FIRST COMMUNITY CORPORATION (FCCO-NASDAQ)

Banking

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COMPANY COMMENT

Firing on All Cylinders; Reiterate Strong Buy, Raise PT to $38

RECOMMENDATION

2Q26 EPS Breakdown

Reported	Core	Consensus	RJ	High	Low
$0.80	$0.82	$0.69	$0.69	$0.70	$0.69

FCCO reported strong 2Q26 results highlighted by a strong SBA production ramp, solid loan growth, and core NIM expansion. SBA production should continue to ramp up to a $60-70M annualized pace as the bank utilizes its expanded network, which with continued core NIM expansion and organic loan growth should support continued earnings growth. Shares are attractive at 9.5x our 2027 core EPS, an unwarranted ~0.7x-turn discount to small-cap peers, in our view, given the bank's strong profitability (15% ROTCE, 1.3% ROA) and desirable markets. We reiterate our **Strong Buy** rating and increase our price target to $38 from $36.

- **Better-than-expected results.** FCCO reported GAAP EPS of $0.80. Excluding merger expenses, we peg core EPS at $0.82, $0.13 above our estimate. The beat vs. our estimate was primarily driven by lower-than-expected operating expenses and higher-than-expected fee income.
- **Loan pipelines remain healthy.** Loans grew 1.9%, driven by $60.3M of commercial loan production (+30% y/y), despite an 18% LQ uptick in payoffs. FCCO remains upbeat on loan growth and reiterated its mid- to high-dingle digit loan growth target for 2026 despite double-digit annualized growth YTD. FCCO noted the loan pipelines in its markets are strong. We model organic loan growth of 11% for 2026.
- **Core NIM expansion should continue.** The GAAP NIM expanded 14 bp LQ to 3.51%, driven by a mix shift to loans and higher loan yields (+8 bp LQ) as purchased loan amortization. The core NIM expanded 9 bp LQ to 3.54%, excluding $178K, or $0.01/share of purchased loan amortization. Core NIM expansion should continue as higher-yield SBA loans are added, and $130M of loans reprice ~25-30 bp higher in 2H26, which should add 1-2 bp to NIM, or ~$0.03/share. We model a 2026 NIM of 3.52% and a core NIM of 3.55%.
- **Management succession.** FCCO unexpectedly announced that Bank President and CEO Ted Nissen will retire at year-end due to health reasons. Mr. Nissen has been with the bank since its founding in 1995 and is well respected. We expect a smooth transition to Vaughan Dozier who will be CEO of the bank, and Drew Painter who will be President of the Bank. Both have been with the bank for 18 and 23 years, respectively. We wish Mr. Nissen our best.
- **We raise our 2026 and 2027 core EPS estimates** to $3.18 and $3.40, from $3.00 and $3.30, respectively, primarily to reflect the beat and higher SBA income.

Valuation: FCCO shares trade at 9.6x our 2027 core EPS and 1.6x TBV, versus small cap peers at 10.2x and 1.5x, respectively. Our $38 price target values FCCO shares at ~11x our 2027 core EPS, a modest premium to peers given the attractive South Carolina/Georgia franchise.

Strong Buy 1
Target Price $38.00 ↑ old: $36.00

Suitability	MA/ACC

MARKET DATA

Current Price (Jul-22-26)	$32.49
Market Cap (mln)	$305
Current Net Debt (mln)	$82
Enterprise Value (mln)	$387
Shares Outstanding (mln)	9.4
30-Day Avg. Daily Value (mln)	$3.1
Dividend	$0.64
Dividend Yield	2.0%
52-Week Range	$24.12 - $34.01
BVPS	$24.25
Tangible BVPS	$20.84
ROE	13.9%
ROTE	16.3%
ROA	1.3%

KEY FINANCIAL METRICS

	1Q	2Q	3Q	4Q
Non-GAAP EPS ($, Dec FY)				
2025A	0.51	0.68	0.72	0.69
2026E	0.72	0.69	0.78	0.81
new	**0.72 A**	**0.82 A**	**0.82**	**0.82**
2027E	0.76	0.81	0.86	0.87
new	**0.76**	**0.87**	**0.90**	**0.86**

	2025A	2026E	2027E
Non-GAAP EPS ($, Dec FY)			
old	2.60	3.00	3.30
new	**2.60**	**3.18**	**3.40**
P/E (Non-GAAP)			
	12.5x	10.2x	9.6x
GAAP EPS ($, Dec FY)			
old	2.47	2.86	3.30
new	**2.47**	**3.03**	**3.40**
P/E (GAAP EPS)			
	13.2x	10.7x	9.6x
Operating Revenue (mln) ($, Dec FY)			
old	79	100	108
new	**79**	**101**	**109**

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.

- **Strong SBA production should continue to drive fee income.** Core fee income increased 16.0% LQ to $5.6M, primarily driven by increased SBA gain on sale income and mortgage banking fees. SBA originations increased to $16.1M, from $2.4M in 1Q26, as FCCO leveraged its enhanced SBA capabilities following the SGBG acquisition and receipt of preferred lender status in April. Management expects SBA production of ~$7-8M per month for the remainder of 2026. FCCO also plans to invest in the SBA platform in 2027, which should support higher production capacity over time. We model fee income of $21.7M in 2026, or ~21% of total revenue.

- **Expenses should normalize higher.** Operating expenses declined 2.7% LQ to $15.0M, primarily driven by lower advertising and other expenses, and exclude a $270K, or $0.02/share merger-related expense accrual reversal. FCCO expects operating expenses to normalize in the $15.5-16.0M range quarterly for the remainder of the year. We model 2026 operating expenses of $61.9M and a 4Q26 core efficiency ratio of 59.7%, versus 59.9% in 2Q26.

		FCCO	Estimates		vs. RJ		vs. Consensus	
		Actual	RJ	Street	$mm/bp	EPS	$mm/bp	EPS
Income Statement ($mm)	NII	19.6	19.8	19.6	-0.2	(0.019)	0.0	(0.003)
	Provision	0.1	0.4	0.5	-0.3	0.022	-0.3	0.028
	Core Fee Revenue	5.6	5.0	5.2	0.6	0.047	0.3	0.027
	Core Expenses	15.0	15.8	15.8	-0.8	0.063	-0.8	0.062
	Core Net Income	7.8	6.5	6.5	1.2	0.101	1.2	0.099
	Core EPS	0.82	0.69	0.69	0.13	-	0.12	-
	Tax rate	22.0%	22.0%	23.5%	1 bp	(0.000)	-153 bp	0.013
	Avg. Dil. Shares	9.5	9.5	9.4	0.0	(0.004)	0.1	(0.010)
Bal Sheet/Other ($mm)	NIM	3.51%	3.54%	3.49%	-3 bp	(0.013)	2 bp	0.009
	Loans EOP	1,578	1,580	1,576	-2	-	2	-
	Deposits EOP	2,025	2,080	2,069	-55	-	-44	-
	AEA	2,235	2,245	2,257	-10	(0.007)	-22	(0.016)
	Core efficiency ratio	59.9%	63.7%	63.7%	-389 bp	-	-379 bp	-
	Core ROA	1.32%	1.10%	1.10%	22 bp	-	22 bp	-
	Core ROE	13.9%	11.7%	11.8%	218 bp	-	217 bp	-
	NCOs	0.02	0.04	-	0.0	-	-	-

Source: FactSet, S&P Global, Raymond James research, company filings
Note: consensus estimates may not add due to rounding

FCCO 2Q26 - Actual vs. Raymond James and Consensus

	Actual	Raymond James	dif (+/-)	Consensus	dif (+/-)	Street High	Street Low	Consensus # of Estimates
PER SHARE DATA								
Core EPS	$0.82	$0.69	$0.13	$0.69	$0.12	$0.70	$0.69	3
Book value per share	24.25	24.03	0.22	24.03	0.22	24.04	24.03	3
Tangible book value	20.84	20.46	0.38	20.47	0.37	20.52	20.44	3
Dividends per share	0.16	0.16	0.00	0.16	0.00	0.16	0.16	3
Avg. fully diluted shares (mil.)	9.5	9.5	0.0	9.4	0.1	9.5	9.4	3
INCOME STATEMENT								
Net interest income (FTE)	19.6	19.8	-0.2	19.6	0.0	19.8	19.5	3
Loan loss provision	0.1	0.4	-0.3	0.5	-0.3	0.5	0.4	3
Core fee income	5.6	5.0	0.6	5.2	0.3	5.4	5.0	3
Operating Revenue (FTE)	25.1	24.8	0.3	24.7	0.4	24.8	24.6	2
Core expenses	15.0	15.8	-0.8	15.8	-0.8	15.8	15.8	3
Taxes	2.1	1.8	0.3	2.0	0.1	2.0	2.0	2
Core net income	7.8	6.5	1.2	6.5	1.2	6.6	6.5	3
BALANCE SHEET								
Loans (EOP)	1,578	1,580	-2	1,576	2	1,580	1,572	2
Average Loans	1,573	1,565	8	1,563	10	1,565	1,561	2
Deposits (EOP)	2,025	2,080	-55	2,069	-44	2,069	2,069	1
Average Deposits	2,019	2,008	11	2,067	-48	2,067	2,067	1
Average Earning Assets	2,235	2,245	-10	2,257	-22	2,270	2,245	2
Total Assets	2,372	2,388	-16	2,412	-40	2,412	2,412	1
ASSET QUALITY								
Non-performing Loans	0.3	0.3	0.0	-	-	-	-	-
Non-performing Assets	0.9	0.9	0.0	-	-	-	-	-
Net charge-offs	0.0	0.0	0.0	-	-	-	-	-
Net charge-offs / Avg. loans	0.01%	0.01%	0.00%	0.03%	-0.02%	0.04%	0.01%	2
FINANCIAL RATIOS								
Net interest margin (NIM)	3.51%	3.54%	-3 bp	3.49%	2 bp	3.54%	3.45%	3
Core efficiency ratio	59.9%	63.7%	-389 bp	63.7%	-379 bp	64.0%	63.0%	3
Core ROA	1.32%	1.10%	22 bp	1.1%	22 bp	1.11%	1.09%	3
Core ROE	13.9%	11.7%	218 bp	11.8%	217 bp	11.9%	11.7%	3
Core ROTE	16.3%	13.8%	250 bp	13.9%	244 bp	14.0%	13.8%	2

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

FCCO 2Q26 - Summary Results

	2Q26	RJ 2Q26E	dif (+/-)	1Q26	Q/Q	2Q25	Y/Y
PER SHARE DATA							
Core EPS	$0.82	$0.69	$0.13	$0.72	$0.09	$0.68	$0.14
Reported EPS (GAAP)	0.80	0.69	0.11	0.59	0.21	0.67	0.13
Book value per share	24.25	24.03	0.22	23.50	0.76	20.23	4.02
Tangible book value	20.84	20.46	0.38	19.88	0.96	18.28	2.56
Dividends per share	0.16	0.16	0.00	0.16	0.00	0.15	0.01
Avg. fully diluted shares (mil.)	9.5	9.5	0.0	9.3	0.2	7.8	1.7
INCOME STATEMENT							
Net interest income (FTE)	19.6	19.8	-0.2	18.5	1.1	15.4	4.2
Loan loss provision	0.1	0.4	-0.3	0.2	-0.1	-0.2	0.4
Core fee income	5.6	5.0	0.6	4.8	0.8	4.1	1.5
Operating Revenue (FTE)	25.1	24.8	0.3	23.2	2.0	19.5	5.6
Core expenses	15.0	15.8	-0.8	15.5	-0.4	12.8	2.2
Taxes	2.1	1.8	0.3	0.4	1.7	1.5	0.6
Core net income	7.8	6.5	1.2	6.8	1.0	5.3	2.5
BALANCE SHEET							
Assets	2,372	2,388	-16	2,392	-19	2,046	326
Loans (EOP)	1,578	1,580	-2	1,549	29	1,260	318
Average Loans	1,573	1,565	8	1,511	61	1,263	310
Deposits (EOP)	2,025	2,080	-55	2,048	-23	1,754	271
Average Deposits	2,019	2,008	11	1,978	41	1,737	282
Average Earning Assets	2,235	2,245	-10	2,221	14	1,924	311
Total equity	228	226	2	221	7	156	72
FINANCIAL RATIOS							
Net interest margin (NIM)	3.51%	3.54%	-3 bp	3.37%	14 bp	3.21%	30 bp
Core efficiency ratio	59.9%	63.7%	-389 bp	66.5%	-660 bp	66.0%	-618 bp
TCE Ratio	8.4%	8.2%	20 bp	7.9%	44 bp	6.9%	145 bp
LLR / Total loans	1.17%	1.19%	-2 bp	1.19%	-2 bp	1.06%	11 bp
Net charge-offs / Avg. loans	0.01%	0.01%	0 bp	0.00%	1 bp	0.00%	1 bp

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

First Community Corp
7/23/2026
($ in thousands, except as noted)

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	2024	% Chg	2025	% Chg	2026E	% Chg	2027E	% Chg
Income Statement Summary:								
Net Interest Income (FTE)	52,198	6%	62,259	19%	79,485	28%	86,609	9%
Core Non-interest Income:								
Deposit service charges	952	-1%	922	-3%	916	-1%	960	5%
Mortgage banking	2,368	68%	3,270	38%	3,151	-4%	3,200	2%
Investment advisory fees and non-deposit commissions	6,181	37%	7,565	22%	9,257	22%	9,600	4%
Government guaranteed lending income	0	NM	0	NM	3,326	NM	4,052	22%
Other income	4,632	-2%	4,871	5%	5,004	3%	5,000	0%
Subtotal Core	14,133	22%	16,628	18%	21,654	30%	22,812	5%
Market Sensitive Non-interest Income:								
Nonrecurring Income	-129	-89%	317	-346%	80	-75%	0	-100%
Total Non-interest Income	14,004	34%	16,945	21%	21,734	28%	22,812	5%
Operating Revenue (FTE)	66,044	11%	78,967	20%	100,651	27%	108,555	8%
Non-interest Expense:								
Salaries and employee benefits	29,263	13%	31,949	9%	38,606	21%	40,536	5%
Occupancy	3,094	-2%	3,142	2%	3,535	13%	3,800	7%
Equipment	1,451	-7%	1,552	7%	1,635	5%	1,800	10%
Marketing and PR	1,511	1%	1,821	21%	1,899	4%	2,300	21%
FDIC assessment	1,177	30%	1,117	-5%	1,216	9%	1,375	13%
OREO	103	-192%	138	34%	27	-80%	160	493%
Amortization of intangibles	158	0%	158	0%	397	151%	400	1%
Other expenses	10,708	6%	12,197	14%	14,620	20%	14,900	2%
Core Expenses	47,465	10%	52,074	10%	61,935	19%	65,271	5%
Nonrecurring Expense	0	NM	1,264	NM	1,814	44%	0	-100%
Total Non-interest Expense	47,465	10%	53,338	12%	63,749	20%	65,271	2%
Pre-tax Pre-Provision Earnings	18,737	14%	25,866	38%	37,470	45%	44,150	18%
Subtract Loan Loss Provision	809	-28%	770	-5%	1,293	68%	1,966	52%
Add Net Nonrecurring Gains(Charges)	129	-89%	947	634%	1,734	83%	0	-100%
Reported Pretax FTE Income	17,770	18%	24,859	40%	35,609	43%	41,318	16%
FTE Tax Rate (reported)	21%		23%		20%		22%	
Reported Net Income	13,955	18%	19,205	38%	28,642	49%	32,228	13%
Normalized Net Income	14,057	10%	20,209	44%	30,069	49%	32,228	7%
Per Share Data:								
Diluted EPS - Reported	**1.81**	**17%**	**2.47**	**36%**	**3.03**	**23%**	**3.40**	**12%**
Diluted EPS - Core	**1.82**	**9%**	**2.60**	**42%**	**3.18**	**22%**	**3.40**	**7%**
Dividends	0.58	4%	0.62	7%	0.66	6%	0.70	6%
Payout ratio	32%		25%		22%		21%	
Book Value	18.90	10%	21.78	15%	25.57	17%	28.30	11%
Tangible Book Value	16.93	11%	19.84	17%	22.18	12%	24.95	13%
Avg. F.D. Shares Outstanding (000s)	7,709	1%	7,782	1%	9,455	21%	9,485	0%
Profitability Measures:								
Return on Assets (Reported)	0.74%		0.94%		1.20%		1.28%	
Return on Assets (Normalized)	0.74%		0.99%		1.26%		1.28%	
Return on Common Equity (Norm.)	10.14%		12.33%		12.62%		12.75%	
Net Interest Margin	2.92%		3.23%		3.52%		3.63%	
Efficiency Ratio	72%		67%		63%		60%	
Fee Income % Revenues	21%		21%		21%		21%	
Balance Sheet								
EOP Loans	1,220,542	8%	1,311,019	7%	1,651,727	26%	1,779,118	8%
Average Loans	1,184,909	13%	1,271,473	7%	1,578,021	24%	1,711,548	8%
Average Earning Assets	1,786,758	9%	1,926,654	8%	2,258,571	17%	2,386,548	6%
Average Total Assets	1,897,549	9%	2,034,663	7%	2,390,831	18%	2,525,447	6%
Asset Quality Measures:								
Provision % Avg. Loans	0.07%		0.06%		0.08%		0.11%	
Net Charge-offs % Avg. Loans	0.01%		0.00%		0.01%		0.03%	
Loss Reserve % Loans	1.08%		1.05%		1.17%		1.17%	
Nonperforming Asset Ratio (%)	0.07%		0.03%		0.05%		0.05%	
Capital & Leverage Measures:								
Total Equity % Assets	7.4%		8.1%		9.8%		10.3%	
Tangible Common Equity % Assets	6.7%		7.5%		8.7%		9.2%	
Earnings Retention Ratio (%)	68%		75%		78%		79%	
Avg. Loans % Avg. Erng Assets	66%		66%		70%		72%	

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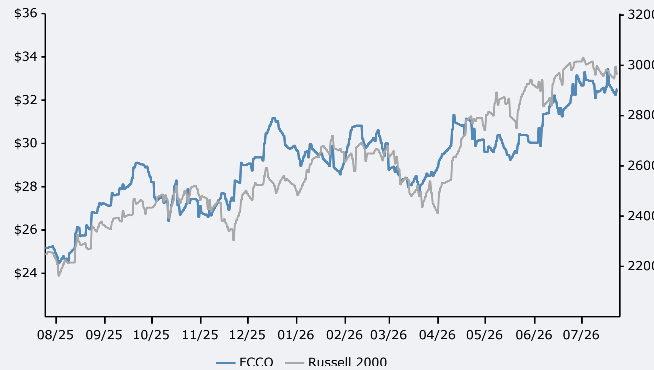
	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Income Statement Summary:												
Net Interest Income (FTE)	14,441	15,377	15,999	16,442	18,456	19,568	20,467	20,994	20,840	21,390	21,999	22,380
Core Non-interest Income:												
Deposit service charges	221	224	243	234	223	213	240	240	240	240	240	240
Mortgage banking	759	879	934	698	681	1,070	900	500	700	1,000	1,000	500
Investment advisory fees and non-deposit commissions	1,806	1,751	1,862	2,146	2,271	2,286	2,300	2,400	2,350	2,400	2,400	2,450
Government guaranteed lending income	0	0	0	0	395	704	1,069	1,158	579	1,158	1,158	1,158
Other income	1,196	1,225	1,242	1,208	1,220	1,284	1,250	1,250	1,250	1,250	1,250	1,250
Subtotal Core	3,982	4,079	4,281	4,286	4,790	5,557	5,759	5,548	5,119	6,048	6,048	5,598
Market Sensitive Non-interest Income:												
Nonrecurring Income	0	127	188	2	0	80	0	0	0	0	0	0
Total Non-interest Income	3,982	4,206	4,469	4,288	4,790	5,637	5,759	5,548	5,119	6,048	6,048	5,598
Operating Revenue (FTE)	18,372	19,530	20,463	20,602	23,159	25,138	26,022	26,332	25,751	27,224	27,827	27,754
Non-interest Expense:												
Salaries and employee benefits	7,657	8,060	8,059	8,173	9,492	9,514	9,750	9,850	9,967	9,990	10,238	10,343
Occupancy	777	772	792	801	817	893	900	925	950	950	950	950
Equipment	390	390	377	395	379	406	425	425	450	450	450	450
Marketing and PR	514	208	557	542	560	289	500	550	575	575	575	575
FDIC assessment	300	274	286	257	272	294	325	325	325	350	350	350
OREO	12	110	12	4	4	3	10	10	10	50	50	50
Amortization of intangibles	39	40	39	40	96	101	100	100	100	100	100	100
Other expenses	3,065	2,995	2,977	3,160	3,830	3,540	3,600	3,650	3,700	3,700	3,700	3,800
Core Expenses	12,754	12,849	13,099	13,372	15,450	15,040	15,610	15,835	16,077	16,165	16,413	16,618
Nonrecurring Expense	0	234	575	455	1,581	233	0	0	0	0	0	0
Total Non-interest Expense	12,754	13,083	13,674	13,827	17,031	15,273	15,610	15,835	16,077	16,165	16,413	16,618
Pre-tax Pre-Provision Earnings	5,669	6,373	6,606	6,901	6,215	9,852	10,616	10,707	9,883	11,273	11,634	11,360
Subtract Loan Loss Provision	437	(237)	201	369	193	126	397	576	372	477	487	630
Add Net Nonrecurring Gains(Charges)	0	107	387	453	1,581	153	0	0	0	0	0	0
Reported Pretax FTE Income	5,181	6,684	6,588	6,406	5,935	9,739	10,014	9,921	9,302	10,583	10,927	10,506
FTE Tax Rate (reported)	23%	22%	21%	25%	7%	22%	22%	22%	22%	22%	22%	22%
Reported Net Income	3,997	5,186	5,192	4,830	5,498	7,595	7,811	7,738	7,256	8,254	8,523	8,195
Normalized Net Income	3,997	5,271	5,584	5,357	6,754	7,766	7,811	7,738	7,256	8,254	8,523	8,195
Per Share Data:												
Diluted EPS - Reported	**0.51**	**0.67**	**0.67**	**0.62**	**0.59**	**0.80**	**0.82**	**0.82**	**0.76**	**0.87**	**0.90**	**0.86**
Diluted EPS - Core	**0.51**	**0.68**	**0.72**	**0.69**	**0.72**	**0.82**	**0.82**	**0.82**	**0.76**	**0.87**	**0.90**	**0.86**
Dividends	0.15	0.15	0.16	0.16	0.16	0.16	0.17	0.17	0.17	0.17	0.18	0.18
Payout ratio	29%	23%	24%	26%	27%	20%	21%	21%	22%	20%	20%	21%
Book Value	19.52	20.23	21.01	21.78	23.50	24.25	24.92	25.57	26.17	26.88	27.61	28.30
Tangible Book Value	17.56	18.28	19.06	19.84	19.88	20.84	21.51	22.18	22.79	23.51	24.25	24.95
Avg. F.D. Shares Outstanding (000s)	7,768	7,787	7,786	7,787	9,345	9,504	9,485	9,485	9,485	9,485	9,485	9,485
Profitability Measures:												
Return on Assets (Reported)	0.82%	1.02%	1.00%	0.92%	0.95%	1.29%	1.29%	1.26%	1.19%	1.32%	1.33%	1.26%
Return on Assets (Normalized)	0.82%	1.04%	1.08%	1.03%	1.16%	1.32%	1.29%	1.26%	1.19%	1.32%	1.33%	1.26%
Return on Common Equity (Norm.)	11.01%	13.62%	12.99%	11.65%	10.34%	13.62%	13.41%	12.94%	12.10%	13.28%	13.20%	12.37%
Net Interest Margin	3.13%	3.21%	3.27%	3.32%	3.37%	3.51%	3.58%	3.61%	3.61%	3.62%	3.63%	3.64%
Efficiency Ratio	69%	67%	67%	67%	73%	61%	60%	60%	62%	59%	59%	59%
Fee Income % Revenues	22%	21%	22%	21%	21%	22%	22%	21%	20%	22%	22%	20%
Balance Sheet												
EOP Loans	1,251,980	1,260,055	1,279,310	1,311,019	1,549,143	1,578,292	1,613,014	1,651,727	1,676,503	1,710,033	1,744,233	1,779,118
Average Loans	1,239,225	1,263,027	1,280,814	1,302,826	1,511,496	1,572,564	1,595,653	1,632,371	1,664,115	1,693,268	1,727,133	1,761,676
Average Earning Assets	1,872,026	1,924,379	1,944,293	1,965,918	2,221,236	2,235,023	2,270,653	2,307,371	2,339,115	2,368,268	2,402,133	2,436,676
Average Total Assets	1,981,493	2,033,216	2,051,815	2,072,128	2,352,005	2,366,850	2,402,808	2,441,662	2,475,254	2,506,103	2,541,940	2,578,493
Asset Quality Measures:												
Provision % Avg. Loans	0.14%	-0.08%	0.06%	0.11%	0.05%	0.03%	0.10%	0.14%	0.09%	0.11%	0.11%	0.14%
Net Charge-offs % Avg. Loans	0.00%	0.00%	0.00%	0.01%	0.00%	0.01%	0.01%	0.03%	0.02%	0.02%	0.02%	0.05%
Loss Reserve % Loans	1.09%	1.06%	1.05%	1.05%	1.19%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%
Nonperforming Asset Ratio (%)	0.05%	0.04%	0.07%	0.03%	0.06%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%
Capital & Leverage Measures:												
Total Equity % Assets	7.4%	7.6%	7.8%	8.1%	9.2%	9.6%	9.7%	9.8%	9.9%	10.1%	10.2%	10.3%
Tangible Common Equity % Assets	6.7%	6.9%	7.1%	7.5%	7.9%	8.4%	8.5%	8.7%	8.8%	8.9%	9.1%	9.2%
Earnings Retention Ratio (%)	71%	77%	76%	74%	73%	80%	79%	79%	78%	80%	80%	79%
Avg. Loans % Avg. Erng Assets	66%	66%	66%	66%	68%	70%	70%	71%	71%	71%	72%	72%

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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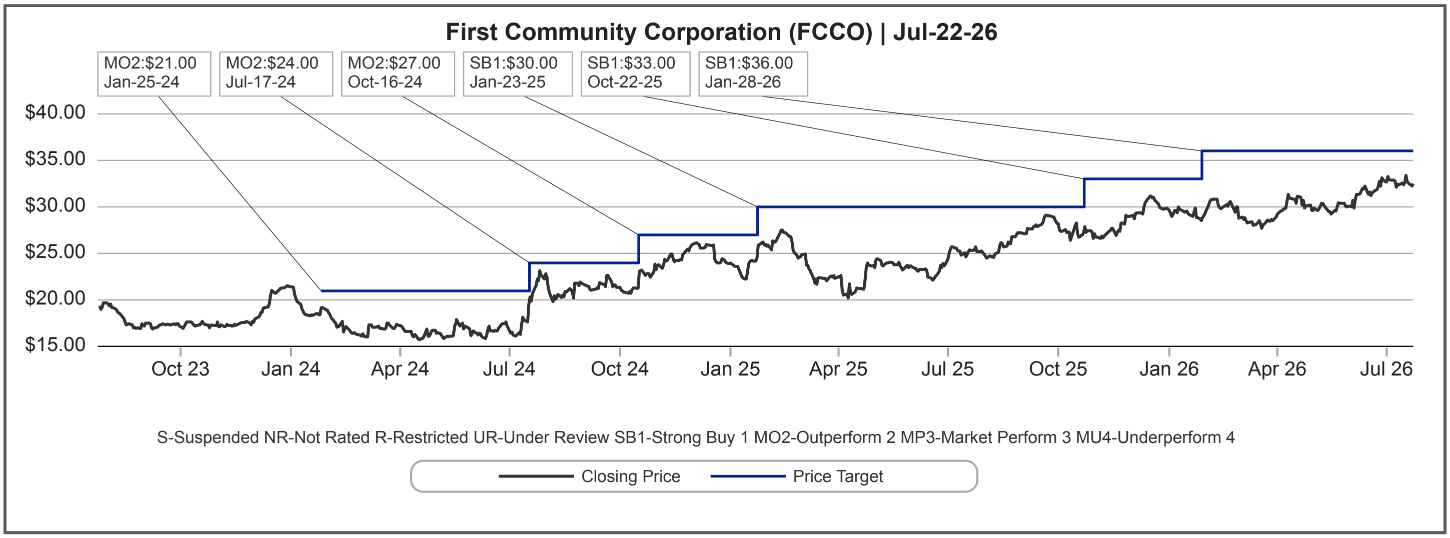

Valuation Methodology

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.
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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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Company Name	Disclosure
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	RJA		RJL		RJA		RJL	
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Underperform (Sell)	21	2%	2	1%	1	5%	0	0%
Total Number of Companies	955	100%	259	100%	133		63	

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

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