

FIRST COMMUNITY CORPORATION (FCCO-NASDAQ)

Banking

Steve Moss | (202) 872-5931 | steve.moss@raymondjames.com

Thomas Reid, CFA, Sr. Res. Assoc. | thomas.reid@raymondjames.com

Another Strong Quarter Driven by NIM Expansion; Reiterate Strong Buy, PT to \$33 From \$30

RECOMMENDATION

3Q25 EPS Breakdown					
Reported	Core	Consensus	RJ	High	Low
\$0.67	\$0.72	\$0.65	\$0.66	\$0.67	\$0.62

We reiterate our **Strong Buy** rating and raise our price target to \$33 from \$30, after strong 3Q25 results driven by solid loan growth and NIM expansion, a trend we expect will continue into 2026 and support strong profitability (2026 ROAA 1.2%, ROTCE 15%). Given the desirable South Carolina franchise, strong credit quality, and growth prospects, we believe shares remain attractive valued at 9.3x our 2026E core EPS.

- **Better than expected results.** FCCO reported GAAP EPS of \$0.67. Excluding nonrecurring income and merger expenses, we peg core EPS at of \$0.72, seven cents above consensus and six cents above our estimate primarily due to higher than expected fee income and NII, lower credit costs, partially offset by higher than expected expenses.
- **NIM expansion continues.** The NIM increased 7 bp LQ to 3.28% as loan yields increased (+7 bp LQ) from fixed-rate asset repricing and loan growth at ~6.70% average, while funding costs decreased 3 bp LQ. FCCO expects fixed-rate asset repricing (principal cash flows of \$66M at a 5.7% rate in 4Q25, \$180M in 2026 at a 5.5% rate) and new originations to support NIM expansion as Fed rate cuts lower deposit costs. FCCO expects a mid-single digit NIM expansion for 4Q25, excluding benefits from rate cuts. We model a 4Q25 NIM of 3.34% and a 2026 NIM of 3.68%, inclusive of SGBG.
- **Loan pipelines remain strong, but competition has increased.** Loans increased 1.5% LQ, and the loan pipeline remains strong. FCCO noted an uptick in competition across the board with some structures and pricing that they will not match, as management seeks to preserve spread. While an incremental headwind to growth, FCCO remains upbeat on opportunities for growth. We model 2025 loan growth of 7% and 2026 organic loan growth of 9%.
- **Credit remains squeaky clean.** NPAs were minimal at 7 bp LQs, NCOs totaled \$13K for 3Q25, and the LLR ratio ticked down 1 bp LQ to 1.05%. Credit trends remain positive for FCCO and the LLR ratio is likely to plateau at the current level after declining 4 bp since March 31, 2025. We conservatively model 4Q25 NCOs of 1 bp and 2026 NCOs of 4 bp. We model a YE25 LLR ratio of 1.05% and a YE26 LLR ratio of 1.06%.
- **Expenses and fee income on page 2.**
- **We raise our 2025 core EPS estimate** to \$2.60 from \$2.55 to reflect the beat. We adjust our 2026 EPS estimate to \$3.00, from \$3.10, to reflect a lower loan growth assumption and modestly higher expenses. We establish our 2027 estimate EPS of \$3.30.

Valuation: FCCO shares trade at 9.3x our 2026E EPS and 1.5x TBV, versus small cap peers at 9.6x and 1.3x, respectively. Our \$33 price target values FCCO shares at 11.0x our 2026E, a modest premium to peers given the desirable South Carolina franchise.

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COMPANY COMMENT

Strong Buy 1

Target Price \$33.00 ↑ old: \$30.00

Suitability

MA/ACC

MARKET DATA

Current Price (Oct-22-25)	\$27.91
Market Cap (mln)	\$215
Current Net Debt (mln)	NM
Shares Outstanding (mln)	7.7
30-Day Avg. Daily Value (mln)	\$0.9
Dividend	\$0.64
Dividend Yield	2.3%
52-Week Range	\$19.46 - \$29.55
BVPS	\$21.01
Tangible BVPS	\$19.06
ROE	13.0%
ROAE	14.1%
ROTE	15.6%

KEY FINANCIAL METRICS

	1Q	2Q	3Q	4Q
Non-GAAP EPS (\$, Dec FY)				
2024A	0.34	0.41	0.50	0.57
2025E	0.51	0.68	0.66	0.70
new	0.51 A	0.68 A	0.72 A	0.69
2026E	0.65	0.76	0.83	0.86
new	0.65	0.75	0.79	0.82
2027E	0.78	0.83	0.82	0.87
2024A 2025E 2026E 2027E				
Non-GAAP EPS (\$, Dec FY)				
old	1.82	2.55	3.10	NA
new	1.82	2.60	3.00	3.30
P/E (Non-GAAP)				
	15.3x	10.7x	9.3x	8.5x
GAAP EPS (\$, Dec FY)				
old	1.81	2.54	2.29	NA
new	1.81	2.54	2.19	3.30
P/E (GAAP EPS)				
	15.4x	11.0x	12.7x	8.5x
Operating Revenue (mln) (\$, Dec FY)				
old	66	78	102	NA
new	66	79	101	108

Source: FactSet OnDemand, Raymond James & Associates. Quarterly figures may not add to full year due to rounding.

Non-GAAP EPS is operating earnings and excludes one-time items.

- **Expenses should hold steady for 4Q25.** Operating expenses increased 1.9% LQ to \$13.1M driven by volatile marketing expenses and the core efficiency ratio improved ~160 bp LQ to 64.4%. FCCO expects marketing expenses to remain volatile intra-year, but that overall expenses should hold mostly stable through 2026 on a standalone basis. We model stable expenses of \$13.1M for 4Q25 (64% efficiency ratio) and ~\$63M of core expenses in 2026 (62% efficiency ratio), including SGBG.
- **Fee income was stronger than expected.** Core fee income increased 5.0% LQ to \$4.3M, driven by strength in mortgage banking and investment advisory. FCCO's AUM grew ~\$100M LQ to ~\$1.1B as of September 30, 2025. We model a 9% decline in fee income for 4Q25 due to seasonally weaker mortgage volumes.

	FCCO Actual	Estimates		vs. RJ		vs. Consensus	
		RJ	Street	\$mm/bp	EPS	\$mm/bp	EPS
NII	16.0	16.0	16.0	0.1	0.009	0.1	0.009
Provision	0.2	0.4	0.4	-0.2	0.016	-0.2	0.020
Core Fee Revenue	4.3	3.8	4.0	0.4	0.044	0.3	0.029
Core Expenses	13.1	12.7	12.9	0.4	(0.039)	0.2	(0.016)
Core Net Income	5.6	5.1	5.0	0.5	0.050	0.6	0.058
Core EPS	0.72	0.66	0.65	0.06	-	0.07	-
Tax rate	21.2%	22.0%	23.6%	-81 bp	0.006	-244 bp	0.018
Avg. Dil. Shares	7.8	7.8	7.8	0.0	(0.003)	0.0	0.001
NIM	3.28%	3.26%	3.27%	2 bp	0.008	1 bp	0.004
Loans EOP	1,279	1,285	1,285	-6	-	-6	-
Deposits EOP	1,771	1,783	1,763	-12	-	8	-
AEA	1,944	1,943	1,940	2	0.001	4	0.004
Core efficiency ratio	64.4%	64.2%	64.8%	26 bp	-	-38 bp	-
Core ROA	1.09%	0.98%	0.98%	10 bp	-	11 bp	-
Core ROE	14.1%	12.9%	12.8%	116 bp	-	134 bp	-
NCOs	0.01	0.06	-	-0.1	-	-	-

Source: FactSet, S&P Global, Raymond James research, company filings

Note: consensus estimates may not add due to rounding

FCCO 3Q25 - Actual vs. Raymond James and Consensus

	Actual	Raymond James	dif (+/-)	Consensus	dif (+/-)	Street High	Street Low	Consensus # of Estimates
PER SHARE DATA								
Core EPS	\$0.72	\$0.66	\$0.06	\$0.65	\$0.07	\$0.67	\$0.62	3
Book value per share	21.01	20.74	0.27	20.73	0.28	20.75	20.70	3
Tangible book value	19.06	18.79	0.27	18.82	0.24	18.88	18.79	3
Dividends per share	0.16	0.16	0.00	0.16	0.00	0.16	0.16	3
Avg. fully diluted shares (mil.)	7.8	7.8	0.0	7.8	0.0	7.8	7.8	3
INCOME STATEMENT								
Net interest income (FTE)	16.0	16.0	0.1	16.0	0.1	16.0	15.9	3
Loan loss provision	0.2	0.4	-0.2	0.4	-0.2	0.5	0.4	3
Core fee income	4.3	3.8	0.4	4.0	0.3	4.1	3.8	3
Operating Revenue (FTE)	20.3	19.8	0.5	19.8	0.6	19.9	19.6	2
Core expenses	13.1	12.7	0.4	12.9	0.2	13.1	12.7	3
Taxes	1.4	1.4	-0.1	1.6	-0.2	1.6	1.5	2
Core net income	5.6	5.1	0.5	5.0	0.6	5.2	4.8	3
BALANCE SHEET								
Loans (EOP)	1,279	1,285	-6	1,285	-6	1,285	1,285	2
Average Loans	1,281	1,273	8	1,271	9	1,273	1,270	2
Deposits (EOP)	1,771	1,783	-12	1,763	8	1,763	1,763	1
Average Deposits	1,755	1,766	-11	1,770	-15	1,770	1,770	1
Average Earning Assets	1,944	1,943	2	1,940	4	1,943	1,937	2
Total Assets	2,067	2,067	0	2,067	0	2,067	2,067	1
ASSET QUALITY								
Non-performing Loans	0.2	0.3	0.0	-	-	-	-	-
Non-performing Assets	0.9	0.9	0.0	-	-	-	-	-
Net charge-offs	0.0	0.1	-0.1	-	-	-	-	-
Net charge-offs / Avg. loans	0.00%	0.02%	-0.02%	0.05%	-0.04%	0.07%	0.02%	2
FINANCIAL RATIOS								
Net interest margin (NIM)	3.28%	3.26%	2 bp	3.27%	1 bp	3.28%	3.26%	3
Core efficiency ratio	64.4%	64.2%	26 bp	64.8%	-38 bp	66.0%	64.0%	3
Core ROA	1.09%	0.98%	11 bp	1.0%	11 bp	1.01%	0.94%	3
Core ROE	14.1%	12.9%	117 bp	12.8%	134 bp	13.1%	12.2%	3
Core ROTE	15.6%	14.3%	128 bp	14.0%	160 bp	14.5%	13.4%	2

Source: S&P Global, Factset, Raymond James research, company reports

Note: Dollar amounts in millions, except per share data

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FCCO 3Q25 - Summary Results

	3Q25	RJ 3Q25E	dif (+/-)	2Q25	Q/Q	3Q24	Y/Y
PER SHARE DATA							
Core EPS	\$0.72	\$0.66	\$0.06	\$0.68	\$0.05	\$0.50	\$0.22
Reported EPS (GAAP)	0.67	0.66	0.01	0.67	0.00	0.50	0.17
Book value per share	21.01	20.74	0.27	20.23	0.78	18.76	2.25
Tangible book value	19.06	18.79	0.27	18.28	0.78	16.78	2.29
Dividends per share	0.16	0.16	0.00	0.15	0.01	0.15	0.01
Avg. fully diluted shares (mil.)	7.8	7.8	0.0	7.8	0.0	7.7	0.1
INCOME STATEMENT							
Net interest income (FTE)	16.0	16.0	0.1	15.4	0.7	13.4	2.6
Loan loss provision	0.2	0.4	-0.2	-0.2	0.4	0.0	0.2
Core fee income	4.3	3.8	0.4	4.1	0.2	3.6	0.7
Operating Revenue (FTE)	20.3	19.8	0.5	19.5	0.8	17.0	3.3
Core expenses	13.1	12.7	0.4	12.8	0.3	12.0	1.1
Taxes	1.4	1.4	-0.1	1.5	-0.1	1.1	0.3
Core net income	5.6	5.1	0.5	5.3	0.4	3.9	1.8
BALANCE SHEET							
Assets	2,067	2,067	0	2,046	20	1,944	123
Loans (EOP)	1,279	1,285	-6	1,260	19	1,197	83
Average Loans	1,281	1,273	8	1,263	18	1,200	81
Deposits (EOP)	1,771	1,783	-12	1,754	17	1,644	127
Average Deposits	1,755	1,766	-11	1,737	17	1,621	133
Average Earning Assets	1,944	1,943	2	1,924	20	1,806	139
Total equity	162	159	2	156	6	143	18
FINANCIAL RATIOS							
Net interest margin (NIM)	3.28%	3.26%	2 bp	3.21%	7 bp	2.96%	32 bp
Core efficiency ratio	64.4%	64.2%	26 bp	66.0%	-160 bp	70.5%	-604 bp
TCE Ratio	7.1%	7.0%	11 bp	6.9%	23 bp	6.6%	50 bp
LLR / Total loans	1.05%	1.06%	-1 bp	1.06%	-1 bp	1.08%	-3 bp
Net charge-offs / Avg. loans	0.00%	0.02%	-2 bp	0.00%	0 bp	0.02%	-2 bp

Source: Raymond James research; company reports

Note: Dollar amounts in millions, except per share data

First Community Corp 10/22/2025 (\$ in thousands, except as noted)				Raymond James & Associates Steve Moss (202) 872-5931 steve.moss@raymondjames.com				
	2024	% Chg	2025E	% Chg	2026E	% Chg	2027E	% Chg
<u>Income Statement Summary:</u>								
Net Interest Income (FTE)	52,198	6%	62,364	19%	83,168	33%	89,586	8%
Core Non-interest Income:								
Deposit service charges	952	-1%	928	-3%	960	3%	960	0%
Mortgage banking	2,368	68%	3,222	36%	2,700	-16%	2,000	-26%
Investment advisory fees and non-deposit commissions	6,181	37%	7,219	17%	7,350	2%	7,600	3%
Other income	4,632	-2%	4,888	6%	8,000	64%	8,400	5%
Subtotal Core	14,133	22%	16,257	15%	19,010	17%	18,960	0%
Market Sensitive Non-interest Income:								
Nonrecurring Income	-129	-89%	315	-344%	0	-100%	0	NM
Total Non-interest Income	14,004	34%	16,572	18%	19,010	15%	18,960	0%
Operating Revenue (FTE)	66,044	11%	78,614	19%	101,346	29%	107,650	6%
Non-interest Expense:								
Salaries and employee benefits	29,263	13%	31,808	9%	32,910	3%	34,556	5%
Occupancy	3,094	-2%	3,141	2%	3,350	7%	3,600	7%
Equipment	1,451	-7%	1,607	11%	1,700	6%	1,800	6%
Marketing and PR	1,511	1%	1,729	14%	2,000	16%	2,075	4%
FDIC assessment	1,177	30%	1,160	-1%	1,285	11%	1,375	7%
OREO	103	-192%	184	79%	200	9%	200	0%
Amortization of intangibles	158	0%	157	-1%	1,345	757%	1,255	-7%
Other expenses	10,708	6%	12,037	12%	20,101	67%	20,600	2%
Core Expenses	47,465	10%	51,823	9%	62,891	21%	65,461	4%
Nonrecurring Expense	0	NM	809	NM	9,700	1099%	0	-100%
Total Non-interest Expense	47,465	10%	52,632	11%	72,591	38%	65,461	-10%
Pre-tax Pre-Provision Earnings	18,737	14%	26,304	40%	29,586	12%	43,085	46%
Subtract Loan Loss Provision	809	-28%	670	-17%	1,918	186%	2,242	17%
Add Net Nonrecurring Gains(Charges)	129	-89%	494	283%	9,700	1864%	0	-100%
Reported Pretax FTE Income	17,770	18%	25,312	42%	26,837	6%	39,947	49%
FTE Tax Rate (reported)	21%		22%		23%		22%	
Reported Net Income	13,955	18%	19,725	41%	20,729	5%	31,159	50%
Normalized Net Income	14,057	10%	20,247	44%	28,392	40%	31,159	10%
<u>Per Share Data:</u>								
Diluted EPS - Reported	1.81	17%	2.54	40%	2.19	-14%	3.30	50%
Diluted EPS - Core	1.82	9%	2.60	43%	3.00	15%	3.30	10%
Dividends	0.58	4%	0.62	7%	0.66	6%	0.68	3%
Payout ratio	32%		24%		30%		21%	
Book Value	18.90	10%	21.55	14%	23.69	10%	26.34	11%
Tangible Book Value	16.93	11%	19.61	16%	21.54	10%	24.32	13%
Avg. F.D. Shares Outstanding (000s)	7,709	1%	7,779	1%	9,459	22%	9,449	0%
<u>Profitability Measures:</u>								
Return on Assets (Reported)	0.74%		0.97%		0.86%		1.23%	
Return on Assets (Normalized)	0.74%		0.99%		1.18%		1.23%	
Return on Common Equity (Norm.)	10.14%		12.68%		9.82%		13.32%	
Net Interest Margin	2.92%		3.24%		3.68%		3.75%	
Efficiency Ratio	72%		67%		71%		60%	
Fee Income % Revenues	21%		21%		19%		17%	
<u>Balance Sheet</u>								
EOP Loans	1,220,542	8%	1,306,176	7%	1,617,801	24%	1,742,576	8%
Average Loans	1,184,909	13%	1,268,952	7%	1,552,062	22%	1,676,394	8%
Average Earning Assets	1,786,758	9%	1,925,860	8%	2,262,062	17%	2,386,394	5%
Average Total Assets	1,897,549	9%	2,038,637	7%	2,406,449	18%	2,538,717	5%
<u>Asset Quality Measures:</u>								
Provision % Avg. Loans	0.07%		0.05%		0.12%		0.13%	
Net Charge-offs % Avg. Loans	0.01%		0.00%		0.04%		0.05%	
Loss Reserve % Loans	1.08%		1.05%		1.06%		1.06%	
Nonperforming Asset Ratio (%)	0.07%		0.07%		0.06%		0.05%	
<u>Capital & Leverage Measures:</u>								
Total Equity % Assets	7.4%		7.9%		9.0%		9.5%	
Tangible Common Equity % Assets	6.7%		7.3%		8.3%		8.9%	
Earnings Retention Ratio (%)	68%		76%		70%		79%	
Avg. Loans % Ava. Erng Assets	66%		66%		69%		70%	

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	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Income Statement Summary:												
Net Interest Income (FTE)	14,441	15,377	16,048	16,499	19,778	20,426	21,236	21,728	21,568	22,130	22,751	23,137
Core Non-interest Income:												
Deposit service charges	221	224	243	240	240	240	240	240	240	240	240	240
Mortgage banking	759	879	934	650	500	800	900	500	500	500	500	500
Investment advisory fees and non-deposit commissions	1,806	1,751	1,862	1,800	1,800	1,800	1,850	1,900	1,900	1,900	1,900	1,900
Other income	1,196	1,225	1,242	1,225	1,850	1,950	2,050	2,150	2,000	2,100	2,150	2,150
Subtotal Core	3,982	4,079	4,281	3,915	4,390	4,790	5,040	4,790	4,640	4,740	4,790	4,790
Market Sensitive Non-interest Income:												
Nonrecurring Income	0	127	188	0	0	0	0	0	0	0	0	0
Total Non-interest Income	3,982	4,206	4,469	3,915	4,390	4,790	5,040	4,790	4,640	4,740	4,790	4,790
Operating Revenue (FTE)	18,372	19,530	20,463	20,249	23,970	25,012	26,064	26,300	25,992	26,648	27,314	27,696
Non-interest Expense:												
Salaries and employee benefits	7,657	8,060	8,059	8,032	8,040	7,975	8,462	8,434	8,442	8,374	8,885	8,855
Occupancy	777	772	792	800	800	850	850	850	900	900	900	900
Equipment	390	390	377	450	400	400	450	450	450	450	450	450
Marketing and PR	514	208	557	450	500	500	500	500	500	525	525	525
FDIC assessment	300	274	286	300	310	325	325	325	325	350	350	350
OREO	12	110	12	50	50	50	50	50	50	50	50	50
Amortization of intangibles	39	40	39	39	340	340	335	330	323	317	311	304
Other expenses	3,065	2,995	2,977	3,000	5,276	4,942	4,942	4,942	5,100	5,100	5,200	5,200
Core Expenses	12,754	12,849	13,099	13,121	15,716	15,382	15,914	15,880	16,090	16,066	16,671	16,635
Nonrecurring Expense	0	234	575	0	9,700	0	0	0	0	0	0	0
Total Non-interest Expense	12,754	13,083	13,674	13,121	25,416	15,382	15,914	15,880	16,090	16,066	16,671	16,635
Pre-tax Pre-Provision Earnings	5,669	6,373	6,655	7,293	(1,248)	9,835	10,362	10,637	10,117	10,804	10,871	11,293
Subtract Loan Loss Provision	437	(237)	201	269	250	573	558	537	457	553	652	580
Add Net Nonrecurring Gains(Charges)	0	107	387	0	9,700	0	0	0	0	0	0	0
Reported Pretax FTE Income	5,181	6,684	6,588	6,859	(1,695)	9,057	9,592	9,883	9,445	10,030	9,991	10,482
FTE Tax Rate (reported)	23%	22%	21%	22%	10%	22%	22%	22%	22%	22%	22%	22%
Reported Net Income	3,997	5,186	5,192	5,350	(1,526)	7,064	7,482	7,709	7,367	7,823	7,793	8,176
Normalized Net Income	3,997	5,271	5,630	5,350	6,137	7,064	7,482	7,709	7,367	7,823	7,793	8,176
Per Share Data:												
Diluted EPS - Reported	0.51	0.67	0.67	0.69	(0.16)	0.75	0.79	0.82	0.78	0.83	0.82	0.87
Diluted EPS - Core	0.51	0.68	0.72	0.69	0.65	0.75	0.79	0.82	0.78	0.83	0.82	0.87
Dividends	0.15	0.15	0.16	0.16	0.16	0.16	0.17	0.17	0.17	0.17	0.17	0.17
Payout ratio	29%	23%	24%	23%	-100%	21%	21%	21%	22%	21%	21%	20%
Book Value	19.52	20.23	21.01	21.55	21.81	22.41	23.04	23.69	24.31	24.98	25.64	26.34
Tangible Book Value	17.56	18.28	19.06	19.61	19.55	20.19	20.85	21.54	22.19	22.89	23.59	24.32
Avg. F.D. Shares Outstanding (000s)	7,768	7,787	7,786	7,775	9,489	9,449	9,449	9,449	9,449	9,449	9,449	9,449
Profitability Measures:												
Return on Assets (Reported)	0.82%	1.02%	1.00%	1.02%	-0.26%	1.19%	1.22%	1.24%	1.20%	1.25%	1.21%	1.25%
Return on Assets (Normalized)	0.82%	1.04%	1.09%	1.02%	1.06%	1.19%	1.22%	1.24%	1.20%	1.25%	1.21%	1.25%
Return on Common Equity (Norm.)	11.01%	13.62%	12.99%	12.97%	-3.01%	13.68%	13.95%	13.98%	13.29%	13.60%	13.05%	13.33%
Net Interest Margin	3.13%	3.21%	3.28%	3.34%	3.62%	3.65%	3.70%	3.73%	3.74%	3.75%	3.76%	3.77%
Efficiency Ratio	69%	67%	67%	64%	105%	61%	61%	60%	61%	60%	61%	60%
Fee Income % Revenues	22%	21%	22%	19%	18%	19%	19%	18%	18%	18%	17%	17%
Balance Sheet												
EOP Loans	1,251,980	1,260,055	1,279,310	1,306,176	1,514,085	1,551,937	1,586,080	1,617,801	1,642,069	1,674,910	1,708,408	1,742,576
Average Loans	1,239,225	1,263,027	1,280,814	1,292,743	1,504,289	1,533,011	1,569,009	1,601,941	1,629,935	1,658,489	1,691,659	1,725,492
Average Earning Assets	1,872,026	1,924,379	1,944,293	1,962,743	2,214,289	2,243,011	2,279,009	2,311,941	2,339,935	2,368,489	2,401,659	2,435,492
Average Total Assets	1,981,493	2,033,216	2,051,815	2,088,024	2,355,626	2,386,182	2,424,477	2,459,511	2,489,293	2,519,669	2,554,956	2,590,949
Asset Quality Measures:												
Provision % Avg. Loans	0.14%	-0.08%	0.06%	0.08%	0.07%	0.15%	0.14%	0.13%	0.11%	0.13%	0.15%	0.13%
Net Charge-offs % Avg. Loans	0.00%	0.00%	0.00%	0.01%	0.02%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Loss Reserve % Loans	1.09%	1.06%	1.05%	1.05%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%
Nonperforming Asset Ratio (%)	0.05%	0.04%	0.07%	0.07%	0.06%	0.06%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%
Capital & Leverage Measures:												
Total Equity % Assets	7.4%	7.6%	7.8%	7.9%	8.7%	8.8%	8.9%	9.0%	9.1%	9.3%	9.4%	9.5%
Tangible Common Equity % Assets	6.7%	6.9%	7.1%	7.3%	7.8%	8.0%	8.1%	8.3%	8.4%	8.6%	8.7%	8.9%
Earnings Retention Ratio (%)	71%	77%	76%	77%	200%	79%	79%	79%	78%	79%	79%	80%
Avg. Loans % Avg. Emrg Assets	66%	66%	66%	66%	68%	68%	69%	69%	70%	70%	70%	71%

COMPANY DESCRIPTION

First Community Corporation, headquartered in Lexington, South Carolina, is a \$1.9 billion asset bank that operates 21 branches, primarily in the midlands region of the state, with a growing presence in Greenville and eastern Georgia.



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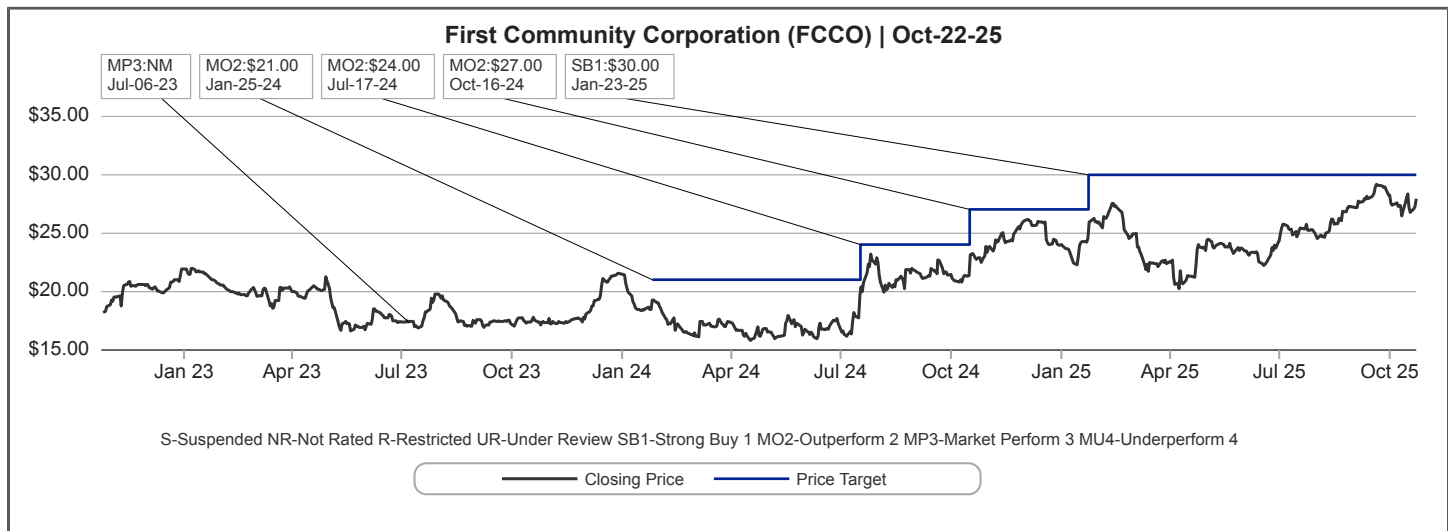
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Valuation Methodology

First Community Corporation

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Company Specific Risk Factors

First Community Corporation

Interest Rate Risk: As a commercial bank, First Community's revenue stream is sensitive to changes in interest rates, and earnings estimates could vary based on changes in the slope of the yield curve.

Credit Risk: First Community originates residential, commercial, and consumer loans, which may enter default, especially during times of economic stress. Depending on the health of the economy and the creditworthiness of its borrowers, loans could default more rapidly than anticipated, which could translate into higher losses at the bank.

Macroeconomic Risk: If unemployment levels rise or if the housing market weakens further, credit losses could accelerate more rapidly than anticipated, causing downside to our earnings expectations. Conversely, if unemployment levels decline and the housing market strengthens meaningfully, or if losses in weak markets are less than expected, there could be upside to our estimates.

Competition: Substantial competition exists in all of First Community's primary markets, from domestic banks and thrifts, foreign banks, and specialty finance companies. The level and aggressiveness of competition could lead to adverse pressures on both asset yields and funding costs, which could negatively impact First Community's margins and pressure its profitability.

Regulatory Reform: With the myriad regulatory and legislative changes facing the industry, these amendments will pressure fee income across the industry. First Community's asset size excludes it from the debit interchange provision in the Durbin amendment under the Dobb-Frank Act; however, competitive industry pressures will likely force the company to charge similar fees in order to compete, which will ultimately impact profitability.

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Our suitability rating takes into account the highly competitive banking industry and the potentially adverse impact of continued loan growth pressures on the company's net interest income.

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Total Number of Companies	942	100%	252	100%	118		61	

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