

Banks & Thrifts

Price:	\$23.70
Fair Value Estimate:	\$30.00
52-Week Range:	\$15.75 - \$27.96
Market Cap (MM):	\$182
Shr.O/S-Diluted (mm):	7.7
Average Daily Volume:	39,271
Dividend (Quarter):	\$0.15
Yield:	2.6%
Tang Book Value:	\$17.56
Price/Tangible Book:	1.35x

FYE: Dec	2024A	2025E	2026E
EPS - non-GAAP	\$1.80A	\$2.34E	\$2.74E
Adjusted: Prior EPS - non-GAAP		\$2.25	\$2.70
Adjusted: P/E non-GAAP Ratio:	13.2x	10.1x	8.6x

Quarterly EPS - non-GAAP Adjusted:

Q1	\$0.34A	\$0.51E	--
Q2	\$0.40A	\$0.58E	--
Q3	\$0.50A	\$0.60E	--
Q4	\$0.57A	\$0.64E	--
EPS - non-GAAP Adjusted	\$1.80A	\$2.34E	\$2.74E

First Community Corporation is a \$1.7B+ in Assets holding company for First Community Bank, a local community bank based in the Midlands of South Carolina. First Community is a full-service commercial bank offering deposit/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, Upstate, and Piedmont Regions of South Carolina, as well as Augusta, GA.



April 29, 2025

First Community Corporation (FCCO) - BUY

FCCO: Reiterate BUY, Increase Fwd. EPS, Loan Growth & NIM Expansion Driving Improved Profitability, Credit Remains Excellent

PORTFOLIO MANAGER BRIEF

EPS Estimates. Increase 2025 and 2026 EPS to \$2.34 and \$2.74, respectively. A better starting point for both average earning assets and NIM (3.12% reported vs. 3.08% Est.) improves our full-year outlook for Net Interest Inc. Further, we lowered our provision outlook and increased fee income, which more than offset slightly higher expenses.

Reiterate BUY. We remain bullish on the FCCO story. We view risk-reward dynamics favorably given FCCO's attractive valuation juxtaposed against its above-peer earnings growth outlook and improving profitability profile. Shares currently trade at sub-9x our 2025 and ~130% of TBV. We forecast 25%+ EPS growth in 2025, 10%+ TBV growth, and ROAA approaching 1% by late-2025. Franchise value remains high given FCCO's attractive geographic footprint, superior deposit base, and best-in-class credit quality.

ANALYST NOTES

- Improving Balance Sheet Efficiency.** A key focus for FCCO is improving balance sheet efficiency to drive greater profitability. Loan growth is a key priority as management works to deploy excess liquidity into higher-yielding loans. EOP Cash (8%) and Securities (24%) were ~32% of Assets in 1Q25. We are modeling modest growth in the overall size of the balance sheet in the coming quarters as loan growth is funded by a combination of excess on balance sheet liquidity (~\$90M), cash flows from the bond portfolio, and customer deposit growth. We also expect FCCO could use its strong liquidity position to be nimble with deposit pricing and managing overall funding costs.
- NIM Expansion Expected to Drive Double-Digit Revenue and PTPP Growth.** PPNR is forecast to expand ~35% in 2025 as a 15% increase in revenues more than offsets an 8% increase in expenses. Revenues are expected to benefit from a 17% increase in Net Interest Inc. and a 10% increase in Fee Inc. The increase in Net Interest Income stems from strong NIM expansion and modest balance sheet growth (AEA remixing). We forecast an uptick in provisioning in 2025, reflecting mid-to-high single-digit loan growth and some normalization in credit following 2024's strong performance.
- Optimistic on Loan Growth.** Loans increased 10% LQA in 1Q25, aided by a significant increase in loan production and lower payoffs. A diminished pipeline, which is being rebuilt post strong 1Q fundings, and possible macroeconomic uncertainty stemming from the tariffs are expected to result in slower (albeit

positive) loan growth in 2Q25. That said, management is optimistic demand will pick up (as things calm down) in 2H25 as greater visibility emerges on the impact of the tariffs. FCCO reiterated its mid-to-high single-digit growth outlook for 2025.

- Significant NIM Expansion Expected in 2025. We expect NIM to continue to expand in the coming quarters, aided by 1) lower deposit costs (lower short-term rates), 2) upward repricing of fixed-rate loans, 3) continued optimization of the balance sheet (Loan growth funded via Cash / Securities & Excess liquidity used to reduce higher-cost deposits), and 4) our outlook for mid-to-high single-digit loan growth coming on the books at rates above current portfolio yields.
- We estimate that FCCO has about \$200M or 16% of Loans set to reprice over the next 12 months at a weighted average rate of 5.53%, with new origination yields in the 6.75%-7.00% range. Further, the \$53M of runoff from the Securities portfolio (roll-off yield of ~3.88%) over the next three quarters will be repositioned into higher-yielding Loans and or used to reduce higher-cost deposits.
- On the funding side, management expects to remain assertive in lowering deposit rates in a declining rate environment and has opportunity with ~\$1.2B in interest-bearing deposits and a short CD book. FCCO estimates its cumulative beta thus far in the down rate cycle is 30% on COF and 21% on COD.
- Wealth and Mortgage Drive Solid Fee Income Growth. We bumped our Fee Inc. outlook modestly for 2025 and 2026 to reflect better mortgage outlook, partially offset by some near-term pressure on the wealth management business. Our mortgage outlook calls for ~\$105M of mortgage sales (\$26M YTD) at a GOS NIM of ~2.90% (2.93% in 1Q), resulting in \$3.1M in mortgage GOS revenue (~\$2.4M in '24). Wealth management revenues increased 5% LQ to \$1.8M despite a \$33M decline in AUM to \$893M. We expect market volatility to pressure wealth assets/fees in the near term despite continued net new customer / asset growth.
- Positive Operating Leverage Expected in 2025. 2025 expense outlook increased modestly to \$51.3M, which represents ~8% growth over 2024, reflecting higher variable-rate compensation associated with higher mortgage and wealth management revenues and continued investment in the franchise. Importantly, Core Efficiency ratio is slated to improve ~450bps in 2025 to ~67%, aided by strong loan growth and NIM expansion.
- Credit Narrative Remains Positive with management not seeing any meaningful weakness across its footprint. NPAs are less than \$750k or less than 10bps of Loans & OREO, while Criticized and Classified ratios are negligible at less than 2% of Tier 1 Capital plus Reserves. FCCO is well positioned as we operate in an uncertain credit environment with strong underwriting processes and reserves. Further, FCCO has solid PTPP to cover any new credit losses that could occur. We forecast an uptick in NCOs as credit normalization occurs with reserve coverage holding steady absent any changes in the macroeconomic environment.

Weekly Stock Price Trends

Janney Research Rating: "BUY"

Fair Value: \$30.00

Implied Gain/Loss versus Current Price: 26.6%

2025 Outlook

2025 EPS	\$2.34	12.6x	\$29.40
Cash Dividends	\$0.60	1.0x	<u>\$0.60</u>
			\$30.00

Tangible Book 12/25: \$18.97 1.58x \$30.00

Source: Janney Research (FIG Group) & Forward Estimates

Deposit Premium Analysis

	Current	Dec-25	Dec-26
Market-Cap	194.3	200.2	206.2
TCE in \$\$	134.9	145.7	162.3
Total Deposits	1,725.7	1,738.7	1,836.2
CORE Deposits	1,414.1	1,424.7	1,504.7
Premium - Total	3.4%	3.1%	2.4%
Premium - CORE	4.2%	3.8%	2.9%



Background and Risks

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, Upstate, and Piedmont Regions of South Carolina, as well as Augusta, Georgia. For more information, visit www.firstcommunitysc.com.

We see primary risks to include (1) integration of acquisitions; (2) negative impact from persistently low or rapidly changing interest rates and/or a flattening yield curve; and (3) potential for rising credit costs in light of further growth in unemployment.

FCCO Peer Comparison

Ticker	Company Name	State	Rating	Market Cap. (\$M)	Total Assets (\$000)	DDA %	Cost of Deposits	TCE Ratio	NPAs % of Loans+ORE	Core Deposit Premium	Price-to- T.Book	P/E 2025 EPS	P/E 2026 EPS	ROA Forecast in 2026	Loans-to- Deposits Ratio
					MRQ	MRQ	MRQ	MRQ	MRQ	Today	4/28/25	Consensus	Consensus	Consensus	
Peer Analysis:															
FCCO	First Cmnty Corp	SC	Neutral	\$182	\$2,039,371	27	1.82	6.7	0.1%	3.1%	135	10.8x	9.1x	0.97	73%
FIZN	Frst Ctzns Bcshs	TN	Not Rated	\$269	\$2,540,082	23	NA	6.7	0.2%	3.7%	131	na	na	NA	68%
JMSB	John Marshall Bncp	VA	Not Rated	\$230	\$2,272,432	23	2.61	11.1	0.0%	(1.9%)	91	na	na	NA	97%
FVCB	FVCBankcorp Inc	VA	Neutral	\$207	\$2,240,797	19	2.74	10.5	0.6%	(2.0%)	88	10.7x	9.7x	0.93	99%
RVRF	River Finl Corp	AL	Not Rated	\$252	\$3,582,206	21	2.29	5.6	1.0%	1.6%	125	na	na	NA	77%
CBAN	Colony Bkcp Inc	GA	Neutral	\$270	\$3,171,825	17	1.81	7.5	1.2%	1.3%	115	14.0x	10.4x	0.58	96%
MCBS	MetroCity Bkshs	GA	Not Rated	\$707	\$3,659,725	20	2.67	11.5	1.1%	10.4%	168	na	na	NA	97%
FFMH	Frst Farmers	TN	Not Rated	\$151	\$1,765,311	30	1.36	7.3	0.4%	1.4%	118	na	na	NA	76%
BFCC	BankFirst Cap Corp	MS	Not Rated	\$215	\$2,857,569	22	1.83	4.8	1.0%	4.2%	172	na	na	NA	77%
MNSB	MainStreet Bcshs	VA	Buy	\$143	\$2,222,845	18	3.27	8.2	1.2%	(3.1%)	81	17.4x	12.9x	0.58	96%
BRBS	Blue Ridge Bkshs I	VA	Not Rated	\$312	\$2,685,084	21	2.63	12.5	1.1%	(1.9%)	93	na	na	NA	97%
PEBK	Peoples Bncp of NC	NC	Not Rated	\$142	\$1,692,985	27	1.55	8.2	0.4%	0.6%	105	na	na	NA	76%
NKSH	Natl Bankshares	VA	Buy	\$163	\$1,835,717	18	1.93	8.5	0.2%	0.6%	105	10.9x	9.4x	0.93	61%
CIZN	Citizens Hdq Co	MS	Not Rated	\$47	\$1,587,728	22	1.51	6.9	0.9%	(4.8%)	133	na	na	NA	62%
OPOF	Old Point Finl	VA	Not Rated	\$200	\$1,450,570	28	1.69	7.7	0.2%	8.6%	178	na	na	NA	80%
CPKF	Chesapeake Finl	VA	Not Rated	\$90	\$1,524,646	23	2.04	6.9	0.3%	(1.5%)	87	7.7x	na	NA	64%
MBLU	Morris State Bcshs	GA	Not Rated	\$219	\$1,521,496	26	2.00	12.4	0.4%	2.9%	117	na	na	NA	86%
SFDL	Security Federal	SC	Not Rated	\$90	\$1,611,773	NA	2.45	6.1	1.1%	(0.8%)	91	na	na	NA	53%
MCBI	Mtn Commerce Bncp	TN	Not Rated	\$128	\$1,793,716	16	3.22	7.6	0.3%	(0.9%)	94	7.0x	na	NA	94%
COSO	CoastalSouth Bcshs	GA	Not Rated	\$201	\$2,098,712	17	2.96	9.1	1.0%	1.0%	106	na	na	NA	77%
EFSI	Eagle Finl Svcs	VA	Not Rated	\$162	\$1,904,477	26	2.12	9.3	1.1%	(1.1%)	93	8.8x	7.3x	1.09	90%
Source: Janney Research (FIG Group), S&P Global MI					Median	22	2.12	8.0	0.8%	0.6%	105	10.7x	9.7x	0.93	78.7%

First Community Corporation (FCCO)
Updated 4/28/2025
Earnings Model

				2024 Quarterly				2025 Quarterly			
	2024A	2025E	2026E	1Q24A	2Q24A	3Q24A	4Q24A	1Q25A	2Q25E	3Q25E	4Q25E
<u>Income Data: (\$ in Millions)</u>											
Net Interest Income	\$52.0	\$61.1	\$66.9	\$12.1	\$12.7	\$13.4	\$13.9	\$14.4	\$15.0	\$15.6	\$16.0
Loan Loss Provision	\$0.8	\$1.662	\$1.95	\$0.1	\$0.5	(\$0.0)	\$0.2	\$0.4	\$0.30	\$0.4	\$0.5
Non-Interest Income	\$14.1	\$15.5	\$16.5	\$3.2	\$3.5	\$3.6	\$3.8	\$4.0	\$3.851	\$3.9	\$3.7
Gain/Loss on Loan Sales	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain/Loss on Securities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
One-Time Items	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	(\$0.2)	\$0.0	\$0.0	\$0.0	\$0.0
Non-Interest Expense	\$47.47	\$51.25	\$53.8	\$11.8	\$11.8	\$12.0	\$11.8	\$12.8	\$12.68	\$13.0	\$12.8
Pre-Tax Income	\$17.8	\$23.6	\$27.7	\$3.3	\$4.0	\$5.0	\$5.4	\$5.2	\$5.9	\$6.1	\$6.5
Taxes	\$3.8	\$5.4	\$6.4	\$0.7	\$0.8	\$1.1	\$1.2	\$1.2	\$1.4	\$1.4	\$1.5
Extraordinary Items	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	\$14.0	\$18.2	\$21.3	\$2.6	\$3.3	\$3.9	\$4.2	\$4.0	\$4.5	\$4.7	\$5.0
Preferred Dividend	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income Avail. To Common	\$14.0	\$18.2	\$21.3	\$2.6	\$3.3	\$3.9	\$4.2	\$4.0	\$4.5	\$4.7	\$5.0
Avg. Shares O/S	\$7.7	\$7.8	\$7.8	\$7.7	\$7.7	\$7.7	\$7.7	\$7.8	\$7.8	\$7.8	\$7.8
Earnings Per Share (EPS)	\$1.81	\$2.34	\$2.74	\$0.34	\$0.42	\$0.50	\$0.55	\$0.51	\$0.58	\$0.60	\$0.64
<u>Per Share Data:</u>											
Reported Book Value	\$18.90	\$20.91	\$23.05	\$17.50	\$17.84	\$18.757	\$18.902	\$19.522	\$19.96	\$20.42	\$20.91
Tangible Book Value	\$16.93	\$18.97	\$21.13	\$15.51	\$15.85	\$16.78	\$16.93	\$17.56	\$18.01	\$18.47	\$18.97
Dividends	\$0.59	\$0.60	\$0.63	\$0.14	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15
Pre-Tax, Pre-Provision EPS	\$2.43	\$3.26	\$3.81	\$0.45	\$0.57	\$0.646	\$0.758	\$0.723	\$0.80	\$0.84	\$0.90
CORE GAAP EPS	\$1.80	\$2.34	\$2.74	\$0.34	\$0.40	\$0.50	\$0.57	\$0.51	\$0.58	\$0.60	\$0.64
<u>KEY Ratios:</u>											
Net Interest Margin	2.91%	3.20%	3.38%	2.78%	2.92%	2.95%	2.99%	3.12%	3.17%	3.23%	3.29%
Return on Avg Assets	0.74%	0.91%	1.02%	0.56%	0.71%	0.80%	0.86%	0.82%	0.91%	0.92%	0.97%
Return on Avg Assets core	0.73%	0.91%	1.02%	0.55%	0.66%	0.80%	0.90%	0.82%	0.91%	0.92%	0.97%
Return on Avg Equity	10.18%	11.88%	12.65%	7.81%	9.82%	11.04%	11.71%	11.05%	12.00%	11.99%	12.41%
Ret. On Avg. Tang. Comm. Eq.	11.44%	13.17%	13.88%	8.82%	11.08%	12.39%	13.09%	12.31%	13.32%	13.27%	13.70%
ROATCE core	11.40%	13.17%	13.88%	8.82%	10.32%	12.39%	13.65%	\$0.123	13.32%	13.27%	13.70%
Pre-Tax Pre-Provision ROA	0.99%	1.26%	1.42%	0.74%	0.94%	1.04%	1.20%	1.13%	1.24%	1.29%	1.37%
Efficiency Ratio	71.48%	66.76%	64.29%	76.89%	72.50%	70.23%	66.45%	69.02%	66.99%	66.44%	64.57%
Overhead Ratio	2.50%	2.56%	2.59%	2.54%	2.54%	2.50%	2.42%	2.57%	2.55%	2.59%	2.52%
TCE/TA	6.66%	7.02%	7.49%	6.32%	6.47%	6.65%	6.66%	6.66%	6.80%	6.90%	7.02%
<u>Period-End Balances: (\$ in Millions)</u>											
Earning Assets	\$1,836	\$1,969	\$2,055	\$1,775	\$1,764	\$1,828	\$1,836	\$1,921	\$1,930	\$1,950	\$1,969
Total Assets	\$1,958	\$2,091	\$2,182	\$1,887	\$1,885	\$1,944	\$1,958	\$2,039	\$2,050	\$2,070	\$2,091
Gross Loans	\$1,221	\$1,309	\$1,414	\$1,157	\$1,189	\$1,197	\$1,221	\$1,252	\$1,264	\$1,287	\$1,309
Total Deposits	\$1,676	\$1,739	\$1,836	\$1,578	\$1,605	\$1,644	\$1,676	\$1,726	\$1,726	\$1,734	\$1,739
Intangibles	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Total Common Equity	\$144	\$161	\$177	\$133	\$136	\$143	\$144	\$150	\$153	\$157	\$161

Source: Janney Research (FIG Group), S&P Global MI

IMPORTANT DISCLOSURES

Valuation and Risks

FCCO

Our valuation methodology takes into consideration the company's Price-to-Earnings and Price-to-Tangible Book Value ratios in comparison to a peer group. Our valuation is sensitive to changes in the macro environment, including but not limited to, interest rates, asset quality, and company-specific operations.

Risks include asset quality deterioration; changes in interest rates; sensitivity to economic conditions; acquisition and integration; regulatory reform; competitive pressures; loan concentration (CRE); estimates of fair value of certain assets/liabilities; the ability to attract/retain key personnel; adverse effects on IT systems; availability of sufficient sources of liquidity, funding, and capital; and CRE market conditions across the company's operating footprint.

Research Analyst Certification

I, Brian Martin, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Janney Montgomery Scott LLC currently acts as a market maker in the securities of First Community Corporation.

Janney Montgomery Scott LLC expects to receive or intends to seek compensation for investment banking services from First Community Corporation in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

Definition of Ratings

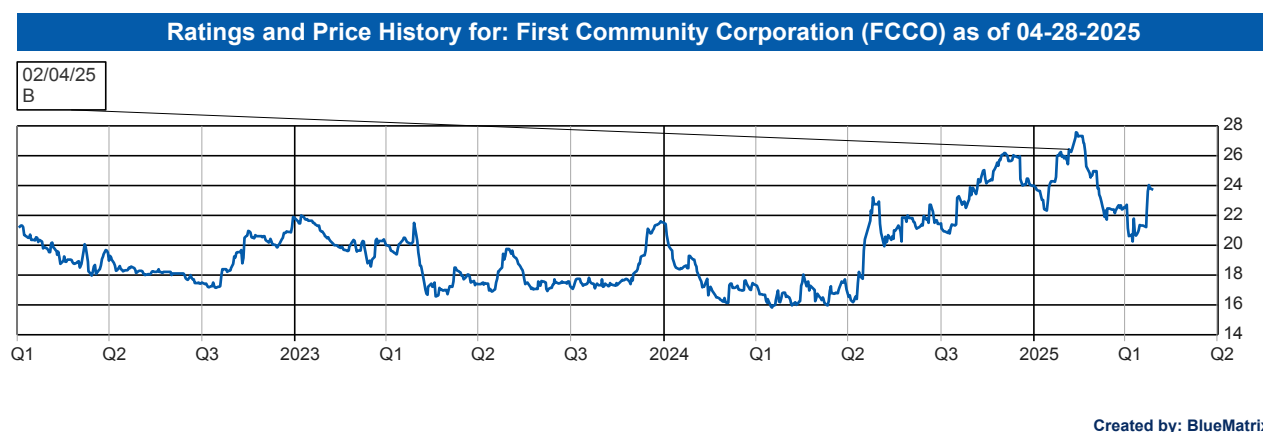
BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

EXTENDED REVIEW: Janney's rating and/or fair value estimate have been temporarily suspended due to applicable regulations and/or Janney management discretion. Previously published research reports, including ratings, fair values, and estimates, should no longer be relied upon when making investment decisions.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 03-31-2025

IB Serv./Past 12 Mos.*

Rating	Count	Percent	Count	Percent
BUY [B]	157	56.88	27	17.20
NEUTRAL [N]	119	43.12	14	11.76
SELL [S]	0	0.00	0	0.00
EXTENDED REVIEW [EXTRE]	0	0.00	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

Janney Montgomery Scott LLC, is a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority and the Securities Investor Protection Corp.

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