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

APRIL 23, 2025 | 5:35 PM EDT
COMPANY COMMENT

NIM Expansion Keeps on Chugging; Reiterate Strong Buy, $30 PT

RECOMMENDATION

1Q25 EPS Breakdown

Reported	Core	Consensus	RJ
$0.51	$0.51	$0.45 ($0.43-$0.47)	$0.47

We reiterate our Strong Buy rating and $30 price target on FCCO shares following the bank's better than expected quarter. FCCO remains well-positioned for continued NIM expansion, driven by the upwards repricing of the bank's majority fixed rate loan portfolio, expected high-single-digit or better annual loan growth, and the likelihood of lower short-term rates. Furthermore, the bank's pristine credit metrics and strong expense controls provide a margin of safety on expected earnings growth. At 7.9x our 2026E EPS, versus peers at 9.2x, we like the risk-reward given above-peer earnings growth and profitability at a below-peer multiple.

- **Results.** FCCO reported GAAP and core EPS of $0.51, $0.06 above the consensus estimate and $0.04 above our estimate due to better than expected NII and fees.

- **NIM expansion accelerated.** The NIM expanded 13 bps LQ to 3.13%, 5 bps ahead of consensus. We expect continued NIM expansion as loan growth and continued fixed rate loan repricing should support better asset yields, while an increased likelihood of lower short-term rates bodes well for the deposit cost outlook. FCCO noted that increased competition has caused tighter spreads, with new originations in the upper-6% range though that is above the portfolio yield of 5.71%. FCCO has $199.2M of loans (16% of total), with a 5.53% coupon that will reprice upward in the next 12-months. Additionally, during the recent rate hike cycle, FCCO's cumulative upwards deposit beta was 49%, compared to 32% for the current rate cut cycle. If FCCO reduces interest-bearing deposit costs over time to reach parity with its upwards beta, the benefit to the NIM would be 12 bps or $0.22 per share annually, all else equal. We model a 2025 NIM of 3.20%, which assumes two 25 bp rate cuts.

- **Loan growth was solid.** Loans increased 2.6% LQ, versus our up 1.7% estimate, as first quarter activity was robust and paydowns slowed. FCCO indicated the pipeline had moderated due 1Q25 activity, and perhaps some caution, but noted that clients generally believe it is too soon to tell what impact tariffs could have on their businesses. FCCO reiterated its mid-to-high single-digit loan growth guidance for 2025, with a bias towards the upper-end of the range. We model 2025 loan growth of 9%.

- **Efficiency should steadily improve**. Expenses increased 7.9% LQ to $12.8M, driven by increased marketing and compensation expense, with the latter due to seasonal and performance-related increases. We expect the efficiency ratio will improve as NIM expansion continues combined with controlled expenses and model a 2025 efficiency ratio of 67%.

- **We raise our 2025 and 2026 EPS estimates** to $2.35 and $3.00, respectively, from $2.30 and $2.95 to reflect the beat and a higher NIM.

Valuation: FCCO shares trade at 7.9x our 2026E and 1.3x TBV, versus small cap peers at 9.2x and 1.3x, respectively. Our $30 price target values FCCO shares at 10x our 2026E, a modest premium to peers given the franchise quality.

Strong Buy 1
Target Price $30.00

Suitability	MA/ACC

MARKET DATA

Current Price (Apr-23-25)	$23.58
Market Cap (mln)	$181
Current Net Debt (mln)	NM
Shares Outstanding (mln)	7.7
30-Day Avg. Daily Value (mln)	$0.9
Dividend	$0.60
Dividend Yield	2.5%
52-Week Range	$15.61 - $27.96
BVPS	$19.52
Tangible BVPS	$17.56
ROE	11.0%
ROAE	11.0%
ROTE	12.3%

KEY FINANCIAL METRICS

	1Q	2Q	3Q	4Q
Non-GAAP EPS ($, Dec FY)				
2024A	0.34	0.41	0.50	0.57
2025E	0.47	0.57	0.62	0.64
new	**0.51 A**	**0.57**	**0.62**	**0.65**
2026E	0.64	0.73	0.78	0.79
new	**0.64**	**0.74**	**0.81**	**0.81**

	2024A	2025E	2026E
Non-GAAP EPS ($, Dec FY)			
old	1.82	2.30	2.95
new	**1.82**	**2.35**	**3.00**
P/E (Non-GAAP)			
	12.9x	10.0x	7.9x
GAAP EPS ($, Dec FY)			
old	1.81	2.30	2.95
new	**1.81**	**2.35**	**3.00**
Operating Revenue (mln) ($, Dec FY)			
old	66	74	84
new	**66**	**76**	**85**

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.

Credit continued to be strong. NPAs decline 2 bp LQ to 5 bp, and the bank had a small net recovery for 1Q25. Credit is a source of strength for FCCO given their clean credit history with minimal NCOs and active review of the CRE portfolio (18 month look forward on maturing CRE). We model FY25 NCOs of 1 bp and a 4Q25 LLR ratio of 1.09%.

Investment advisory and mortgage fee income rose. Investment advisory AUM was $892.8M as of 1Q25, down from $926M in 4Q24, however, fees increased LQ due to activity and FCCO noted that the segment continues to experience inflows despite market volatility which is likely to pressure assets and fees over the next two quarters if sustained. Mortgage production increased $2M LQ to $43.86M and included $25.8M of secondary market loans, $4M of ARMs, and $14.1M of C&D. We model non-interest income of $3.8M for 2Q25, down modestly due to likely weaker revenues for wealth management.

		FCCO	Estimates		vs. RJ		vs. Consensus	
		Actual	RJ	Street	$mm/bp	EPS	$mm/bp	EPS
Income Statement ($mm)	NII	14.4	13.9	14.0	0.5	0.052	0.5	0.046
	Provision	0.4	0.3	0.4	0.1	(0.011)	0.1	(0.006)
	Core Fee Revenue	4.0	3.5	3.5	0.5	0.050	0.5	0.045
	Core Expenses	12.8	12.3	12.5	0.5	(0.047)	0.3	(0.026)
	Core Net Income	4.0	3.6	3.5	0.4	0.037	0.5	0.045
	Core EPS	0.51	0.47	0.45	0.04	-	0.06	-
	Tax rate	22.9%	22.0%	22.9%	85 bp	(0.004)	-4 bp	0.000
	Avg. Dil. Shares	7.8	7.7	7.7	0.1	(0.014)	0.1	(0.014)
Bal Sheet/Other ($mm)	NIM	3.13%	3.09%	3.08%	4 bp	0.020	5 bp	0.024
	Loans EOP	1,252	1,241	1,240	11	-	12	-
	Deposits EOP	1,726	1,670	1,680	56	-	46	-
	AEA	1,872	1,831	1,844	41	0.032	28	0.022
	Core efficiency ratio	69.2%	70.5%	71.6%	-131 bp	-	-237 bp	-
	Core ROA	0.82%	0.76%	0.73%	6 bp	-	8 bp	-
	Core ROE	11.0%	10.1%	9.9%	89 bp	-	111 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 1Q25 - Actual vs. Raymond James and Consensus

	Actual	Raymond James	dif (+/-)	Consensus	dif (+/-)	Street High	Street Low	Consensus # of Estimates
PER SHARE DATA								
Operating EPS	$0.51	$0.47	$0.04	$0.45	$0.06	$0.47	$0.43	3
Book value per share	19.52	19.23	0.29	19.21	0.31	19.23	19.19	3
Tangible book value	17.56	17.26	0.30	17.28	0.28	17.35	17.24	3
Dividends per share	0.15	0.15	0.00	0.15	0.00	0.16	0.15	3
Avg. fully diluted shares (mil.)	7.8	7.7	0.1	7.7	0.1	7.7	7.7	3
INCOME STATEMENT								
Net interest income (FTE)	14.4	13.9	0.5	14.0	0.5	14.0	13.9	3
Loan loss provision	0.4	0.3	0.1	0.4	0.1	0.5	0.3	3
Core fee income	4.0	3.5	0.5	3.5	0.5	3.6	3.5	3
Operating Revenue (FTE)	18.4	17.4	1.0	17.4	1.0	17.5	17.3	2
Core expenses	12.8	12.3	0.5	12.5	0.3	12.6	12.3	3
Taxes	1.2	1.0	0.2	1.1	0.1	1.1	1.0	2
Core net income	4.0	3.6	0.4	3.5	0.5	3.6	3.4	3
BALANCE SHEET								
Loans (EOP)	1,252	1,241	11	1,240	12	1,241	1,239	2
Average Loans	1,239	1,231	8	1,230	9	1,231	1,229	2
Deposits (EOP)	1,726	1,670	56	1,680	46	1,680	1,680	1
Average Deposits	1,669	1,656	14	1,684	-15	1,684	1,684	1
Average Earning Assets	1,872	1,831	41	1,844	28	1,857	1,831	2
Total Assets	2,039	1,948	92	1,958	81	1,958	1,958	1
ASSET QUALITY								
Non-performing Loans	0.2	0.3	0.0	-	-	-	-	-
Non-performing Assets	0.7	0.9	-0.2	-	-	-	-	-
Net charge-offs	(0.0)	0.1	-0.1	-	-	-	-	-
Net charge-offs / Avg. loans	0.00%	0.02%	-0.02%	0.03%	-0.03%	0.04%	0.02%	2
FINANCIAL RATIOS								
Net interest margin (NIM)	3.13%	3.09%	4 bp	3.08%	5 bp	3.09%	3.06%	3
Efficiency ratio	69.2%	70.5%	-131 bp	71.6%	-237 bp	72.0%	71.0%	3
ROA	0.82%	0.76%	6 bp	0.7%	9 bp	0.76%	0.70%	3
ROE	11.0%	10.1%	89 bp	9.9%	111 bp	10.1%	9.6%	3
ROTE	12.3%	11.3%	99 bp	10.8%	150 bp	11.1%	10.4%	2

Source: S&P Global, Factset, Raymond James research, company reports
Note: Dollar amounts in millions, except per share data

FCCO 1Q25 - Summary Results

	1Q25	RJ 1Q25E	dif (+/-)	4Q24	Q/Q	1Q24	Y/Y
PER SHARE DATA							
Operating EPS	$0.51	$0.47	$0.04	$0.57	-$0.06	$0.34	$0.18
Reported EPS (GAAP)	0.51	0.47	0.04	0.55	-0.03	0.34	0.18
Book value per share	19.52	19.23	0.29	18.90	0.62	17.50	2.02
Tangible book value	17.56	17.26	0.30	16.93	0.63	15.51	2.06
Dividends per share	0.15	0.15	0.00	0.15	0.00	0.14	0.01
Avg. fully diluted shares (mil.)	7.8	7.7	0.1	7.7	0.0	7.7	0.1
INCOME STATEMENT							
Net interest income (FTE)	14.4	13.9	0.5	13.9	0.5	12.1	2.3
Loan loss provision	0.4	0.3	0.1	0.2	0.2	0.1	0.3
Core fee income	4.0	3.5	0.5	3.8	0.1	3.2	0.8
Operating Revenue (FTE)	18.4	17.4	1.0	17.5	1.0	15.3	3.2
Core expenses	12.8	12.3	0.5	11.8	0.9	11.8	0.9
Taxes	1.2	1.0	0.2	1.2	0.0	0.7	0.5
Core net income	4.0	3.6	0.4	4.4	-0.4	2.6	1.4
BALANCE SHEET							
Assets	2,039	1,948	92	1,958	81	1,887	152
Loans (EOP)	1,252	1,241	11	1,221	31	1,157	95
Average Loans	1,239	1,231	8	1,212	27	1,149	90
Deposits (EOP)	1,726	1,670	56	1,676	50	1,578	148
Average Deposits	1,669	1,656	14	1,662	8	1,521	148
Average Earning Assets	1,872	1,831	41	1,846	26	1,746	126
Total equity	150	147	3	144	5	133	16
FINANCIAL RATIOS							
Net interest margin (NIM)	3.13%	3.09%	4 bp	3.00%	13 bp	2.79%	34 bp
Core efficiency ratio	69.2%	70.5%	-131 bp	66.7%	256 bp	77.2%	-792 bp
TCE Ratio	6.7%	6.8%	-17 bp	6.7%	0 bp	6.3%	34 bp
LLR / Total loans	1.09%	1.08%	1 bp	1.08%	1 bp	1.08%	1 bp
Net charge-offs / Avg. loans	0.00%	0.02%	-2 bp	-0.01%	1 bp	0.01%	-1 bp

Source: Raymond James research; company reports
Note: Dollar amounts in millions, except per share data

First Community Corp 4/23/2025 ($ in thousands, except as noted)	Raymond James & Associates Steve Moss (202) 872-5931 steve.moss@raymondjames.com					
	2024	% Chg	2025E	% Chg	2026E	% Chg
Income Statement Summary:						
Net Interest Income (FTE)	52,198	6%	60,948	17%	69,668	14%
Core Non-interest Income:						
Deposit service charges	952	-1%	941	-1%	960	2%
Mortgage banking	2,368	68%	2,759	17%	2,700	-2%
Investment advisory fees and non-deposit comms.	6,181	37%	7,006	13%	7,150	2%
Other income	4,632	-2%	4,596	-1%	4,950	8%
Subtotal Core	14,133	22%	15,302	8%	15,760	3%
Market Sensitive Non-interest Income:						
Nonrecurring Income	-129	-89%	0	-100%	0	NM
Total Non-interest Income	14,004	34%	15,302	9%	15,760	3%
Operating Revenue (FTE)	66,044	11%	75,734	15%	84,731	12%
Non-interest Expense:						
Salaries and employee benefits	29,263	13%	30,632	5%	32,164	5%
Occupancy	3,094	-2%	3,177	3%	3,350	5%
Equipment	1,451	-7%	1,690	16%	1,700	1%
Marketing and PR	1,511	1%	1,864	23%	2,000	7%
FDIC assessment	1,177	30%	1,200	2%	1,240	3%
OREO	103	-192%	162	57%	200	23%
Amortization of intangibles	158	0%	156	-1%	156	0%
Other expenses	10,708	6%	11,865	11%	12,000	1%
Core Expenses	47,465	10%	50,746	7%	52,810	4%
Nonrecurring Expense	0	NM	0	NM	0	NM
Total Non-interest Expense	47,465	10%	50,746	7%	52,810	4%
Pre-tax Pre-Provision Earnings	18,737	14%	25,504	36%	32,617	28%
Subtract Loan Loss Provision	809	-28%	1,505	86%	1,786	19%
Add Net Nonrecurring Gains(Charges)	129	-89%	0	-100%	0	NM
Reported Pretax FTE Income	17,770	18%	23,483	32%	30,135	28%
FTE Tax Rate (reported)	21%		22%		22%	
Reported Net Income	13,955	18%	18,272	31%	23,505	29%
Normalized Net Income	14,057	10%	18,272	30%	23,505	29%
Per Share Data:						
Diluted EPS - Reported	**1.81**	**17%**	**2.35**	**30%**	**3.00**	**28%**
Diluted EPS - Core	**1.82**	**9%**	**2.35**	**29%**	**3.00**	**28%**
Dividends	0.58	4%	0.62	7%	0.66	6%
Payout ratio	32%		26%		22%	
Book Value	18.90	10%	20.91	11%	23.32	11%
Tangible Book Value	16.93	11%	18.97	12%	21.39	13%
Avg. F.D. Shares Outstanding (000s)	7,709	1%	7,767	1%	7,829	1%
Profitability Measures:						
Return on Assets (Reported)	0.74%		0.90%		1.10%	
Return on Assets (Normalized)	0.74%		0.90%		1.10%	
Return on Common Equity (Norm.)	10.14%		11.93%		13.88%	
Net Interest Margin	2.92%		3.20%		3.46%	
Efficiency Ratio	72%		67%		62%	
Fee Income % Revenues	21%		20%		18%	
Balance Sheet						
EOP Loans	1,220,542	8%	1,328,600	9%	1,438,119	8%
Average Loans	1,184,909	13%	1,275,377	8%	1,382,682	8%
Average Earning Assets	1,786,758	9%	1,906,077	7%	2,012,682	6%
Average Total Assets	1,897,549	9%	2,025,236	7%	2,141,151	6%
Asset Quality Measures:						
Provision % Avg. Loans	0.07%		0.12%		0.13%	
Net Charge-offs % Avg. Loans	0.01%		0.01%		0.04%	
Loss Reserve % Loans	1.08%		1.09%		1.09%	
Nonperforming Asset Ratio (%)	0.07%		0.06%		0.06%	
Capital & Leverage Measures:						
Total Equity % Assets	7.4%		7.8%		8.2%	
Tangible Common Equity % Assets	6.7%		7.1%		7.6%	
Earnings Retention Ratio (%)	68%		74%		78%	
Avg. Loans % Avg. Erng Assets	66%		67%		69%	

First Community Corp
4/23/2025
($ in thousands, except as noted)

Raymond James & Associates
Steve Moss (202) 872-5931
steve.moss@raymondjames.com

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25E	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Income Statement Summary:												
Net Interest Income (FTE)	12,117	12,733	13,448	13,900	14,441	14,922	15,519	16,066	16,313	17,037	17,928	18,389
Core Non-interest Income:												
Deposit service charges	259	235	228	230	221	240	240	240	240	240	240	240
Mortgage banking	425	659	575	709	759	750	750	500	500	800	900	500
Investment advisory fees and non-deposit comms	1,358	1,508	1,595	1,720	1,806	1,700	1,750	1,750	1,700	1,800	1,800	1,850
Other income	1,142	1,145	1,167	1,178	1,196	1,100	1,100	1,200	1,200	1,200	1,250	1,300
Subtotal Core	3,184	3,547	3,565	3,837	3,982	3,790	3,840	3,690	3,640	4,040	4,190	3,890
Market Sensitive Non-interest Income:												
Nonrecurring Income	0	95	5	(229)	0	0	0	0	0	0	0	0
Total Non-interest Income	3,184	3,642	3,570	3,608	3,982	3,790	3,840	3,690	3,640	4,040	4,190	3,890
Operating Revenue (FTE)	15,261	16,336	16,982	17,465	18,372	18,563	19,204	19,595	19,790	20,907	21,939	22,095
Non-interest Expense:												
Salaries and employee benefits	7,101	7,303	7,422	7,437	7,657	7,522	7,719	7,734	8,040	7,898	8,105	8,121
Occupancy	790	738	793	773	777	800	800	800	800	850	850	850
Equipment	330	317	391	413	390	400	450	450	400	400	450	450
Marketing and PR	566	258	477	210	514	450	450	450	500	500	500	500
FDIC assessment	278	302	290	307	300	300	300	300	310	310	310	310
OREO	12	90	11	(10)	12	50	50	50	50	50	50	50
Amortization of intangibles	39	39	40	40	39	39	39	39	39	39	39	39
Other expenses	2,689	2,796	2,567	2,656	3,065	3,000	2,900	2,900	2,900	3,000	3,000	3,100
Core Expenses	11,805	11,843	11,991	11,826	12,754	12,561	12,708	12,723	13,039	13,047	13,304	13,420
Nonrecurring Expense	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-interest Expense	11,805	11,843	11,991	11,826	12,754	12,561	12,708	12,723	13,039	13,047	13,304	13,420
Pre-tax Pre-Provision Earnings	3,496	4,437	5,022	5,911	5,669	6,151	6,651	7,032	6,914	8,030	8,814	8,859
Subtract Loan Loss Provision	129	454	(16)	242	437	334	342	392	356	466	477	487
Add Net Nonrecurring Gains(Charges)	0	(95)	(5)	229	0	0	0	0	0	0	0	0
Reported Pretax FTE Income	3,327	4,039	5,007	5,397	5,181	5,669	6,153	6,480	6,395	7,394	8,157	8,188
FTE Tax Rate (reported)	22%	19%	23%	22%	23%	22%	22%	22%	22%	22%	22%	22%
Reported Net Income	2,597	3,265	3,861	4,232	3,997	4,422	4,800	5,054	4,988	5,767	6,363	6,387
Normalized Net Income	2,597	3,190	3,857	4,413	3,997	4,422	4,800	5,054	4,988	5,767	6,363	6,387
Per Share Data:												
Diluted EPS - Reported	**0.34**	**0.42**	**0.50**	**0.55**	**0.51**	**0.57**	**0.62**	**0.65**	**0.64**	**0.74**	**0.81**	**0.81**
Diluted EPS - Core	**0.34**	**0.41**	**0.50**	**0.57**	**0.51**	**0.57**	**0.62**	**0.65**	**0.64**	**0.74**	**0.81**	**0.81**
Dividends	0.14	0.14	0.15	0.15	0.15	0.15	0.16	0.16	0.16	0.16	0.17	0.17
Payout ratio	41%	33%	30%	27%	29%	26%	26%	25%	25%	22%	21%	21%
Book Value	17.50	17.84	18.76	18.90	19.52	19.95	20.41	20.91	21.40	21.99	22.65	23.32
Tangible Book Value	15.51	15.85	16.78	16.93	17.56	17.99	18.47	18.97	19.46	20.06	20.73	21.39
Avg. F.D. Shares Outstanding (000s)	7,680	7,695	7,722	7,738	7,768	7,767	7,767	7,767	7,792	7,842	7,842	7,842
Profitability Measures:												
Return on Assets (Reported)	0.57%	0.71%	0.80%	0.86%	0.82%	0.88%	0.93%	0.97%	0.96%	1.09%	1.17%	1.16%
Return on Assets (Normalized)	0.57%	0.69%	0.80%	0.90%	0.82%	0.88%	0.93%	0.97%	0.96%	1.09%	1.17%	1.16%
Return on Common Equity (Norm.)	7.96%	9.74%	10.99%	11.70%	11.01%	11.70%	12.28%	12.63%	12.45%	13.88%	14.72%	14.35%
Net Interest Margin	2.79%	2.93%	2.96%	3.00%	3.13%	3.16%	3.21%	3.28%	3.36%	3.42%	3.51%	3.55%
Efficiency Ratio	77%	72%	70%	68%	69%	67%	66%	64%	65%	62%	60%	60%
Fee Income % Revenues	21%	22%	21%	21%	22%	20%	20%	19%	18%	19%	19%	17%
Balance Sheet												
EOP Loans	1,157,305	1,189,189	1,196,659	1,220,542	1,251,980	1,273,264	1,298,729	1,328,600	1,355,172	1,382,275	1,409,921	1,438,119
Average Loans	1,149,263	1,178,342	1,200,150	1,211,880	1,239,225	1,262,622	1,285,996	1,313,664	1,341,886	1,368,723	1,396,098	1,424,020
Average Earning Assets	1,745,983	1,749,525	1,805,751	1,845,771	1,872,026	1,892,622	1,915,996	1,943,664	1,971,886	1,998,723	2,026,098	2,054,020
Average Total Assets	1,857,716	1,862,009	1,915,700	1,954,772	1,981,493	2,013,427	2,038,294	2,067,728	2,097,751	2,126,301	2,155,423	2,185,127
Asset Quality Measures:												
Provision % Avg. Loans	0.05%	0.15%	-0.01%	0.08%	0.14%	0.11%	0.11%	0.12%	0.11%	0.14%	0.14%	0.14%
Net Charge-offs % Avg. Loans	0.01%	0.00%	0.02%	-0.01%	0.00%	0.02%	0.02%	0.02%	0.02%	0.05%	0.05%	0.05%
Loss Reserve % Loans	1.08%	1.09%	1.08%	1.08%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
Nonperforming Asset Ratio (%)	0.07%	0.06%	0.07%	0.07%	0.05%	0.07%	0.07%	0.06%	0.07%	0.07%	0.06%	0.06%
Capital & Leverage Measures:												
Total Equity % Assets	7.1%	7.2%	7.4%	7.4%	7.4%	7.6%	7.7%	7.8%	7.8%	7.9%	8.1%	8.2%
Tangible Common Equity % Assets	6.3%	6.5%	6.6%	6.7%	6.7%	6.9%	7.0%	7.1%	7.2%	7.3%	7.4%	7.6%
Earnings Retention Ratio (%)	59%	67%	70%	73%	71%	74%	74%	75%	75%	78%	79%	79%
Avg. Loans % Avg. Erng Assets	66%	67%	66%	66%	66%	67%	67%	68%	68%	68%	69%	69%

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.

IMPORTANT INVESTOR DISCLOSURES

Unless otherwise specified, the term “Raymond James” shall denote, where appropriate, Raymond James & Associates, Inc. (RJA), Raymond James Ltd. (RJL), and their affiliates, subsidiaries and related entities.

Analyst Information

Analyst Compensation: Research analysts and associates at Raymond James are compensated on a salary and bonus system. Several factors enter into the compensation determination for an analyst, including: i) research quality, ii) team productivity, iii) client feedback, iv) rating accuracy, v) overall revenue and profitability levels of the department and firm (a portion of which is generated by investment banking activities) and vi) compensation levels for comparable research analysts at competing firms.

Registration of Non-U.S. Analysts: The analysts listed on the front of this report who are not employees of, or associated with, RJA are not registered/qualified as research analysts under FINRA rules and are not subject to FINRA Rule 2241 restrictions on communications with covered companies, trading securities held by a research analyst account, and obligations related to identifying and managing conflicts of interest.

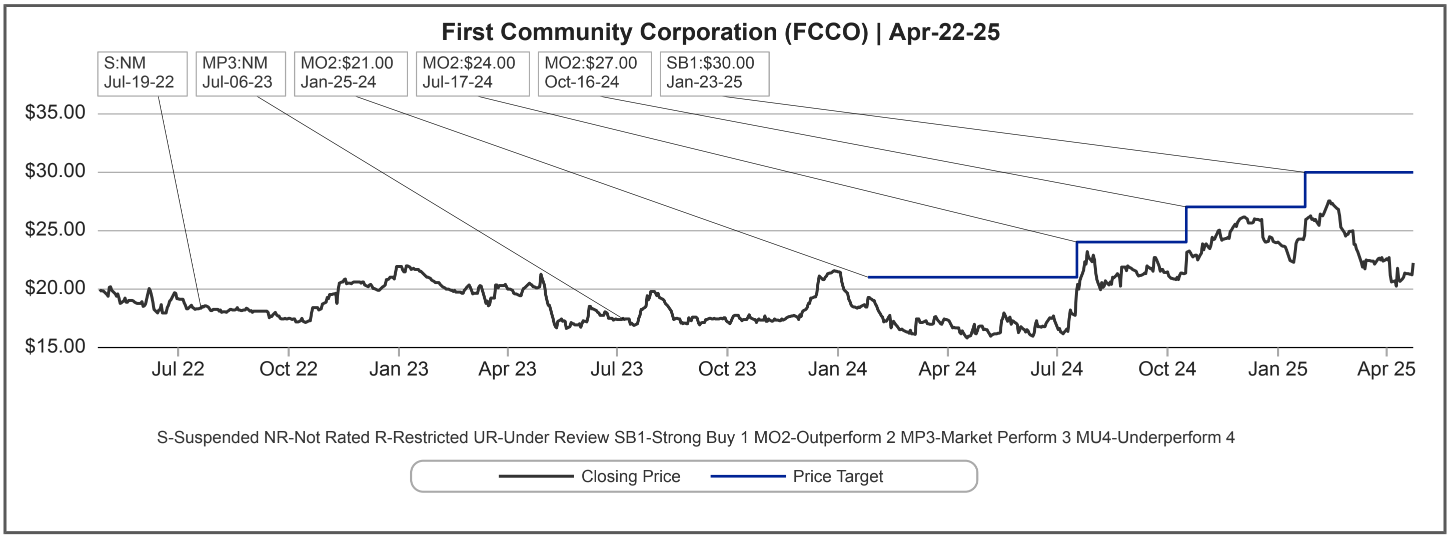
This global disclosure considers all entities of Raymond James and its affiliates. The jurisdiction where the analyst(s) is registered will determine what is permitted. For example, if the persons responsible for the content of this report are not licensed as research analysts in accordance with applicable rules promulgated by the regulatory organization(s) where this report is distributed, any client wishing to effect trades in any security should contact their Raymond James representative.

The analyst Steve Moss, primarily responsible for the preparation of this research report, attests to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers and (2) that no part of the research analyst’s compensation was, is, or will be directly or indirectly related to the specific recommendations or views in this research report.

Company Specific Disclosures

Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors, including an assessment of industry size, structure, business trends, and overall attractiveness; management effectiveness; competition; visibility; financial condition; and expected total return, among other factors. Collectively, these factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences.

Target Prices: The information below indicates Raymond James’ target price and rating changes for any subject companies over the past three years.



Valuation Methodology

First Community Corporation
For First Community Corporation, our valuation methodology utilizes a 12-month estimate of intrinsic value and also takes into consideration the company's price/tangible book value and P/E ratio in comparison to its return on tangible equity and its peer group.

General Risk Factors

Following are some general risk factors that pertain to the businesses of the subject companies and the projected target prices and recommendations included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product/service pricing could change and adversely impact expected revenues and earnings; (2) issues relating to major competitors or market shares or new product expectations could change investor attitude toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation.

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.
Acquisition Risk: Acquiring a financial services company involves a number of risks, including those related to asset quality issues, loss of customers, entering new and unfamiliar markets, and integration of the acquired bank. In particular, integration poses a number of challenges, as the company must expend substantial resources to integrate acquired entities. Such failure to integrate acquired entities may adversely affect the company’s results of operations and financial condition.
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.

Relationship Disclosures

The person(s) responsible for the production of this report declare(s) that, as far as they are aware, there are no relationships or circumstances (including conflicts of interest) that may in any way impair the objectivity of this recommendation directly or indirectly. This statement applies equally to any persons closely associated with him or her. However, it is possible that persons making communications in relation to a security may have a holding in that security and this will be disclosed. As stated, Raymond James has controls in place to manage such risks.

In the event that this is a compendium report (i.e., covers six or more subject companies), Raymond James may choose to provide specific disclosures for the subject companies by reference. To access these disclosures, clients should refer to: raymondjames.bluematrix.com/sellside/Disclosures.action or call toll free at 1.800.237.5643 in the United States or 1.800.667.2899 in Canada. In other jurisdictions, please contact your local Raymond James' representative.

Company Name	Disclosure
First Community Corporation	Raymond James & Associates, Inc. makes a market in the shares of First Community Corporation.
First Community Corporation	Raymond James & Associates expects to receive or intends to seek compensation for investment banking services from First Community Corporation within the next three months.

Investor Disclosures

In the United States (or U.S.), RJA is registered with the Financial Industry Regulatory Authority (FINRA) as a member firm. RJA is responsible for the preparation and distribution of reports created in the United States. RJA is located at The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, Florida 33716 (Raymond James Financial (RJF) Corporate Headquarters), 727.567.1000. Raymond James Financial Services, Inc. (RJFS) is registered with FINRA as a Member Firm. RJFS is located at the RJF Corporate Headquarters.

RJA non-U.S. affiliates, which are not FINRA member firms (with the exception of Raymond James (USA) Ltd.), include the following entities, which are responsible for the creation or distribution of reports in their respective areas:

In Canada, RJL is registered with the Canadian Investment Regulatory Organization (CIRO) as a member firm. RJL is responsible for the preparation and distribution of reports created in Canada. RJL is located at Suite 2100, 925 West Georgia Street, Vancouver, BC V6C 3L2 (RJL Head Office), 604.659.8200. Raymond James (USA) Ltd. (RJLU) is registered with FINRA as a member firm, which is responsible for the distribution of reports created in Canada and the United States to both American clients living in Canada and Canadian clients living in the United States. RJLU is located at the RJL Head Office.

In the United Kingdom, Raymond James Financial International Ltd. (RJFI) and Raymond James Investment Services, Ltd. (RJIS) are authorised and regulated by the Financial Conduct Authority (FCA). RJFI and RJIS are located at Ropemaker Place, 25 Ropemaker Street, London, England, EC2Y 9LY, +44 203 798 5600.

This report is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in a locality, state, province, country, or other jurisdiction where such distribution, publication, availability, or use would be strictly prohibited or contrary to law or regulation. The securities discussed in this report may not be eligible for sale in some jurisdictions. This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is not investment advice and does not constitute a personal recommendation, nor does it take into account the particular investment objectives, financial situations, or needs of individual clients. Information in this report should not be construed as advice designed to meet the individual objectives of any particular investor. Investors should consider this report as only a single factor in making their investment decision. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realized. Those losses may equal your original investment. Consultation with your Raymond James representative is recommended. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Nothing in this report constitutes investment, legal, accounting or tax advice or is a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

The information provided is as of the date above and is subject to change and may or may not be updated. This report should not be deemed a recommendation to buy or sell any security. Certain information has been obtained from third-party sources Raymond James considers reliable, but Raymond James does not guarantee that such information is accurate or complete. Persons within Raymond James may have information that is not available to the contributors of the information contained in this report. Raymond James, including affiliates and employees, may execute transactions in the securities listed in this report that may not be consistent with the ratings appearing in this report.

With respect to materials prepared by Raymond James, all expressions of opinion reflect the judgment of the Research Departments of Raymond James, or its affiliates, as of the date above and are subject to change. Raymond James may perform investment banking or other services for, or solicit investment banking business from, any company mentioned in this report.

Raymond James reports are disseminated and available to Raymond James clients simultaneously via electronic publication to Raymond James' internal proprietary websites (RJA: RJ Client Access & raymondjames.com; RJL: RJL ECM Client Access, RJL Retail Client Access & raymondjames.ca). Not all reports are directly distributed to clients or third-party aggregators. Certain maintenance reports may only be disseminated on Raymond James' internal proprietary websites; however, such reports will not contain changes to target price, valuation, or investment or suitability rating. Individual Raymond James associates may also opt to circulate published reports to one or more clients electronically. This electronic communication distribution is discretionary and is undertaken only after the report has been publicly disseminated via publication to RJ's internal proprietary websites. The level and types of communications provided by Raymond James associates to clients may vary depending on various factors including, but not limited to, the client's individual preference as to the frequency and manner of receiving communications. For reports, models, or other data available on a particular security, please contact your Raymond James representative or financial advisor or visit for RJA: RJ Client Access & raymondjames.com; RJL: RJL ECM Client Access, RJL Retail Client Access & raymondjames.ca.

Raymond James' policy is to update reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated in a report. Raymond James' policy is only to publish reports that are impartial, independent, clear, and fair and not misleading. Any information relating to the tax status of the securities discussed in this report is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Links to third-party websites are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any third-party website or the collection or use of information regarding any website's users and/or members. Raymond James has not reviewed any such third-party websites and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Raymond James' own website material) is provided solely for your convenience and information, and the content of any such website does not in any way form part of this report. Accessing such website or following such link through this report or Raymond James' website shall be at your own risk. Additional information is available on request.

Notice to RJA PCG Financial Advisors - Non-U.S. securities discussed in this report are generally not eligible for sale in the U.S. unless they are listed on a U.S. securities exchange. This report may not be used to solicit the purchase or sale of a security in any state where such a solicitation would be illegal. By accessing this report, you agree to not solicit the purchase or sale of any security mentioned in the report that is not listed on a U.S. securities exchange, or is not otherwise registered under applicable state Blue Sky laws. Furthermore, you acknowledge that you will be solely responsible for any and all costs associated with the rescission of trades in unregistered securities. Please contact the International Research Liaison with any questions at 727.567.5559.

Ratings and Definitions

RJA (U.S.) Definitions: Strong Buy (SB1) The security is expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months. **Outperform (MO2)** The security is expected to appreciate or outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where Raymond James is comfortable with the relative safety of the dividend and expects a total return modestly exceeding the dividend yield over the next 12-18 months. **Market Perform (MP3)** The security is expected to perform generally in line with the S&P 500 over the next 12 months and could potentially be used as a source of funds for more highly rated securities. **Underperform (MU4)** The security is expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold. **Suspended (S)** The security's rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable or to comply with applicable regulations or firm policies in certain circumstances. When a security's research coverage has been suspended, the previous rating and price target are no longer in effect for this security, and they should not be relied upon.

RJL (Canada) Definitions: Strong Buy (SB1) The security is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six to 12 months. **Outperform (MO2)** The security is expected to appreciate and outperform the S&P/TSX Composite Index over the next 12-18 months. **Market Perform (MP3)** The security is expected to perform generally in line with the S&P/TSX composite Index over the next 12 months and could potentially be used as a source of funds for more highly rated securities. **Underperform (MU4)** The security is expected to underperform the S&P/TSX Composite Index or its sector over the next six to 12 months and should be sold. **Suspended (S)** The security's rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable or to comply with applicable regulations or firm policies in certain circumstances or may otherwise have a perceived conflict of interest. When a security's research coverage has been suspended, the previous rating and price target are no longer in effect for this security, and they should not be relied upon.

	Coverage Universe Rating Distribution*				Investment Banking Relationships			
	RJA		RJL		RJA		RJL	
Strong Buy and Outperform (Buy)	555	60%	189	77%	83	15%	45	24%
Market Perform (Hold)	348	38%	55	22%	28	8%	6	11%
Underperform (Sell)	19	2%	1	0%	0	0%	0	0%
Total Number of Companies	922	100%	245	100%	111		51	

** Columns may not add to 100% due to rounding.*

** Total does not include companies with a suspended rating.*

RJA Suitability Ratings (SR)

Moderate Risk/Provide Income (M/INC) Larger capitalization, lower volatility (beta) equities of companies with sound financials, consistent earnings, and dividend yields meaningfully above that of the S&P 500. Many securities in this category are structured with a focus on providing a consistent dividend or return of capital. **Moderate Risk/Wealth Accumulation (M/ACC)** Larger capitalization equities of companies with sound financials, consistent earnings growth, the potential for long-term price appreciation, and often a dividend yield. **Moderately Aggressive Risk/Provide Income (MA/INC)** Generally equities of companies that are structured with a focus on providing a dividend meaningfully above that of the S&P 500. These companies typically feature sound financials, positive earnings, and the potential for long-term price appreciation. **Moderately Aggressive Risk/Wealth Accumulation (MA/ACC)** Generally equities of companies in fast growing and competitive industries with less predictable earnings (or losses), potentially more leveraged balance sheets, rapidly changing market dynamics, and potential risk of principal. **Aggressive Risk/Provide Income (A/INC)** Generally equities of companies that are structured with a focus on providing a meaningful dividend but may face less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and meaningful risk of loss of principal. Securities of companies in this category may have a more volatile income stream from dividends or distributions of capital. **Aggressive Risk/Wealth Accumulation (A/ACC)** Generally equities of companies with a short or unprofitable operating history, limited or less predictable revenues, high risk associated with success, high volatility (beta), potential significant financial or legal issues, and the meaningful risk of loss of principal.

RJL Suitability Ratings

RJL has developed a proprietary algorithm for risk rating individual securities. The algorithm utilizes data from multiple vendors, and all data is refreshed at least monthly. Accordingly, suitability ratings are updated monthly. The suitability rating shown on this report is current as of the report's published date. In the event that a suitability rating changes after the published date, the new rating will not be reflected until the analyst publishes a subsequent report.

International Disclosures

For clients of RJA: Any foreign securities discussed in this report are generally not eligible for sale in the United States unless they are listed on a U.S. exchange. This report is being provided to you for informational purposes only and does not represent a solicitation for the purchase or sale of a security in any state where such a solicitation would be illegal. Investing in securities of issuers organized outside of the United States, including ADRs, may entail certain risks.

The securities of non-U.S. issuers may not be registered with, nor be subject to, the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on such securities. Investors who have received this report may be prohibited in certain states or other jurisdictions from purchasing the securities mentioned in this report. Please ask your RJA financial advisor for additional details and to determine if a particular security is eligible for purchase in your state or jurisdiction.

For clients of RJFS: This report was prepared and published by Raymond James and is being provided to you by RJFS solely for informative purposes. Any person receiving this report from RJFS should direct all questions and requests for additional information to their RJFS financial advisor.

For RJA and RJFS clients in Canada: In the Canadian provinces of Alberta, British Columbia, New Brunswick, Ontario and Quebec (collectively, the "Canadian Jurisdictions"), both RJA and RJFS are relying on the international dealer exemption (the "IDE"), and RJA is also relying on the international adviser exemption (the "IAE"), pursuant to sections 8.18 and 8.26 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103"). RJA and RJFS are not registered to make a trade nor is RJA registered to provide advice in the Canadian Jurisdictions. Neither RJA nor RJFS are members of the Investment Industry Regulatory Organization of Canada.

This report is intended solely for residents of the Canadian Jurisdictions who are permitted clients as set forth in NI 31-103. Neither RJA, RJFS nor their representatives are making an offer to sell or soliciting an offer to buy any security issued by an issuer incorporated, formed or created under the laws of Canada (“Canadian issuers”) and discussed in this report. Any trades by permitted clients in any securities of Canadian issuers (whether listed on a U.S., Canadian or other exchange) discussed in this report may not be made through a relationship with RJA or RJFS and shall be directed to RJL for execution. Relationships with clients residing in Canadian Jurisdictions for trading in securities of Canadian issuers must be established through a Canadian registered firm, such as RJL. For additional information regarding establishing a relationship with RJL, Canadian clients should contact 1-888-545-6624.

For clients of RJL: In the case where there is Canadian analyst contribution, the report meets all applicable CIRO disclosure requirements. RJL is a member of the Canadian Investor Protection Fund.

For clients of RJFI: This report is prepared for and distributed by RJFI, and any investment to which this report relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as retail clients.

For clients of RJIS: This report is prepared for and distributed by RJIS, and is for the use of professional investment advisers and managers and is not intended for use by retail clients.

For purposes of the FCA requirements, this report is classified as independent with respect to conflict of interest management. RJFI and RJIS are authorised and regulated by the FCA.

For clients of Raymond James France (RJ France):RJ France is authorised and regulated by the Autorite de Controle Prudentiel et de Resolution and the Autorite des Marches Financiers. As of 30 November, 2020, RJ France is an unaffiliated entity of Raymond James. RJ France is located at SAS, 45 Avenue George V, 75008, Paris, France, +33 1 45 61 64 90. This report is prepared for and distributed by RJ France pursuant to an agreement with Raymond James, and any investment to which this report relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monetaire et Financier" and Reglement General de l'Autorite des Marches Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as retail clients.

For recipients in Brazil: This is a strictly privileged and confidential communication between Raymond James & Associates and its selected clients. This communication contains information addressed only to specific individuals in Brazil and is not intended for distribution to, or use by, any person other than the named addressee. This communication (i) is provided for informational purposes only, (ii) should not be construed in any manner as any solicitation or offer to buy or sell any investment opportunities or any related financial instruments, and (iii) should not be construed in any manner as a public offer of any investment opportunities or any related financial instruments. If you are not the named addressee, you should not disseminate, distribute, or copy this communication. Please notify the sender immediately if you have mistakenly received this communication.

The investments analyzed in this report may not be offered or sold to the public in Brazil. Accordingly, the investments in this report have not been and will not be registered with the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários, the “CVM”), nor have they been submitted to the foregoing agency for approval. Documents relating to the investments in this report, as well as the information contained therein, may not be: (i) supplied to the public in Brazil, as the offering of investment products is not a public offering of securities in Brazil; nor (ii) used in connection with any offer for subscription or sale of securities to the public in Brazil.

For clients in Australia: Despite anything in this report to the contrary, this report is prepared for and distributed in Australia by RJFI with the assistance of RJA, and RJA at times will act on behalf of RJFI. This report is only available in Australia to persons who are “wholesale clients” (as that term is defined in section 761G of the Corporations Act 2001 (Cth)) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a “wholesale client”. This research is of a general nature only and has been prepared without taking into account the objectives, financial situation, or needs of the individual recipient. RJFI and RJA do not hold an Australian financial services license. RJFI is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) in respect of financial services provided to Australian wholesale clients under the exemption in ASIC Class Order 03/1099 (as continued by ASIC Corporations (Repeal and Transitional) Instrument 2016/396 and extended by ASIC Corporations (Amendment) Instrument 2022/623). RJFI is regulated by the UK FCA under UK laws, which differ from Australian laws. RJA is acting on behalf of RJFI with respect to distribution and communications related to this report.

For clients in New Zealand: This report contains general information only, it does not take into account your financial situation, needs, goals or risk tolerance and does not constitute financial advice under the Financial Markets Conduct Act 2013 (NZ) (“FMCA”). In New Zealand, it is intended for “wholesale clients” only (for the purposes of the FMCA) and it is not to be disseminated to retail clients or reproduced in any form. This report and the information contained in or accompanying this report: (i) are not, and are under no circumstances to be construed as, an offer of financial products for issue requiring disclosure to an investor under Part 3 of the FMCA; (ii) have not been registered, filed with or approved by any New Zealand regulatory authority or under or in accordance with the FMCA; and (iii) are not a disclosure document under New Zealand law and do not contain all the information that a disclosure document is required to contain under New Zealand law.

For recipients in Taiwan: This report is being distributed to you from outside of Taiwan, and such distribution has not been licensed or approved by the regulators of Taiwan. This report is only available in Taiwan to persons who are “professional investors” (as that term is defined in the *Rules Governing Securities Firms Engaging in Brokerage of Foreign Securities*) and is supplied solely for the use of such professional investors. No person to whom a copy of this report is provided may issue, circulate or distribute this report in Taiwan, or make, give or show a copy of this report to any other person.

For clients in Québec: Each client confirms its express wish that this document and all other contracts and related documents be drafted in the English language. *Chaque client confirme sa volonté expresse que ce document ainsi que tous les autres contrats et documents s’y rattachant soient rédigés en langue anglaise.*

Additional SBI Client Disclaimers

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared for and is distributed by SBI, pursuant to an arrangement between RJA and SBI. RJA is not an affiliate of SBI. SBI is registered in Japan with the Financial Services Agency (“FSA”) as a Financial Instruments Business Operator (kinyu shouhin torihiki gyousha, a “FIBO”) registered with the FSA (Registration Number: Director of the Kanto Local Finance Bureau (Financial Instruments Business) No. 44) to engage in the Type I Financial Instruments Business (dai 1-shu kinyu shouhinn torihiki gyou), the Type II Financial Instruments Business (dai 2-shu kinyu shouhin torihiki gyou), the Investment Advisory Business and Investment Agency Business (toushi jogen gyou / toushi dairi gyou), and the Securities Related Business (yukashouken kanren gyou). This report is only for distribution by SBI in Japan to qualified institutional investors (tekikaku kikan toushika, “QIIs”) for whom exist certain disclosure and other obligations under the Financial Instruments and Exchange Act (“FIEA”). Any QIIs wishing to purchase, deal or otherwise discus the securities covered in this report should contact your sales representative. References to or commentary on the futures markets contained in this report are provided only in the context of their impact on securities traded with SBI or its partners or third-party service providers, including RJA for U.S. securities. No facility for trading futures has been provided to you and accordingly the information is not provided in connection with a dealing in futures.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. If your status has changed or the distribution restrictions set forth above impact your ability to receive this report, please contact your usual SBI representative.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth above and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law and limit our ability to provide reports to you. This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of SBI.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

Under the terms of the agreement between RJA and SBI, RJA is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. Neither RJA nor SBI is under any obligation to update this report in the event of a material change to the information contained in this report. Neither RJA nor SBI has any and will accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, SBI, its affiliates and related persons (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of SBI or RJA, or their respective affiliates to any person to buy or sell any investments.

SBI and/or its respective affiliates and related corporations, their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, SBI, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report. Any of RJA's material conflicts of interest are disclosed above these Additional SBI Client Disclaimers, particularly in the sections titled "Analyst Information," "Company Specific Disclosures," and "Investor Disclosures."

By RJA producing this report for SBI, RJA has confirmed to SBI that the opinions expressed are based on information it believes to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made.

The term "RJA" shall, unless the context otherwise requires, mean RJA and its affiliates, subsidiaries and related companies. The term "SBI" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, SBI Securities Co., Ltd. and its affiliates, subsidiaries and related corporations.

Proprietary Rights Notice

By accepting a copy of this report, you acknowledge and agree as follows:

This report is confidential and is provided to clients of Raymond James only for your personal, noncommercial use. Except as expressly authorized by Raymond James, you may not copy, reproduce, transmit, sell, display, distribute, publish, broadcast, circulate, modify, disseminate, or commercially exploit the information contained in this report, in printed, electronic, or any other form, in any manner, without the prior express written consent of Raymond James. You also agree not to reproduce or otherwise to use this report or its contents, or to permit such use by others, (i) for any unlawful purpose; (ii) in or to create any derivative work; (iii) in any software program, including any artificial intelligence, augmented reality, or virtual reality platform or system; or (iv) for training artificial intelligence technologies, including without limitation technologies that are capable of generating works in the same style or genre as this report; provided, however, with regards to (ii), (iii), or (iv) above, unless and only to the extent as may be otherwise expressly agreed to in writing by Raymond James. This report and its contents are the property of Raymond James and are protected by applicable copyright, trade secret or other intellectual property laws (of the United States and other countries). United States law, 17 U.S.C. Sec. 501 et. seq., provides for civil and criminal penalties for copyright infringement. No copyright claimed in incorporated U.S. government works.