolster SBA/government-guaranteed lending expertise to navigate potential shutdown backlogs. Thus, we have increased our 2025/2026 NIM outlook by 1bps following the quarterly upside surprise and applaud management's pricing discipline noted above that is coming at a cost to Loan growth.
- **Stellar Asset Quality Persists.** First Community Corporation continues to demonstrate exceptional asset quality into 2025, with classified/criticized loan levels at a mere 0.33% of end-of-period loans (up 3bps from the prior quarter) and non-performing assets at just 5bps of loans (up 3bps from the prior quarter). The loan loss provision of \$200K, up from a negative \$240K last quarter, was \$0.03/share below our modeling while the ACL/Loans ratio declined by 1bps from the prior quarter, ending 3Q25 at 1.05%.
- **Fee Income Growth Show Resilience.** AUM continued to grow to \$1.1B, reflecting a 9.1% increase from the prior quarter. Fee income growth of 5.0% LQ, exceeded our estimate by \$0.03share, driven by robust growth in all segments. Gains on sale from secondary market operations climbed to \$931K from \$876K LQ, with margins expanding to 2.91%, up 17bps from the prior quarter. Total Operating Expenses rose modestly by 1.9% LQ, coming in a penny above our model.

Signature Bank Deal Thoughts (from prior note):

- **Deal for Signature Bank of Georgia Look Solid with Good Timing.** About a week before releasing 2Q25 earnings, FCCO announced its intent to acquire Signature Bank of Georgia (SGBG; Not-rated) in an all-stock transaction valued at \$41.6M on announcement. This deal will allow for entrance into the high growth Atlanta-Sandy Springs, GA MSA, and comes ahead of the recent announcement that a material in-market competitors (Synovus Financial - SNV; Not-rated) had entered into an MOE with Pinnacle Financial Partners (PNFP; MP-rated by our colleague Brett Rabatin). The looming SNV-PNFP transaction could create some local market disruption that FCCO-SGBG could be in position to benefit from over time.
- **More Thoughts/Details on Signature Bank Deal.** As we laid out in a brief note (see [link](#)) regarding the pending acquisition (we model an early 1Q26 close), we believe the 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 6.9%). 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 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.

Exhibit 1 - Pro Forma Branch Footprint



Source: Company reports

Exhibit 1: FCCO 3Q25 Variance Table

Actuals vs. Hovde and Consensus

(\$M) FCCO	Estimates		Actual 3Q25	Actuals vs:					
	Hovde	Cons.		Hovde			Consensus		
				\$ Diff.		P/S	\$ Diff.		P/S
Net Interest Income	15.9	16.0	16.0	0.1	▲	\$0.01	0.1	▲	\$0.01
NIM	3.26%	3.26%	3.27%	1 bps	▲		1 bps	▲	
Fee Income	4.0	4.0	4.3	0.3	▲	\$0.03	0.3	▲	\$0.03
Revenue	19.9	20.5	20.3	0.4	▲	\$0.04	(0.1)	▼	(\$0.01)
Expenses	13.1	13.0	13.1	0.0	▼	\$0.00	(0.1)	▲	(\$0.01)
Core PPNR	6.8	-	7.2	0.5	▲	\$0.05	-		-
PPNR	6.8	7.5	7.2	0.5	▲	\$0.05	(0.2)	▼	(\$0.02)
Provision	0.5	0.4	0.2	0.3	▼	\$0.03	0.2	▼	\$0.02
Tax Rate	23%	23%	21%		▼			▼	
EPS	\$0.62	-	\$0.67		▲	\$0.05			
Core EPS	\$0.62	\$0.65	\$0.72		▲	\$0.10		▲	\$0.07
TBVPS	\$18.88	\$18.80	\$19.06		▲	\$0.19		▲	\$0.26
Diluted Shares	7.8	7.8	7.8						
<u>Profitability</u>									
ROA	0.94%	0.98%	1.07%	13 bps	▲		9 bps	▲	
ROTCE	13.4%	-	14.4%	96 bps	▲				
Efficiency Ratio	66%	65%	64%	-155 bps	▼		-38 bps	▼	
<u>Balance Sheet</u>									
Avg Earning Assets	1,937	1,940	1,944	7	▲		4	▲	
EOP Loans	1,280	1,285	1,279	(1)	▼		(6)	▼	
Loans/Deposits	72%	73%	72%						
TCE Ratio	7.07%	-	7.15%	8 bps	▲				
<u>Credit</u>									
Net Charge-Off Ratio	0.07%	0.05%	0.00%	-7 bps	▼		-4 bps	▼	
LLP/Loans	0.14%	0.11%	0.05%						

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

Exhibit 2: FCCO Estimate Change Summary

Current Estimates vs. Prior

(FCCO)	2025E					2026E				
	Estimates		Change			Estimates		Change		
	Prior	Current	\$ Diff.	▲/▼	P/S	Prior	Current	\$ Diff.	▲/▼	P/S
Net Interest Income	62.0	62.2	0.2	▲	\$0.02	78.3	78.5	0.2	▲	\$0.02
NIM	3.23%	3.23%	1 bps	▲		3.48%	3.49%	1 bps	▲	
Fee Income	16.0	16.3	0.3	▲	\$0.03	19.8	19.8	(0.0)	▼	(\$0.00)
Revenue	78.0	78.5	0.5	▲	\$0.05	98.1	98.3	0.2	▲	\$0.02
Expenses	52.1	52.0	0.0	▼	\$0.00	61.8	61.9	(0.1)	▲	(\$0.01)
Core PPNR	25.9	26.5	0.5	▲	\$0.05	36.2	36.4	0.2	▲	\$0.01
PPNR	25.9	26.5	0.5	▲	\$0.05	36.2	36.4	0.2	▲	\$0.01
Provision	1.1	0.8	0.3	▼	\$0.03	3.6	3.3	0.3	▼	\$0.03
Tax Rate	23%	22%		▼		24%	24%		—	
EPS	\$2.33	\$2.43		▲	\$0.10	\$2.16	\$2.20		▲	\$0.04
Core EPS	\$2.44	\$2.56		▲	\$0.12	\$2.73	\$2.77		▲	\$0.04
TBVPS	\$19.39	\$19.62		▲	\$0.23	\$21.04	\$21.27		▲	\$0.23
Diluted Shares	7.8	7.8				9.4	9.4			
<u>Profitability</u>										
ROA	0.93%	0.98%	4 bps	▲		1.04%	1.06%	2 bps	▲	
ROTCE	13.0%	13.5%	50 bps	▲		11.1%	11.2%	8 bps	▲	
Efficiency Ratio	67%	66%	-44 bps	▼		63%	63%	-8 bps	▼	
<u>Balance Sheet</u>										
Avg Earning Assets	1,922	1,924	2	▲		2,249	2,249	0	▲	
EOP Loans	1,301	1,300	(1)	▼		1,587	1,587	(1)	▼	
Loans/Deposits	71%	72%				73%	74%			
TCE Ratio	7.19%	7.29%	9 bps	▲		8.14%	8.24%	10 bps	▲	
<u>Credit</u>										
Net Charge-Off Ratio	0.04%	0.01%	-2 bps	▼		0.09%	0.07%	-2 bps	▼	
LLP/Loans	0.09%	0.06%				0.24%	0.21%			
LLR/Loans	1.06%	1.06%				1.01%	1.01%			

Source: Company Filings

Exhibit 3: FCCO Comparable Group

					Valuation						Profitability (LTM; %)				Balance Sheet (MRQ; %)				Credit (MRQ; %)			CAGRs				Price Perf. (%)			
		10/24 Price	Mkt Cap (\$M)	Assets (\$M)	Price/Earnings ¹			Price/ TBV	Dvd 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	1YR
Ticker	Company Name				'25E	'26E	'27E															'16-'21	'21-'24E	'16-'21	'21-'24E				
COSO	CoastalSouth BcsHs	\$21.38	\$256	\$2,255	10.0x	9.8x	8.9x	1.04x	-	0.5%	1.08	11.4	3.41	58.4	79.7	90.1	2.81	10.91	0.02	0.43	1.01	-271%	-	-5%	-	(6.9)	1.5	(2.6)	5.5
CARE	Carter Bkshs	\$17.74	\$402	\$4,840	13.3x	12.2x	7.4x	0.97x	0.0%	-0.2%	0.66	NA	2.74	77.6	NA	-	NA	8.49	0.02	5.35	1.92	14%	-12%	2%	5%	(9.6)	(4.5)	0.9	(4.6)
CBAN	Colony Bkcp Inc	\$16.31	\$285	\$3,153	9.2x	9.2x	7.6x	1.15x	2.8%	1.4%	0.89	NA	3.01	66.5	78.8	84.4	2.04	8.00	0.26	0.48	0.88	15%	-9%	3%	6%	(8.4)	(2.6)	1.1	5.9
FVCB	FVCBankcorp Inc	\$12.26	\$222	\$2,319	-	10.2x	9.5x	0.91x	2.0%	-1.1%	0.96	9.2	2.85	57.0	94.0	-	2.80	10.49	0.10	0.44	0.97	19%	-12%	13%	3%	(7.8)	(7.5)	(2.5)	(8.4)
FBK	FB Finl Corp	\$54.58	\$2,918	\$16,236	15.7x	14.2x	11.8x	1.83x	1.4%	9.6%	0.75	7.6	3.68	55.9	89.0	92.1	2.60	10.06	0.16	0.60	1.48	14%	-8%	16%	8%	(0.3)	13.5	6.0	12.3
FBNC	First Bancorp	\$47.66	\$1,976	\$12,750	13.0x	13.2x	11.6x	1.79x	1.9%	8.0%	0.80	10.2	3.28	52.3	77.4	96.1	1.53	9.03	0.10	0.31	1.44	19%	-9%	12%	1%	(10.5)	(3.2)	8.4	12.4
FCBC	First Comm Bkshs	\$33.02	\$605	\$3,181	11.9x	12.9x	11.6x	1.74x	3.8%	9.8%	1.56	14.6	4.36	58.6	89.3	99.2	0.71	11.47	0.19	0.58	1.40	15%	-2%	5%	9%	(8.3)	(16.7)	(20.7)	(23.3)
FRST	Primis Financial C	\$9.70	\$239	\$3,955	-26.2x	19.2x	6.4x	0.83x	4.1%	-1.5%	0.06	3.3	3.02	88.4	NA	-	NA	7.48	1.56	NA	1.32	9%	-37%	6%	-3%	(9.3)	(17.0)	(16.8)	(18.9)
HTB	HomeTrust BcsHs	\$39.85	\$691	\$4,592	10.5x	11.2x	11.5x	1.25x	1.3%	3.6%	1.41	12.0	4.27	58.1	98.5	89.7	2.12	12.22	0.21	0.72	1.12	8%	82%	3%	14%	(5.4)	(3.4)	18.3	18.7
SFST	Southern First	\$41.98	\$343	\$4,308	15.5x	12.7x	10.3x	0.99x	-	-0.1%	0.53	6.6	2.31	71.8	103.0	87.4	NA	8.02	0.00	0.27	1.10	25%	-40%	16%	6%	(6.5)	(6.7)	5.6	9.2
SMBK	SmartFinancial Inc	\$34.53	\$588	\$5,785	11.9x	11.9x	10.6x	1.33x	0.9%	2.9%	0.87	11.9	3.25	65.3	83.6	90.5	2.54	7.78	0.04	0.21	0.92	23%	-5%	6%	10%	(5.7)	(3.0)	11.5	7.5
Peer Median			\$402	\$4,308	11.9x	12.2x	10.3x	1.15x	1.9%	1.4%	0.87	10.2	3.25	58.6	89.0	90.3	2.33	9.03	0.10	0.46	1.12	15%	-9%	6%	6%	(7.8)	(3.4)	1.1	5.9
FCCO	First Cmnty Corp	\$27.27	\$209	\$2,067	-	10.7x	9.4x	1.43x	2.3%	3.5%	0.93	13.9	3.15	66.4	72.2	89.0	1.90	7.15	0.00	0.02	1.05	16%	-8%	8%	2%	(6.1)	8.1	13.6	19.1

¹Based on consensus EPS estimates

²Core deposits as % of total non-equity funding

Source: S&P Global Market Intelligence and FactSet

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SGBG

Sources: Company Filings, Hovde Group

Model updated as of: 10/24/25

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 \$32.00 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	80	56.74%	7	8.75%
Market Perform	61	43.26%	7	11.48%
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 10/23/2025

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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