

FIRST COMMUNITY CORPORATION (FCCO-NASDAQ)

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

Desirable Franchise in South Carolina, but Resume at Market Perform Due to NIM Pressure

RECOMMENDATION

We resume coverage of First Community Corp (FCCO) with a **Market Perform** and Moderately Aggressive Risk/Wealth Accumulation (MA/ACC) rating. FCCO is a well-run, founder-led, commercially-focused franchise headquartered in Columbia, SC with \$1.7B in assets and operations in the desirable southeast markets of Lexington, SC, Greenville, SC, and Augusta, GA. We like the franchise for its presence in attractive markets, conservative credit culture, and strong core deposit base, which we expect will reward shareholders over the long term. Our Market Perform rating reflects our expectation that the Fed's sharp 500 bp increase in short-term rates will result in significant NIM pressure and reduced profitability.

- **NIM likely under pressure, but swaps will help temper downside.** FCCO's NIM decreased 23 bp LQ to 3.19% due to a 67 bp LQ increase in interest bearing liabilities versus a 15 bp LQ increase in EA yields. While ~88% of loans are fixed, 30% of securities are variable rate, which supported NIM expansion in 2022. FCCO's cumulative deposit beta was 11% as of 1Q23. In May, FCCO executed a three-year \$150M pay-fixed (3.58%) receive-floating (SOFR) swap, to synthetically convert ~15% of the loan portfolio to floating, which should help temper NIM pressure from additional Fed rate hikes. During the 2019 rate cycle, FCCO's IBD costs remained low in the 2019 tightening cycle at a peak of 32% of the Fed funds 2.25% rate. However, given the absolute level of rate increases, we model FCCO's IBD costs will approximate 40% of Fed funds (500 bp x 40% = 200 bp) by YE23. FCCO expects \$75M of loans and \$60M of securities to cash flow over the next 12 months, which we expect will be reinvested into loans at ~6.50% or used to pay down borrowings. We model a 4Q23 NIM of 2.72%.
- **Loan growth likely to moderate given higher rate environment.** FCCO is primarily a commercial lender, with 89% of total loans to commercial customers as of 1Q23. CRE accounted for 73% of total loans and represented the primary driver of growth over the past 12 months. FCCO's loan pipeline has moderated, but fewer originations have been largely offset by slower paydowns. As of March 31, 2023, FCCO's loan portfolio had a weighted average life and duration of 6.2 and 2.4 years, respectively. Given a lower pipeline and higher incremental costs for new loans, we expect loan growth will be governed by securities cashflows and model 5% loan growth for 2023.
- **Capital, credit, deposits, fees, and expenses detailed below.**
- **We establish our 2023 and 2024 EPS estimates** of \$1.30 and \$0.90, respectively.

VALUATION

At \$17.49, FCCO trades at 13.4x our 2023 EPS estimate versus small cap peers at 8.7x. FCCO shares trade at 1.2x TBV, in-line with small cap peers. We believe FCCO should trade at a modest premium to peers given its South Carolina franchise, strong core deposit base, and asset quality.

JULY 6, 2023 | 5:43 AM EDT
COMPANY COMMENT

Market Perform 3 old: Suspended
Target Price NM

Suitability old MA/ACC NM

MARKET DATA

Current Price (Jul-5-23)	\$17.49
Market Cap (mln)	\$133
Current Net Debt (mln)	\$150
Enterprise Value (mln)	\$283
Shares Outstanding (mln)	7.6
30-Day Avg. Daily Value (mln)	\$1.0
Dividend	\$0.56
Dividend Yield	3.2%
52-Week Range	\$16.30 - \$22.25
BVPS	\$16.29
Tangible BVPS	\$14.26
ROE	11.6%
ROAE	11.6%
ROTE	13.3%

KEY FINANCIAL METRICS

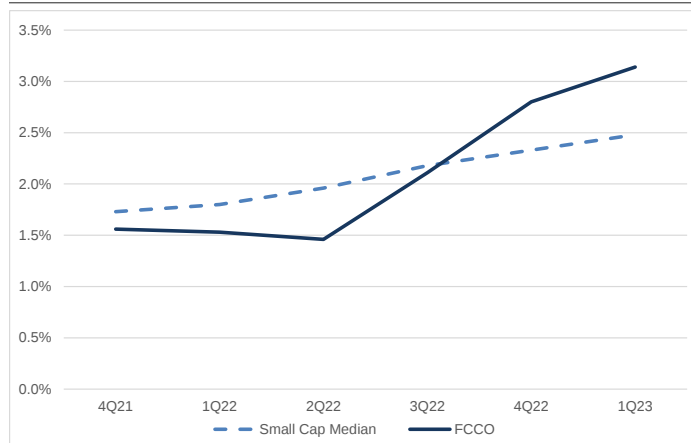
	1Q	2Q	3Q	4Q
Non-GAAP EPS (\$, Dec FY)				
2022A	0.44	UR	UR	UR
new	0.46	0.42	0.52	0.54
2023E	UR	UR	UR	UR
new	0.45 A	0.35	0.27	0.23
2024E	UR	UR	UR	UR
new	0.21	0.23	0.23	0.23
	2022A	2023E	2024E	
Non-GAAP EPS (\$, Dec FY)				
old	UR	UR	UR	
new	1.93	1.30	0.90	
P/E (Non-GAAP)	9.1x	13.4x	19.4x	
GAAP EPS (\$, Dec FY)				
old	UR	UR	UR	
new	1.92	1.30	0.90	
Revenue (mln) (\$, Dec FY)				
old	UR	UR	UR	
new	60	56	53	

Source: Thomson One, 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.

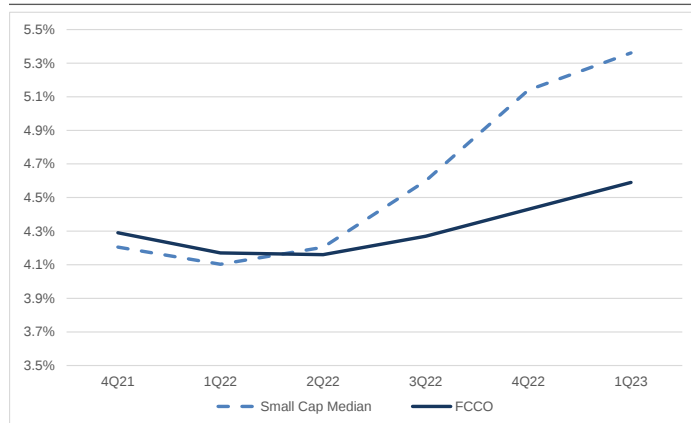
- **Asset quality remains strong.** FCCO's asset quality has been superb, as evidenced by six consecutive years of net recoveries. Office represented \$191M, or 19% of total loans, with an average balance of \$469K. As of March 31, 2023, 54% of office loans were owner-occupied and the weighted average LTV of the bank's 10 largest office loans was 67% as of 1Q23. FCCO noted that the DSCRs on CRE renewals have declined, with some around 1.1x, which is an exception level. However, if the borrower's global cash flows get the DSCR to 1.3x, FCCO does not require enhancements. FCCO adopted CECL on January 1, 2023, and the LLR was little changed LQ at 1.15% as of March 31, 2023. NPAs totaled \$5.1M (51 bp) as of 1Q23, driven primarily by a \$3.9M loan secured by a first-lien mortgage that was moved to nonaccrual in May 2022, and is likely to be resolved this quarter. We model a YE23 LLR ratio of 1.16%.
- **Capital generation likely to slow.** FCCO's TBV was \$14.26 as of 1Q23, including a \$3.89/share AOCI mark. TCE/TA was 6.3%, or 7.9% ex. AOCI. The AFS book has a modified duration of 3.4 years and is primarily composed of MBS. In June 2022, FCCO reclassified \$224M of securities with a pre-tax loss of \$16.7M from AFS to HTM. The unrealized loss on the HTM portfolio was \$10.3M as of 1Q23. FCCO has a 375,000 share repurchase plan in place that expires on December 31, 2023, which is unlikely to be utilized. We expect FCCO's core capital generation to slow as the dividend payout ratio increases in a difficult revenue environment. We model a YE23 TCE/TA ratio of 6.7%.
- **Fee income likely to remain under pressure.** Fee revenue comprised 17% of total revenue in 1Q23, versus 23% in 2021, primarily from wealth management and mortgage banking. While mortgage banking remains weak, we expect wealth management fee income should grow division over the next couple quarters given market appreciation as AUM increased 11% LQ, from \$559M to \$622M, including \$11M of net new assets. FCCO targets net new asset growth of 12% for wealth management.
- **Expenses growth likely to be limited.** We expect expense growth will be tempered given revenue pressures and model 3% expense growth for 2023, and 1% expense growth for 2024. We model a 75% efficiency ratio for 2023, versus 69% for 2022.
- **Building a strong deposit franchise in desirable markets.** Since 2012, FCCO's NIBD ratio has increased by 1180 bp to 32.3% as of 1Q23, versus a broad group of small cap peers with a median increase of 820 bp to 29.0% over the same period. FCCO's core deposit base has been resilient through recent turmoil in the industry, as its NIBD ratio decreased just 100 bp LQ versus a median decline of 200 bp among small-cap peers. FCCO's presence in the Columbia MSA is strong and represents ~62% of total deposits. FCCO is the largest community bank with a 3.2% deposit market share. FCCO's deposit base is granular with average consumer and commercial balances of \$16K and \$65K, respectively, as of 1Q23. FCCO remains interested in additional organic expansion if a team is available. In 2021, it hired three bankers out of SSB in the Rock Hill, South Carolina area. The bank is interested in M&A, but the opportunity is limited with only a small number of banks of interest.

First Community Corporation
 ● FCCO Branch

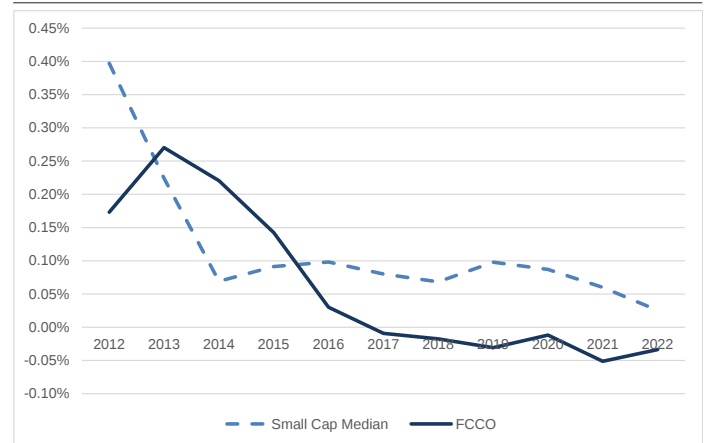
RAYMOND JAMES

FCCO Securities Yield vs. Small Cap Peers

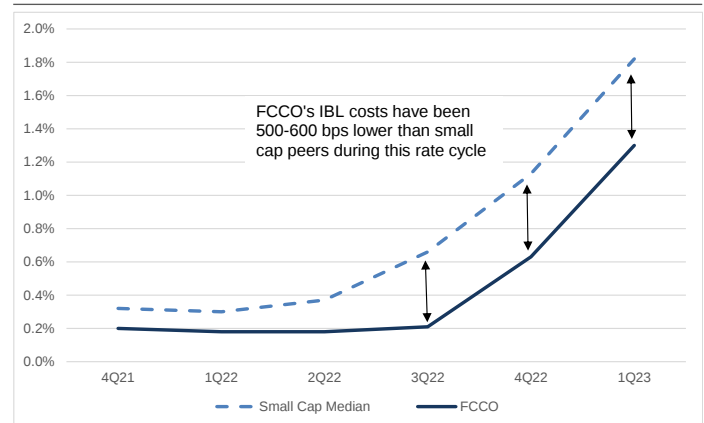
Source: S&P Global, Raymond James research

FCCO Loan Yield vs. Small Cap Peers

Source: S&P Global, Raymond James research

FCCO NCOs vs. Small Cap Peers

Source: S&P Global, Raymond James research

FCCO IBL Costs vs. Small Cap Peers

Source: S&P Global, Raymond James research

FCCO Deposit Market Share by MSA

Institution	Rank	2022		
		Number of Branches	Total Deposits In Market (\$000)	Market Share (%)
Columbia, SC				
Bank of America Corporation (NC)	1	14	9,569,605	33.62
Wells Fargo & Co. (CA)	2	17	5,939,699	20.87
Truist Financial Corp. (NC)	3	19	3,361,116	11.81
First Citizens BancShares Inc. (NC)	4	23	2,666,206	9.37
Synovus Financial Corp. (GA)	5	9	1,533,970	5.39
The Toronto-Dominion Bank	6	12	1,081,677	3.80
First Community Corp. (SC)	7	11	915,874	3.22
SouthState Corp. (FL)	8	7	813,916	2.86
First Palmetto Financial Corp. (SC)	9	9	458,015	1.61
Ameris Bancorp (GA)	10	3	385,669	1.35
Total For Institutions In Market		159	28,466,667	
Newberry, SC				
First Community Corp. (SC)	1	2	192,370	33.00
SouthState Corp. (FL)	2	1	113,038	19.39
Wells Fargo & Co. (CA)	3	1	92,546	15.87
Truist Financial Corp. (NC)	4	1	68,882	11.82
First Citizens BancShares Inc. (NC)	5	2	65,921	11.31
The Toronto-Dominion Bank	6	1	50,244	8.62
Total For Institutions In Market		8	583,001	
Augusta-Richmond County, GA-SC				
Wells Fargo & Co. (CA)	1	12	2,679,645	21.64
SouthState Corp. (FL)	2	9	1,700,813	13.73
Bank of America Corporation (NC)	3	6	1,402,166	11.32
Queensborough Co. (GA)	4	10	1,148,147	9.27
Security Federal Corp. (SC)	5	14	983,801	7.94
Regions Financial Corp. (AL)	6	11	863,470	6.97
Truist Financial Corp. (NC)	7	6	855,710	6.91
First Citizens BancShares Inc. (NC)	8	10	817,682	6.60
Cadence Bank (MS)	9	6	479,634	3.87
Synovus Financial Corp. (GA)	10	3	315,668	2.55
First Community Corp. (SC)	11	4	183,666	1.48
Total For Institutions In Market		112	12,383,931	
Greenville-Anderson, SC				
Truist Financial Corp. (NC)	1	25	4,479,083	17.81
Wells Fargo & Co. (CA)	2	23	3,525,287	14.02
Bank of America Corporation (NC)	3	15	2,764,803	11.00
The Toronto-Dominion Bank	4	17	2,376,643	9.45
SouthState Corp. (FL)	5	12	1,648,915	6.56
First Citizens BancShares Inc. (NC)	6	18	1,561,808	6.21
United Community Banks Inc. (GA)	7	15	1,434,594	5.71
Southern First Bancshares Inc (SC)	8	4	1,385,520	5.51
Travelers Rest Bancshares Inc. (SC)	9	10	1,246,607	4.96
First Bancorp (NC)	10	5	845,281	3.36
First Community Corp. (SC)	20	4	181,521	0.72
Total For Institutions In Market		230	25,143,215	
Charlotte-Concord-Gastonia, NC-SC				
Bank of America Corporation (NC)	1	47	198,130,168	58.88
Truist Financial Corp. (NC)	2	68	67,798,038	20.15
Wells Fargo & Co. (CA)	3	75	42,334,768	12.58
First Citizens BancShares Inc. (NC)	4	37	5,300,621	1.58
Fifth Third Bancorp (OH)	5	45	5,060,513	1.50
SouthState Corp. (FL)	6	19	2,578,738	0.77
The PNC Finl Svcs Grp (PA)	7	16	1,972,631	0.59
Pinnacle Financial Partners (TN)	8	9	1,722,433	0.51
TowneBank (VA)	9	3	1,206,688	0.36
F.N.B. Corp. (PA)	10	16	1,126,304	0.33
First Community Corp. (SC)	46	1	0	0.00
Total For Institutions In Market		499	336,499,725	

Source: S&P Global, Raymond James research

First Community Corp 6/30/2023 (\$ in thousands, except as noted)					Raymond James & Associates Steve Moss (202) 872-5931 steve.moss@raymondjames.com			
	2021	% Chg	2022	% Chg	2023E	% Chg	2024E	% Chg
Income Statement Summary:								
Net Interest Income (FTE)	45,777	13%	48,455	6%	45,773	-6%	42,185	-8%
Core Non-interest Income:								
Deposit service charges	977	-13%	960	-2%	922	-4%	960	4%
Mortgage banking	4,319	-22%	1,900	-56%	755	-60%	1,000	32%
Invstmnt advis. fees & non-deposit comms.	3,995	47%	4,479	12%	4,517	1%	4,800	6%
Other income	<u>4,249</u>	<u>11%</u>	<u>4,342</u>	<u>2%</u>	<u>4,571</u>	<u>5%</u>	<u>4,800</u>	<u>5%</u>
Subtotal Core	13,540	2%	11,681	-14%	10,765	-8%	11,560	7%
Market Sensitive Non-interest Income:								
Nonrecurring Income	<u>364</u>	<u>-35%</u>	<u>-112</u>	<u>-131%</u>	<u>0</u>	<u>-100%</u>	<u>0</u>	<u>NM</u>
Total Non-interest Income	13,904	1%	11,569	-17%	10,765	-7%	11,560	7%
Operating Revenue (FTE)	59,183	10%	59,512	1%	56,107	-6%	53,324	-5%
Non-interest Expense:								
Salaries and employee benefits	24,494	2%	25,357	4%	25,831	2%	26,000	1%
Occupancy	2,947	9%	3,002	2%	3,380	13%	3,400	1%
Equipment	1,296	5%	1,343	4%	1,386	3%	1,400	1%
Marketing and PR	1,173	12%	1,259	7%	1,296	3%	1,200	-7%
FDIC assessment	618	53%	468	-24%	722	54%	800	11%
OREO	105	-48%	308	193%	17	-94%	200	1076%
Amortization of intangibles	201	-45%	158	-21%	157	-1%	156	-1%
Other expenses	<u>8,367</u>	<u>11%</u>	<u>9,358</u>	<u>12%</u>	<u>9,805</u>	<u>5%</u>	<u>9,900</u>	<u>1%</u>
Core Expenses	39,201	4%	41,253	5%	42,594	3%	43,056	1%
Nonrecurring Expense	0	NM	0	NM	0	NM	0	NM
Total Non-interest Expense	39,201	4%	41,253	5%	42,594	3%	43,056	1%
Pre-tax Pre-Provision Earnings	20,480	23%	18,771	-8%	13,944	-26%	10,689	-23%
Subtract Loan Loss Provision	335	-91%	-152	-145%	877	-677%	1,600	82%
Add Net Nonrecurring Gains(Charges)	(364)	-35%	112	-131%	0	-100%	0	NM
Reported Pretax FTE Income	19,647	56%	18,411	-6%	12,636	-31%	8,668	-31%
FTE Tax Rate (reported)	21%		21%		22%		21%	
Reported Net Income	15,465	53%	14,613	-6%	9,908	-32%	6,848	-31%
Normalized Net Income	15,177	57%	14,701	-3%	9,908	-33%	6,848	-31%
Per Share Data:								
Diluted EPS - Reported	2.05	52%	1.92	-7%	1.30	-32%	0.90	-31%
Diluted EPS - Core	2.02	52%	1.93	-7%	1.30	-32%	0.90	-31%
Dividends	0.49	2%	0.52	6%	0.56	8%	0.56	0%
Payout ratio	24%		27%		43%		62%	
Book Value	18.68	3%	15.62	-16%	16.72	7%	17.06	2%
Tangible Book Value	16.62	3%	13.59	-18%	14.71	8%	15.08	2%
Avg. F.D. Shares Outstanding (000s)	7,527	1%	7,607	1%	7,609	0%	7,598	0%
Profitability Measures:								
Return on Assets (Reported)	1.02%		0.88%		0.58%		0.41%	
Return on Assets (Normalized)	1.02%		0.88%		0.58%		0.41%	
Return on Common Equity (Norm.)	11.28%		12.01%		7.97%		5.35%	
Net Interest Margin	3.23%		3.14%		2.91%		2.71%	
Efficiency Ratio	66%		69%		75%		80%	
Fee Income % Revenues	23%		19%		19%		22%	
Balance Sheet								
EOP Loans	863,702	2%	980,857	14%	1,031,939	5%	1,063,234	3%
Average Loans	888,976	6%	920,075	3%	1,005,038	9%	1,047,505	4%
Average Earning Assets	1,418,689	18%	1,541,209	9%	1,577,601	2%	1,557,505	-1%
Average Total Assets	1,519,861	0%	1,652,755	0%	1,695,056	0%	1,674,737	0%
Asset Quality Measures:								
Provision % Avg. Loans	0.04%		-0.02%		0.09%		0.15%	
Net Charge-offs % Avg. Loans	-0.05%		-0.03%		0.02%		0.09%	
Loss Reserve % Loans	1.29%		1.16%		1.16%		1.19%	
Loss Reserve % Noncurrent Lns	4472%		231%		200%		126%	
Nonperforming Asset Ratio (%)	0.16%		0.59%		0.58%		0.94%	
Noncurrent Asset Ratio (%)	0.16%		0.59%		0.58%		0.94%	
Capital & Leverage Measures:								
Total Equity % Assets	8.9%		7.1%		7.5%		7.7%	
Tangible Common Equity % Assets	8.0%		6.2%		6.7%		6.9%	
Earnings Retention Ratio (%)	9%		9%		5%		2%	
Avg. Loans % Avg. Erng Assets	63%		60%		64%		67%	

First Community Corp 6/30/2023 (\$ in thousands, except as noted)					Raymond James & Associates Steve Moss (202) 872-5931 steve.moss@raymondjames.com							
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E	3Q23E	4Q23E	1Q24E	2Q24E	3Q24E	4Q24E
Income Statement Summary:												
Net Interest Income (FTE)	10,864	11,180	12,924	13,486	12,455	11,535	11,006	10,777	10,450	10,498	10,608	10,629
Core Non-interest Income:												
Deposit service charges	265	262	243	190	232	230	230	230	240	240	240	240
Mortgage banking	839	481	290	290	155	200	200	200	250	250	250	250
Invstmnt advis. fees & non-deposit comms.	1,198	1,195	1,053	1,033	1,067	1,150	1,150	1,150	1,200	1,200	1,200	1,200
Other income	<u>1,068</u>	<u>1,111</u>	<u>1,087</u>	<u>1,076</u>	<u>1,121</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Subtotal Core	3,370	3,049	2,673	2,589	2,575	2,730	2,730	2,730	2,890	2,890	2,890	2,890
Market Sensitive Non-interest Income:												
Nonrecurring Income	4	(40)	0	(76)	0	0	0	0	0	0	0	0
Total Non-interest Income	3,374	3,009	2,673	2,513	2,575	2,730	2,730	2,730	2,890	2,890	2,890	2,890
Operating Revenue (FTE)	14,107	14,060	15,467	15,878	14,932	14,150	13,626	13,399	13,235	13,283	13,392	13,413
Non-interest Expense:												
Salaries and employee benefits	6,119	6,175	6,373	6,690	6,331	6,300	6,600	6,600	6,500	6,500	6,500	6,500
Occupancy	705	786	786	725	830	850	850	850	850	850	850	850
Equipment	332	329	331	351	336	350	350	350	350	350	350	350
Marketing and PR	361	446	163	289	346	350	200	400	300	300	300	300
FDIC assessment	130	105	121	112	182	180	180	180	200	200	200	200
OREO	47	29	19	213	(133)	50	50	50	50	50	50	50
Amortization of intangibles	39	40	39	40	39	39	39	40	39	39	39	39
Other expenses	<u>2,221</u>	<u>2,278</u>	<u>2,585</u>	<u>2,274</u>	<u>2,505</u>	<u>2,500</u>	<u>2,400</u>	<u>2,400</u>	<u>2,600</u>	<u>2,400</u>	<u>2,500</u>	<u>2,400</u>
Core Expenses	9,954	10,188	10,417	10,694	10,436	10,619	10,669	10,870	10,889	10,689	10,789	10,689
Nonrecurring Expense	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-interest Expense	9,954	10,188	10,417	10,694	10,436	10,619	10,669	10,870	10,889	10,689	10,789	10,689
Pre-tax Pre-Provision Earnings	4,284	4,001	5,180	5,305	4,594	3,646	3,067	2,637	2,451	2,699	2,709	2,830
Subtract Loan Loss Provision	(125)	(70)	18	25	70	133	368	306	351	374	379	497
Add Net Nonrecurring Gains/(Charges)	(4)	40	0	76	0	0	0	0	0	0	0	0
Reported Pretax FTE Income	4,278	3,942	5,032	5,159	4,426	3,397	2,599	2,223	1,995	2,220	2,225	2,227
FTE Tax Rate (reported)	18%	21%	21%	22%	22%	22%	22%	22%	21%	21%	21%	21%
Reported Net Income	3,489	3,130	3,951	4,043	3,463	2,667	2,033	1,745	1,576	1,754	1,757	1,760
Normalized Net Income	3,486	3,162	3,951	4,103	3,463	2,667	2,033	1,745	1,576	1,754	1,757	1,760
Per Share Data:												
Diluted EPS - Reported	0.46	0.41	0.52	0.53	0.45	0.35	0.27	0.23	0.21	0.23	0.23	0.23
Diluted EPS - Core	0.46	0.42	0.52	0.54	0.45	0.35	0.27	0.23	0.21	0.23	0.23	0.23
Dividends	0.13	0.13	0.13	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Payout ratio	28%	32%	25%	25%	31%	40%	52%	61%	67%	61%	61%	60%
Book Value	16.59	15.54	15.07	15.62	16.29	16.50	16.63	16.72	16.79	16.88	16.97	17.06
Tangible Book Value	14.53	13.50	13.03	13.59	14.26	14.48	14.61	14.71	14.78	14.88	14.98	15.08
Avg. F.D. Shares Outstanding (000s)	7,595	7,607	7,608	7,620	7,644	7,598	7,598	7,598	7,598	7,598	7,598	7,598
Profitability Measures:												
Return on Assets (Reported)	0.87%	0.76%	0.94%	0.96%	0.83%	0.63%	0.48%	0.41%	0.38%	0.42%	0.42%	0.42%
Return on Assets (Normalized)	0.87%	0.76%	0.94%	0.96%	0.83%	0.63%	0.48%	0.41%	0.38%	0.42%	0.42%	0.42%
Return on Common Equity (Norm.)	10.62%	10.33%	13.53%	13.80%	11.61%	8.60%	6.42%	5.47%	5.03%	5.51%	5.43%	5.41%
Net Interest Margin	2.91%	2.93%	3.29%	3.42%	3.19%	2.93%	2.77%	2.72%	2.70%	2.71%	2.72%	2.71%
Efficiency Ratio	70%	72%	67%	67%	69%	74%	78%	80%	82%	80%	80%	79%
Fee Income % Revenues	24%	21%	17%	16%	17%	19%	20%	20%	22%	22%	21%	21%
Balance Sheet												
EOP Loans	875,797	916,332	950,210	980,857	992,720	1,004,633	1,016,688	1,031,939	1,042,258	1,047,469	1,052,707	1,063,234
Average Loans	876,349	896,619	938,318	969,015	986,500	998,676	1,010,660	1,024,313	1,037,098	1,044,864	1,050,088	1,057,970
Average Earning Assets	1,515,374	1,529,852	1,556,891	1,562,717	1,581,752	1,578,676	1,575,660	1,574,313	1,567,098	1,554,864	1,550,088	1,557,970
Average Total Assets	1,622,265	1,643,908	1,667,737	1,677,109	1,695,654	1,697,501	1,694,259	1,692,810	1,685,052	1,671,896	1,666,761	1,675,237
Asset Quality Measures:												
Provision % Avg. Loans	-0.06%	-0.03%	0.01%	0.01%	0.03%	0.05%	0.14%	0.12%	0.14%	0.14%	0.14%	0.19%
Net Charge-offs % Avg. Loans	0.00%	-0.10%	-0.03%	0.00%	-0.01%	0.00%	0.05%	0.05%	0.07%	0.10%	0.10%	0.10%
Loss Reserve % Loans	1.26%	1.22%	1.19%	1.16%	1.15%	1.15%	1.16%	1.16%	1.17%	1.17%	1.18%	1.19%
Loss Reserve % Noncurrent Lns	2230%	258%	229%	231%	277%	210%	214%	200%	173%	153%	137%	126%
Nonperforming Asset Ratio (%)	0.17%	0.58%	0.62%	0.59%	0.51%	0.55%	0.54%	0.58%	0.67%	0.76%	0.85%	0.94%
Noncurrent Asset Ratio (%)	0.19%	0.58%	0.62%	0.59%	0.51%	0.55%	0.54%	0.58%	0.67%	0.76%	0.85%	0.94%
Capital & Leverage Measures:												
Total Equity % Assets	7.6%	7.0%	6.9%	7.1%	7.1%	7.4%	7.4%	7.5%	7.6%	7.7%	7.7%	7.7%
Tangible Common Equity % Assets	6.7%	6.1%	6.0%	6.2%	6.3%	6.5%	6.6%	6.7%	6.7%	6.8%	6.9%	6.9%
Earnings Retention Ratio (%)	8%	7%	10%	10%	8%	5%	3%	2%	2%	2%	2%	2%
Avg. Loans % Avg. Emg Assets	58%	59%	60%	62%	62%	63%	64%	65%	66%	67%	68%	68%

COMPANY DESCRIPTION

First Community Corporation, headquartered in Lexington, South Carolina, is a \$1.7 billion asset bank that operates 22 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 and overall productivity, including success in rating stocks on an absolute basis and relative to the local exchange composite index and/or sector index; ii) recognition from institutional investors; iii) support effectiveness to the institutional and retail sales forces and traders; iv) commissions generated in stocks under coverage that are attributable to the analyst's efforts; v) net revenues of the overall Equity Capital Markets Group; and vi) comparable compensation levels for research analysts at competing peer 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.

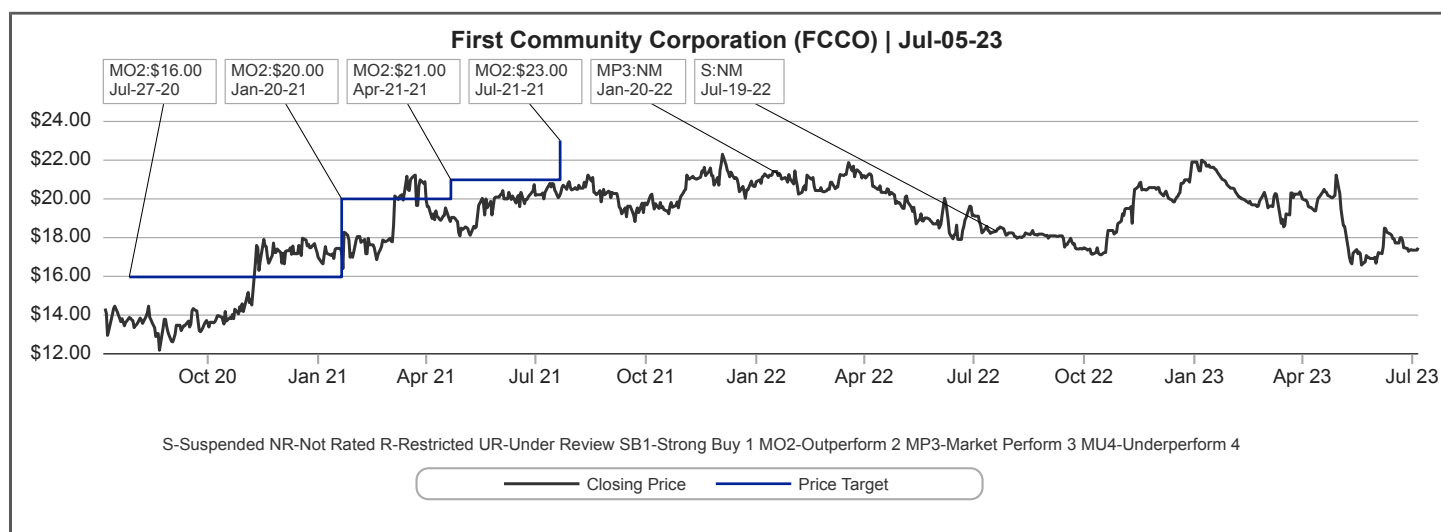
This global disclosure considers all entities of Raymond James and its affiliates. The jurisdiction where the analyst(s) is registered will determine what is permitted. For example, if the persons responsible for the content of this report are not licensed as research analysts in accordance with applicable 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: First Community announced its acquisition of Cornerstone Bancorp (April 2017). 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 received non-investment banking securities-related compensation from First Community Corporation within the past 12 months.
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 reports may only be disseminated on Raymond James' internal proprietary websites; however, such reports will not contain estimates or changes to earnings forecasts, 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 done only after the report has been publically disseminated via 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.

All right, title, and interest in any Raymond James reports is the exclusive property of Raymond James Financial, Inc. and its affiliates, except as otherwise expressly stated. Raymond James® is the registered trademark of Raymond James Financial, Inc. All trademarks, service marks, slogans, logos, trade dress and other identifiers, third-party data and/or market data ("intellectual property") displayed in the Raymond James reports are the property of Raymond James, or of other parties. The names of other companies and third-party products or services or other intellectual property mentioned in the Raymond James reports may be the copyright, trademarks, or service marks of their respective owners. U.S. and foreign copyright, trademark, common law rights and statutes protect this intellectual property. You are prohibited from using any intellectual property for any purpose including, but not limited to, use on other materials, in presentations, as domain names, or as metatags, without the express written permission of Raymond James or such other party that may own the marks.

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)	556	59%	193	78%	79	14%	40	21%
Market Perform (Hold)	372	39%	54	22%	30	8%	7	13%
Underperform (Sell)	21	2%	2	1%	0	0%	0	0%
Total Number of Companies	949	100%	249	100%	109		47	

* 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: In New Zealand, this report is prepared for and may only be distributed by RJFI to persons who are wholesale clients pursuant to Section 5C of the New Zealand Financial Advisers Act 2008.

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.

Proprietary Rights Notice

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

This report 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 use the information provided in this report for any unlawful purpose.

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.

© 2023 Raymond James Financial, Inc. All rights reserved.

© 2023 Raymond James & Associates, Inc.

© 2023 Raymond James Ltd., Member Canadian Investor Protection Fund