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FIG Partners **2Q-2016 EPS Review**

July 21, 2016

FCCO-First Community Corporation

Maintain "Outperform" – Balance Sheet Remix to Drive Improved Profitability and Higher Valuation

We are maintaining our "Outperform" rating with a Target Price of $16.50 which reflects ~15x our 2017 EPS, 135% of one year forward Tangible Book Value or a reasonable 6% Core Deposit Premium.

Following a review of the quarter, we are increasing our 2016 EPS by 2 cents to $0.99 to reflect the 2Q16 EPS beat and trimming our 2017 EPS to $1.07 (-$0.02). Our revised 2017 EPS reflects a lower NIM assumption partially offset by lower expenses and credit costs.

We continue to be favorably disposed to shares of FCCO despite recent share price outperformance. Shares have advanced ~20% over the LTM vs. a 3% decline in the NASDAQ Bank Index over the same period. Profitability improved modestly in the quarter with a core ROAA of 0.77%. Importantly, while this remains below peer we expect this to continue to improve prospectively continuing to narrow the gap with peer as FCCO remixes the balance sheet away from lower yielding securities and into higher yielding loans. The recent lift out of three commercial lenders in the Greenville SC MSA along with disruption in the Aiken SC / Augusta GA market stemming from recent M&A there should help accelerate loan growth and management's goal of improving balance sheet efficiency. Management continues to target an 80% loan to earning asset ratio versus its 63% today. This remix is expected to occur over the next several years adding ~$0.25 to earnings all else equal. Our Loan to Earning Asset mix in late 2017 approximates 70% which pencils to an 85-90 bps ROAA with a 1% level likely achieved in 2018. In addition to bolstering future growth prospects, the recent entrance into the Greenville market and Augusta/Aiken MSA in 2014 help improve geographic diversification and augment already strong revenue diversification.

Further, the recent termination of its Consent Order is also a positive and in our view could set the stage for a return to the M&A market later this year or in 2017 which could have positive implications for earnings. M&A could also help further accelerate the balance sheet remix. Additional improvements in its currency would help facilitate M&A.

Please see important disclosures regarding FIG Partners' equity rating system, distribution of ratings, and other report disclosures on the last page of this report.

FCCO: $ 14.50
"Outperform"// Price Target: $16.50

Summary Statistics	
Exchange	NASDAQ
Market Cap ($M)	$97.1
Avg. Volume	2,818
Annual Dividend	$0.28
Dividend Yield	1.93%
Tangible Book/Share	$11.24
Price/Tangible Book	129%
Price/2016 EPS	14.6x
Price/2017 EPS	13.6x
Total Assets ($M)	$888,837
TCE/TA	8.70%
ROAA (2016)	0.76%
ROAE (2016)	8.02%

EPS Estimates

	2014	2015	2016	2017
Q1	$0.14	$0.21	$0.22	-
Q2	$0.18	$0.20	$0.25	-
Q3	$0.23	$0.25	$0.26	-
Q4	$0.22	$0.24	$0.26	-
FY	**$0.78**	**$0.78**	**$0.99**	**$1.07**

Industry Type	Bank
Headquarters	Lexington, SC
Offices	15
Date Established	1995
CEO	Michael C. Crapps
CFO	Joseph G. Sawyer

Source (all data): FIG Partners Research, SNL Financial LC

Outlook: YTD loans have advanced 4.5% and we continue to project 10% organic loan growth for full year 2016 supported by the recent lift out of three commercial lenders in the Greenville MSA. Sale pipelines are strong heading into 2H16. Management is expecting the payoff of one large C&D credit in 3Q16 ($5.5 Mil.). Growth in 2Q16 was driven by the Augusta market ($10 Mil.) and the Columbia market ($6 Mil.) with little help from Greenville ($1 Mil.).

We are trimming our NIM outlook to reflect a lower for longer environment and no benefit from rate increases. That said, we continue to project some modest expansion of NIM from current levels even without rate increases reflecting solid loan growth and an improving mix of earning assets as loan growth is largely funded by the Securities portfolio. We estimate FCCO is picking up approximately 225 bps in spread improvement as they shift from Securities to Loans. NIM is projected to expand to 3.30% by 4Q16 and approximately 3.35% by late 2017. FCCO remains modestly asset sensitive and is a beneficiary of rate increases should they occur.

We have modestly trimmed our full year 2016 fee income outlook to reflect 2Q16 results and slightly lower levels in 2H16. Specifically, our forecast calls for $4.7 Mil. in 2H16 vs. $4.9 Mil. earlier. There is no change to our 2017 outlook. We continue to be optimistic on mortgage revenues in 2017 as FCCO capitalizes on opportunities in the Augusta and Greenville markets.

We have also trimmed our Operating Expense forecast modestly to reflect better than expected 2Q16 performance and lower levels prospectively. Specifically, we are forecasting $13 Mil. in 2H16 vs. $13.2 Mil. earlier and $26.8 Mil. in 2017 vs. $27 Mil. earlier. We continue to expect breakeven on recent franchise investments to be achieved within 12 months with a 2 year payback period.

Credit quality remains healthy and there is little change to our provisioning outlook which calls for $1.0 Mil. and $1.4 Mil. in 2016 and 2017, respectively, which along with 5-15 bps of NCOS and projected loan growth keeps reserve coverage stable in the 0.95%-1.00% range. Reserve coverage inclusive of the credit mark (~$800k) is a higher 1.10% today.

2Q-2016 EPS Review

FCCO reported 2Q16 EPS of $0.26. We place Operating EPS at $0.25 adjusting for securities gains, which was 2 cents better than our estimate and 3 cents (13.5%) greater than 1Q16. The beat relative to our forecast stemmed from lower Operating Expenses and greater Net Interest Income which more than offset lower Fee Income.

- Accelerating loan growth, NIM expansion, solid growth in fee income, stable core expenses, and low credit costs were key positives in the quarter. Below are the core fundamental trends.

- Core ROAA and ROTCE increased 11 bps and 114 bps LQ to 0.79% and 9.2%, respectively.

- Loans expanded $17 Mil. or 14% annualized aided by recent hires and entrance into Greenville, SC market. Growth was funded by steady deposit growth ($7.3 Mil. or 4% annualized), excess liquidity and increased borrowings which were subsequently been paid off via investments. Loan to deposit ratio increased 160 bps to 70%. Pure deposits accounted for all deposit growth as CDs were flat LQ.

- NIM rose 10 bps LQ to 3.32%. Core NIM was 3.28% ex the benefit from the early payoff of an investment security. Core NIM expansion was driven by increased loan yields (+4 bps) and to a lesser extent a 1 bps decline in the COF.

- Positive operating leverage was achieved allowing for a 150 bps LQ drop in the core efficiency ratio to 70.4%.

- Core Revenues increased 5% LQ benefitting from a 4% jump in core Net Interest Income and an 8.4% increase in Fees. Seasonal strength in Mortgage revenue (+37% LQ) drove the increase in Fees while Net Interest Income benefitted from strong loan growth and core NIM expansion.

FCCO (Lexington, SC--$97 Mil. Mkt. Cap, $870 Mil. Assets, $14.47, 2.2% Yld)

	1Q-2016	Δ	2Q-2016
EPS	**$0.22**	**$0.04**	**$0.26**
Operating/Core EPS*	**$0.19**	**$0.06**	**$0.25**
FIG Estimate		-	**$0.23**
Street Estimate		-	**$0.24**
Net Interest Income (FTE)	6.3	5.4%	6.7
Loan Loss Provision	0.14	55.0%	0.22
Core Non-Interest Income (ex. sec.)	2.0	8.4%	2.2
Core Non-Interest Expense	6.1	2.0%	6.3
Net Charge-Offs	0.0	(44.9%)	0.0
NCOs % of Avg Loans (bps)	0.04	(0)bps	0.02
NCOs % of Provision	35%	(23)bps	12%
Tangible Book Per Share	$11.24	(0.0%)	$11.24
Core Net Interest Margin	3.33%	(5)bps	3.28%
Average Loans ($Mil.)	492.2	3.5%	509.5
TCE Ratio (TCE/TA)	8.70%	12bps	8.82%
NPAs % of Loans + OREO	1.85%	(40)bps	1.45%

*Core EPS exclude gains on sale of securities and other one-time items.

Source: FIG Partners Research, Company Disclosure

- Core Operating Expenses grew 1.2% LQ to $6.3 Mil. as higher salary and marketing costs offset declines in "other" expenses. Compensation expense was impacted by recent lender acquisition.

- Credit improved and remains a core strength. NPAs (ex TDR) fell 19% to 1.2% of loans + OREO, Classifieds decreased 17% to 11% of Tier 1 Capital plus Reserves and NCOs were just 2 bps. Provisioning covered NCOs by 8x.

FIG Research Rating: "Outperform"

Price Target: $16.50

Implied Gain/Loss versus Current Price: 14.0%

2017 EPS	$1.07	15.1x	$16.14
Dividends	$0.36	1.0x	$0.36
			$16.50
Tang. Book 12/16	$11.99	1.38x	**$16.50**

Source: FIG Partners Research & Forward Estimates

We are maintaining our "Outperform" rating with a Target Price of $16.50 which reflects ~15x our 2017 EPS, 135% of one year forward Tangible Book Value or a reasonable 6% Core Deposit Premium.

Background and Risks

Headquartered in Lexington, South Carolina, First Community (FCCO) is a ~$870 Million bank holding company (BHC) and the parent of First Community Bank, NA.

Founded in 1995 by a group of former executives from Republic National Bank (acquired by South Financial Group, Inc.), FCCO provides traditional retail, commercial and mortgage banking services through a network of 14 branches in the Midlands area of South Carolina.

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

	Company Name	Market Cap. ($M)	Current Dividend Yield (%)	Total Assets ($000) MRQ	CDs % of Total MRQ	TCE Ratio MRQ	Core Deposit Premium Today	Price-to-T.Book 7/20/16	P/E 2016 EPS Consensus	P/E 2017 EPS Consensus	ROA Forecast in 2016 Consensus	ROTCE Estimated in 2016 Consensus
Peer Analysis:												
FCCO	**First Cmnty Corp**	$97	2.21	$888,837	24	8.7	**3.5%**	**125**	15.1x	13.8x	0.74	8.5%
BKSC	Bank of SC Corp	$80	3.21	$424,945	15	10.0	**12.4%**	**197**	na	na	NA	na
CARO	Carolina Finl Corp	$227	0.64	$1,453,040	43	9.6	**13.5%**	**163**	13.8x	12.4x	1.08	11.5%
CNBW	CNB Corp	$101	2.42	$1,038,910	31	10.0	**(0.4%)**	**97**	na	na	NA	na
SONA	Southern National	$152	2.58	$1,084,270	66	10.2	**14.5%**	**139**	15.1x	14.4x	0.97	17.7%
SFDL	Security Fed Corp	$65	1.45	$811,025	36	8.7	**(1.2%)**	**92**	na	na	NA	na
SFST	Southern First	$175	NA	$1,239,317	27	7.9	**10.6%**	**179**	15.5x	14.5x	0.91	11.1%
LION	Fidelity Sthrn	$423	2.89	$4,101,499	31	7.7	**4.5%**	**134**	11.2x	10.3x	0.90	11.3%
FBMS	First Bancshares	$97	0.84	$1,241,951	18	6.1	**2.7%**	**131**	9.9x	8.9x	0.83	12.8%
SLCT	Select Bancorp	$93	NA	$830,395	45	11.1	**0.6%**	**102**	na	na	NA	na
SGBK	Stonegate Bank	$413	1.00	$2,454,715	7	9.9	**9.1%**	**173**	14.9x	13.0x	1.13	11.2%
CCBG	Capital City Bank	$254	1.08	$2,792,186	8	7.1	**2.9%**	**132**	26.1x	18.6x	0.36	5.0%
PSTB	Park Sterling Corp	$403	1.59	$3,153,737	31	8.9	**7.5%**	**147**	16.8x	13.0x	0.82	8.1%
Source: FIG Partners Research, SNL Financial LC				**Median**	**22**	**8.7**	**7.5%**	**136**	**15.0x**	**13.0x**	**0.91**	**11.3%**

FCCO Snapshot

	2Q15	3Q15	4Q15	1Q16	2Q16	% Change Y/Y	% Change LQ
Earnings Per Share (EPS)	$0.22	$0.25	$0.24	$0.22	$0.26	20.3%	19.2%
Tangible Book Value	$10.44	$10.76	$10.84	$11.24	$11.62	11.4%	3.5%
Shares Outstanding EOP	$6.68	$6.68	$6.69	$6.69	$6.70	0.3%	0.1%
Net Interest Income	$6.20	$6.25	$6.35	$6.34	$6.68	7.6%	5.4%
Loan Loss Provision	$0.39	$0.19	$0.15	$0.14	$0.22	-44.5%	55.0%
Non-Interest Income	$2.398	$2.329	$2.103	$2.030	$2.200	-8.3%	8.4%
Securities Gains	$167	$0	$84	$59	$64	-61.7%	8.5%
Non-Interest Expense	$6.39	$6.07	$6.07	$6.34	$6.33	-0.9%	-0.1%
Net Income	$1.44	$1.68	$1.60	$1.47	$1.75	20.9%	18.9%
Total Core Revenue	$8,602	$8,582	$8,451	$8,367	$8,877	3.2%	6.1%
Total Core Fee Income	$2,398	$2,329	$2,103	$2,030	$2,200	-8.3%	8.4%
Core Expense	$6,037	$5,843	$5,889	$6,128	$6,232	3.2%	1.7%
ROAA	0.69%	0.80%	0.75%	0.68%	0.79%	14.3%	16.9%
ROAE	7.50%	8.68%	8.13%	7.31%	8.48%	13.0%	16.1%
Net Interest Margin	3.25%	3.22%	3.19%	3.22%	3.32%	2.2%	3.1%
Core Efficiency Ratio	69.0%	66.9%	68.6%	72.2%	69.3%	0.4%	-4.1%
Core Exp. / Avg. Assets	2.90%	2.79%	2.74%	2.83%	2.83%	-2.4%	0.0%
Total Loans	$474	$484	$489	$494	$511	7.9%	3.5%
Intangibles	$6.68	$6.59	$6.50	$6.41	$6.34	-5.2%	-1.2%
Total Deposits	$684	$704	$716	$722	$730	6.7%	1.0%
Total Common Equity	$76	$78	$79	$82	$84	10.2%	3.2%
Avg Assets	$832	$838	$858	$865	$880	5.8%	1.7%
Avg Loans	$473	$482	$487	$492	$509	7.8%	3.5%
Average Earning Assets	$766	$770	$790	$792	$809	5.6%	2.1%
Avg Deposits	$688	$688	$709	$717	$728	5.9%	1.6%
Loan / Deposit	69.3%	68.7%	68.3%	68.4%	70.1%	1.1%	2.5%
TCE Ratio	8.40%	8.50%	8.47%	8.70%	8.82%	5.0%	1.4%
Net Charge-offs	$0.36	$0.01	$0.02	$0.05	$0.03	-92.5%	-48.1%
NPL's + 90 Days Past	$7.02	$6.73	$6.47	$7.71	$6.47	-7.8%	-16.0%
OREO	$2.52	$2.45	$2.46	$1.48	$1.36	-46.3%	-8.7%
Total NPA's	$9.5	$9.2	$8.9	$9.2	$7.4	-22.0%	-18.7%
NPA / (Loans + OREO)	2.00%	1.89%	1.82%	1.85%	1.45%	-27.5%	-21.4%
Provision / Avg Loans	0.08%	0.04%	0.03%	0.03%	0.04%	-48.5%	49.7%
Reserve / NPL + 90	61%	66%	71%	61%	80%	31.3%	31.1%

Source: FIG Partners Research, SNL Financial

First Community Corporation (FCCO) **Updated on 7/21/16** **Updated on 7/21/16**

Earnings Model

	Annual				2015 Quarterly				2016 Quarterly				2017 Quarterly			
	2014A	2015A	2016E	2017E	1Q15A	2Q15A	3Q15A	4Q15A	1Q16A	2Q16A	3Q16E	4Q16E	1Q17E	2Q17E	3Q17E	4Q17E
Income Data: ($ in Millions)																
Net Interest Income	$23.7	$25.3	$26.6	$28.1	$6.4	$6.2	$6.3	$6.3	$6.3	$6.7	$6.7	$6.9	$6.8	$7.0	$7.2	$7.2
Loan Loss Provision	$0.9	$1.1	$1.0	$1.4	$0.4	$0.4	$0.2	$0.1	$0.1	$0.2	$0.3	$0.3	$0.3	$0.4	$0.4	$0.4
Non-Interest Income	$8.3	$8.8	$9.0	$9.9	$2.0	$2.4	$2.3	$2.1	$2.0	$2.2	$2.4	$2.3	$2.1	$2.5	$2.8	$2.5
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	$0.0	$0.0	$0.0	$0.0	$0.0
Gain/Loss on Securities	$0.2	$0.4	$0.1	$0.0	$0.1	$0.2	$0.0	$0.1	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
One-Time Items	($0.8)	($0.2)	$0.0	$0.0	($0.1)	$0.0	$0.0	($0.1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Non-Interest Expense	$23.5	$24.6	$25.6	$26.8	$6.1	$6.4	$6.1	$6.1	$6.3	$6.3	$6.5	$6.5	$6.7	$6.7	$6.7	$6.7
Pre-Tax Income	$7.1	$8.4	$9.1	$9.9	$1.9	$2.0	$2.3	$2.2	$1.9	$2.4	$2.4	$2.4	$1.9	$2.4	$2.9	$2.7
Taxes	$2.0	$2.3	$2.4	$2.7	$0.5	$0.5	$0.6	$0.6	$0.5	$0.6	$0.6	$0.7	$0.5	$0.7	$0.8	$0.7
Extraordinary Items	$0.0	$0.00	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	$5.1	$6.1	$6.7	$7.2	$1.4	$1.4	$1.7	$1.6	$1.5	$1.7	$1.7	$1.7	$1.4	$1.8	$2.1	$2.0
Preferred Dividend	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income Avail. To Common	**$5.1**	**$6.1**	**$6.7**	**$7.2**	**$1.4**	**$1.4**	**$1.7**	**$1.6**	**$1.5**	**$1.7**	**$1.7**	**$1.7**	**$1.4**	**$1.8**	**$2.1**	**$2.0**
Avg. Shares O/S	6.6	$6.7	6.7	6.7	$6.7	$6.7	$6.7	$6.7	$6.8	$6.7	$6.7	$6.7	$6.7	$6.7	$6.7	$6.7
Earnings Per Share (EPS)	**$0.78**	**$0.91**	**$0.99**	**$1.07**	**$0.21**	**$0.22**	**$0.25**	**$0.24**	**$0.22**	**$0.26**	**$0.26**	**$0.26**	**$0.20**	**$0.26**	**$0.31**	**$0.29**
Per Share Data:																
Reported Book Value	$11.18	$11.81	$12.93	$13.64	$11.45	$11.44	$11.74	$11.81	$12.19	$12.57	$12.75	$12.93	$13.04	$13.22	$13.44	$13.64
Tangible Book Value	**$10.25**	**$10.84**	**$11.99**	**$12.71**	**$10.54**	**$10.44**	**$10.76**	**$10.84**	**$11.24**	**$11.62**	**$11.81**	**$11.99**	**$12.10**	**$12.28**	**$12.51**	**$12.71**
Dividends	$0.23	$0.28	$0.32	$0.36	$0.07	$0.07	$0.07	$0.07	$0.08	$0.08	$0.08	$0.08	$0.09	$0.09	$0.09	$0.09
Pre-Tax, Pre-Provision EPS	**$1.30**	**$1.41**	**$1.48**	**$1.67**	**$0.37**	**$0.35**	**$0.39**	**$0.38**	**$0.31**	**$0.38**	**$0.40**	**$0.41**	**$0.33**	**$0.42**	**$0.49**	**$0.46**
CORE GAAP EPS	**$0.83**	**$0.90**	**$0.98**	**$1.07**	**$0.21**	**$0.20**	**$0.25**	**$0.24**	**$0.21**	**$0.25**	**$0.26**	**$0.26**	**$0.20**	**$0.26**	**$0.31**	**$0.29**
KEY Ratios:																
Net Interest Margin	3.33%	3.29%	3.28%	3.34%	3.51%	3.25%	3.22%	3.19%	3.22%	3.32%	3.28%	3.30%	3.31%	3.33%	3.35%	3.35%
Return on Avg Assets	0.66%	0.73%	0.76%	0.78%	0.69%	0.69%	0.80%	0.75%	0.68%	0.79%	0.78%	0.78%	0.61%	0.78%	0.91%	0.84%
Return on Avg Equity	7.34%	7.94%	8.02%	8.10%	7.43%	7.50%	8.68%	8.13%	7.31%	8.48%	8.14%	8.11%	6.30%	8.06%	9.37%	8.61%
Return on Tang. Comm. Eq.	7.76%	8.79%	8.58%	8.68%	8.35%	8.64%	9.69%	9.14%	8.10%	9.23%	8.99%	8.94%	7.01%	8.87%	10.23%	9.41%
Pre-Tax Pre-Provision ROA	**1.10%**	**1.13%**	**1.13%**	**1.23%**	**1.22%**	**1.14%**	**1.26%**	**1.19%**	**0.96%**	**1.17%**	**1.22%**	**1.22%**	**0.99%**	**1.24%**	**1.42%**	**1.33%**
Efficiency Ratio	72.33%	71.17%	71.13%	69.62%	69.61%	71.61%	68.01%	69.08%	72.90%	68.80%	69.96%	69.62%	74.57%	69.77%	66.70%	67.92%
Overhead Ratio	3.01%	2.95%	2.90%	2.93%	3.00%	3.07%	2.90%	2.83%	2.93%	2.88%	2.92%	2.88%	2.97%	2.94%	2.91%	2.88%
TCE/TA	8.48%	8.47%	8.92%	9.13%	8.49%	8.40%	8.50%	8.47%	8.70%	8.82%	8.87%	8.92%	8.96%	8.51%	9.07%	9.13%
TCE/RWA	13.52%	12.88%	13.51%	13.83%	8.43%	13.00%	13.09%	12.88%	13.24%	13.37%	13.44%	13.51%	13.57%	13.63%	13.75%	13.83%
***Period-End Balances** : ($ in Millions)*																
Earning Assets	$741	$788	$832	$862	$767	$768	$785	$788	$798	$816	$824	$832	$837	$845	$853	$862
Total Assets	$812	$863	$907	$939	$836	$836	$852	$863	$870	$889	$898	$907	$912	$921	$930	$939
Risk-Weighted Assets	$505	$563	$594	$616	$836	$536	$549	$563	$568	$583	$588	$594	$598	$603	$610	$616
Gross Loans	$444	$489	$540	$598	$454	$474	$484	$489	$494	$511	$526	$540	$546	$563	$580	$598
Total Deposits	$670	$716	$733	$756	$695	$684	$704	$716	$722	$730	$731	$733	$737	$742	$748	$756
Intangibles	$6	$6	$6	$6	$6.094	$6.684	$6.586	$6.498	$6.414	$6.335	$6	$6	$6	$6	$6	$6
Total Common Equity	$75	$79	$87	$91	$76.55	$76.41	$78.49	$79.04	$81.61	$84.21	$85	$87	$87.37	$89	$90	$91

Source: FIG Partners Research, SNL Financial LLC

FIG Partners LLC Distribution of Ratings

	Buy / Outperform	Hold / Market-Perform	Sell / Underperform
% Rated	39.7%	60.3%	0.0%
IB Client % in Category	28.0%	17.1%	0.0%

Equity Rating System as of July 1, 2003

Buy/Outperform "O" FIG expects that total return of the subject stock will outperform the industry benchmark (BIX) over the next 12 months

Hold/Market-Perform "M-P" FIG expects that total return of the subject stock will perform inline with the industry benchmark (BIX) over the next 12 months

Sell/Underperform "U" FIG expects that total return of the subject stock will under perform the industry benchmark (BIX) over the next 12 months

For purposes of FINRA rule 2711, outperform is classified as a buy, market perform is a hold and underperform is a sell. The industry benchmark that we use is the S&P Bank Index referred to as the BIX.

Additional Risks to Our Earnings Model Assumptions & Ratings:

Unexpected and/or rapid changes in interest rates may have significant negative impact on the company's balance sheet. Likewise, persistently low interest rates, and/or a flat yield curve may add downward pressure to revenues and the absolute level of NIM-Net Interest Margin.

Declines in asset quality beyond our estimates due to an economic slowdown in the company's operating footprint may require increased expenses for loan losses which could decrease profitability. Further, this may cause an increase in Net Charge-offs, Nonperforming loans, and Classified Assets.

New rules set forth by regulatory agencies could reduce future profitability by eliminating certain revenue items, adding additional expenses, or requiring this institution to hold more capital. A similar effect is possible if new legislation (local, state, or federal) is passed.

Any regulatory action or litigation against the company could impact future earnings and also affect the public market perception towards this stock.

Compliance

- Neither the research analyst nor any member of the analyst's household has any financial interest in the subject company.
- At the prior month end, neither FIG Partners LLC nor any of its partners or officers owned more than 1% of the outstanding equity securities of the subject company.
- There are no material conflicts of interest of the analyst or FIG Partners LLC at the time of this report.
- FIG has not been a manager or co-manager of a public offering of any securities of the recommended issuer within the last 12 months.
- FIG has not received investment banking compensation from the subject company in the last 12 months.
- FIG intends to seek investment banking compensation from the subject in the next three months.
- The subject company is a client of FIG.
- Neither the analyst nor anyone at FIG serves as an officer, director, or advisory board member of the subject company.
- FIG will usually make a market in the subject security and was making a market in this security at the time of this report's publication.
- All analysts are compensated based on a number of factors including the overall profits of FIG Partners LLC which includes investment banking revenues, but no analyst receives any compensation which is based on a specific investment banking service or transaction.
- To determine price target, our analysts utilize a variety of valuation techniques including but not limited to: peer analysis, absolute P/E, relative P/E, projected P/E, absolute P/B, relative P/B, projected P/B, deposit premium, and a discounted cash flow model.
- This research report reflects the analyst's actual opinion.
- No research analyst is subject to the supervision or control of any employee of the member's investment banking department.
- No employee of the investment banking department has reviewed or approved this report prior to publication
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- The subject company has not promised directly or indirectly favorable research, a specific rating or a specific price target nor has the subject company been threatened with a change in research as an inducement for business or compensation.
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