FIRST COMMUNITY CORPORATION (FCCO-NASDAQ)

Banking
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JULY 14, 2025 | 1:40 PM EDT
COMPANY BRIEF

Announces the Peachy Acquisition of Signature Bank of Georgia

FCCO announced the accretive acquisition of Signature Bank of Georgia (OTCPK: SGBG) with $249M of assets (12% of total) for $41.6M in an all-stock transaction. The transaction is expected to close early-1Q26 and be 4.4% accretive to 2026 EPS and 2.6% dilutive to TBV (2.2 year earnback). The deal values SGBG at 24.5x TTM net income and 1.2x TBV. We view the transaction favorably, as it provides FCCO with a strategic foothold in a high-growth Greater Atlanta market, unlocks meaningful synergies that will enhance both scale and efficiency, and features an attractive earn-back period with minimal marks.

- **Sticking to the playbook.** FCCO typically expands its operations into a new growth market every three to five years, with recent expansions into Augusta, GA (2014), Greenville, SC (2017), Rock Hill, SC (2022), and now Sandy Springs, GA (2026). SGBG is a well-run, high-growth bank with a solid deposit base (2.75% cost of deposits) and an expertise in CRE and C&D lending. SGBG's NIM was 4.74% as of March 31, 2025, primarily due to the bank's high-yielding loan portfolio at 8.27%, which is supported by a variable rate concentration and higher coupon SBA loans. To that point, the acquisition should support FCCO's asset sensitivity, as the bank's $150M notional pay 3.58% fixed, receive overnight SOFR interest rate swap expires in early-May 2026. FCCO guided to a net interest margin (NIM) of ~3.50% for 2026.

- **Synergies unlock material upside to EPS.** We see significant earnings accretion potential beyond what was contemplated in the deal projections, as SGBG bankers leverage FCCO's scale to deepen client relationships and pursue larger opportunities across Greater Atlanta. The deal also brings in an experienced SBA origination team, enabling vertical integration of FCCO's SBA platform. Historically a key SBA referal partner, FCCO now brings that capability under its own roof, which should earn the bank a greater share of the economics. Additionally, the absence of financial planning and residential mortgage offerings at SGBG opens up clear cross-sell potential to its client base.

- **Clean transaction with minimal marks.** FCCO expects the transaction will generate cost savings of 30.9%, or ~$3.5M, which we expect to be realized relatively quickly given no expected branch closures. That said, the banks operate on different systems and the conversion will likely take place after deal closing. Rate marks are minimal, with gross credit marks of $2.1M ($1.0M PCD, $1.0M non-PCD), or 1.1% of loans, and interest rate marks of $1.4M, or 0.7% of loans. Pre-tax merger costs are expected to be $7.6M, and the transaction is expected to be 35 bp accretive to the TCE/TA ratio (7.5% pro forma).

- **Key talent retained.** SGBG's Chairman and CEO Freddie Deutsch will assume the role of Regional Market President and Director of Specialty Business Lending of FCCO. Other key members of Signature's leadership team will also join FCCO, including the entire SBA division. Furthermore, two current SGBG directors will join FCCO's the Board of Directors, reinforcing cultural alignment.

- **We will update our 2025 and 2026 EPS estimates with earnings next week.**

Strong Buy 1

Suitability	MA/ACC

MARKET DATA

Current Price (Jul-14-25)	$24.88
Market Cap (mln)	$191
Current Net Debt (mln)	$121
Enterprise Value (mln)	$312
Shares Outstanding (mln)	7.7
30-Day Avg. Daily Value (mln)	$1.4
Dividend	$0.60
Dividend Yield	2.4%
52-Week Range	$17.57 - $27.96
BVPS	$19.52
Tangible BVPS	$17.56
ROE	11.0%
ROAE	11.0%
ROTE	12.3%

KEY FINANCIAL METRICS

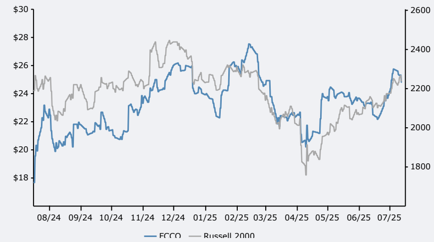
Non-GAAP EPS ($, Dec FY)	1Q	2Q	3Q	4Q
2024A	0.34	0.41	0.50	0.57
2025E	0.51 A	0.57	0.62	0.65
2026E	0.64	0.74	0.81	0.81

	2024A	2025E	2026E
Non-GAAP EPS ($, Dec FY)	1.82	2.35	3.00
P/E (Non-GAAP)	13.6x	10.6x	8.3x
GAAP EPS ($, Dec FY)	1.81	2.35	3.00
Operating Revenue (mln) ($, Dec FY)	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.

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.



Company Citations

Company Name	Ticker	Exchange	Closing Price	RJ Rating	RJ Entity
Signature Bank of Georgia	SGBG	OTC PK	15.20		

Prices are as of the most recent close on the indicated exchange. See Disclosure section for rating definitions. Stocks that do not trade on a U.S. national exchange may not be registered for sale in all U.S. states. NC=not covered.

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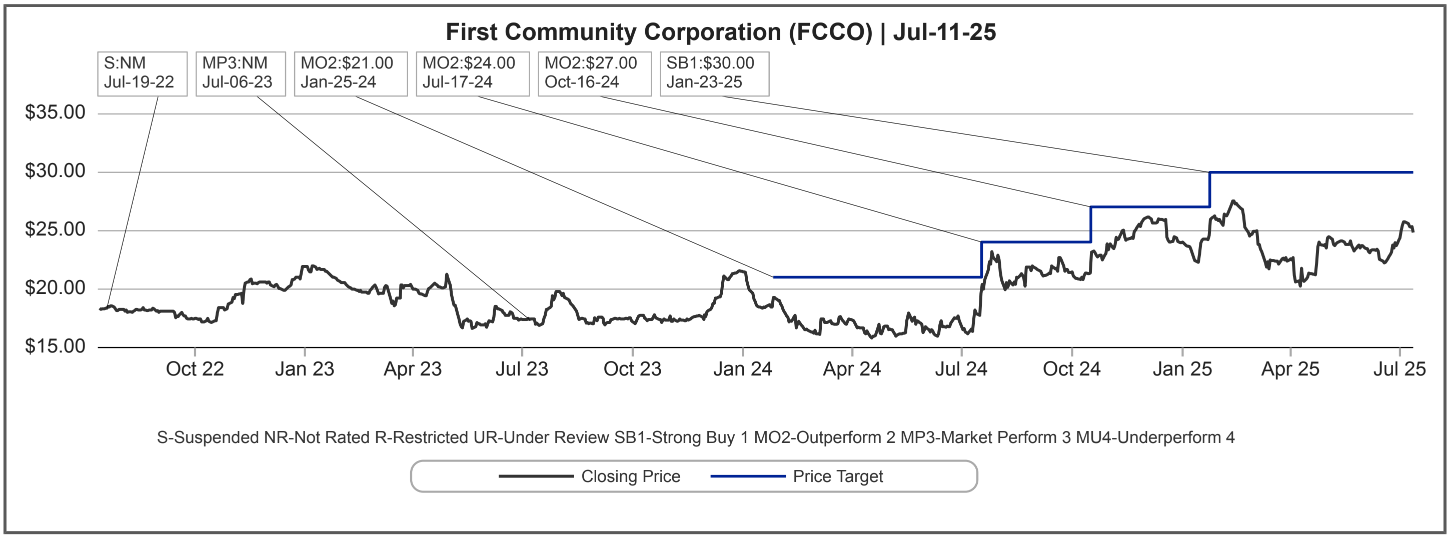

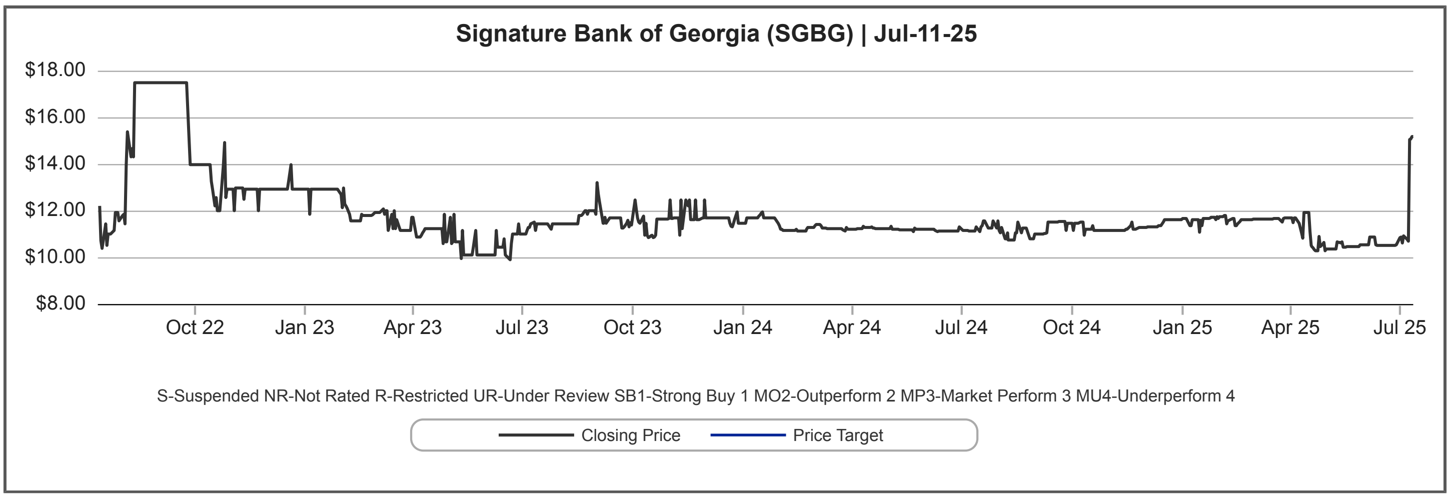

Valuation Methodology

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.

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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.

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.

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Total Number of Companies	933	100%	249	100%	109		54	

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

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