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Changes	Previous	Current
Rating	--	Equal-Weight
Target Price	--	$16.00

Price:	$15.00
Fully Diluted Shares Out (mil.):	7.46
52-Week High:	$21.87
52-Week Low:	$12.60
Market Cap (mil.):	$111.9
Fiscal Year End:	Dec
Average Daily Volume:	2,842
Float:	94.8%
Dividend/Yield:	$0.48/3.4%
Book Value/Shr:	$16.16

EPS	2019A	2020E	2021E
Mar	$0.32A	$0.24A	$0.22
Prev.	--	*$0.29*	*$0.26*
Jun	$0.37A	$0.26	$0.28
Prev.	--	*$0.30*	*$0.30*
Sep	$0.39A	$0.30	$0.30
Prev.	--	*$0.33*	*$0.32*
Dec	$0.36A	$0.26	$0.29
Prev.	--	*$0.31*	--
FY	$1.45A	$1.05	$1.08
Prev.	--	*$1.23*	*$1.16*
P/E	10.4x	14.3x	13.9x

Oper. EPS	2019A	2020E	2021E
Mar	$0.33A	$0.24A	$0.22
Prev.	--	*$0.29*	*$0.26*
Jun	$0.36A	$0.26	$0.28
Prev.	--	*$0.30*	*$0.30*
Sep	$0.39A	$0.30	$0.30
Prev.	--	*$0.33*	*$0.32*
Dec	$0.39A	$0.26	$0.29
Prev.	--	*$0.31*	--
FY	$1.46A	$1.05	$1.08
Prev.	--	*$1.23*	*$1.16*
P/E	10.3x	14.3x	13.9x

First Community Corporation is the holding company for First Community Bank, a full-service community bank based in Lexington, SC that offers deposit and loan products and services, residential mortgage lending and financial planning/investment advisory services for its business and consumer customers, predominantly in the South Carolina market.

First Community Corp.

FCCO – NASDAQ

Equal-Weight
Reason for Report: Estimate Changes, Analysis of Sales/Earnings

Credit Trends Remain Impressive, Combined With A "REAL" EPS Beat For 1Q20

INVESTMENT CONCLUSION:
FCCO reported 1Q20 Op. EPS of $0.24, which came below our forecast of $0.29 and Streets forecast of $0.31 as an outsized COVID-19 related provision drove the miss. We think a more accurate way to judge the quarter is based on “REAL” EPS (PPNR less NCOs) of $0.35 vs. our forecast of $0.29. Credit quality remained pristine with NPLs declining q/q and NCOs of 0.00%, while the large provision was for qualitative factors given the macro backdrop which ultimately boosted the reserve to 1.03%. Additionally, the Company provided new loan segment disclosures for its hotel, restaurant, assisted living and retail exposures which aggregated to 17.3% of total loans. We maintain our EW rating and $16 PT for now.

KEY POINTS:
EPS Update. FCCO reported Op. EPS of $0.24, a miss to our $0.29 and Street's $0.31. "REAL" EPS (PPNR less NCOs) was $0.35, a beat to our $0.29 estimate. We are updating our 2020 and 2021 Op. EPS estimates to $1.05 and $1.08 (from $1.23 and $1.16). See table at left for GAAP EPS.

Growth Beats on Strong Production & More Normalized Payoffs.
- **What Happened?** Total Loan growth of $12.5 mil., or 6.8% LQA, was ahead of our 4.8% and Street's 3.8% estimate. With results, the Company noted that payoff pressure this quarter represented a more normalize level.
- **Outlook:** After struggling with payoff pressure over recent quarters, we are encouraged by the payoff commentary while production trends appear to remain strong as the Company noted 1Q20 was the highest production seen in any 1Q over recent years. Our estimates assume loan growth in the mid-single digits range moving forward (5.3% in 2020 and 5.1% in 2021).

NIM Decline Less Than Anticipated; Leverage Could Provide Some Offsets.
- **What Happened?** GAAP NIM declined -1 bps q/q to 3.52%, beating our estimate for 3.47% and Street's 3.48% as deposit costs declined -5 bps (vs. our -4 bps) while loan yields declined just -4 bps (vs. our -6 bps). The NIM beat, coupled with a slightly larger balance sheet (average EA of $1.077 bil. vs. our $1.061 bil.) ultimately drove an NII beat at $9.5 mil. (vs. our and Street's $9.1 mil.).
- **Outlook:** We expect some deposit cost declines from here, albeit modest considering FCCO's already peer-low cost of deposits. As we noted in our recent initiation, we believe some modest incremental balance sheet leverage could provide NIM tailwinds over the longer-term and look for the L/D ratio to increase to 79% (from

76% currently) by 4Q21. All in, we model for a NIM of 3.49% in 2020 before 3.50% in 2021.

Advisory Fees Likely Pressured But Mortgage Banking Tailwinds Offset.
- **What Happened?** Fee income of $2.9 mil. was a slight miss vs. our $3.2 mil. and Street's $3.1 mil. estimate. Relative to our estimate, the miss was driven predominantly by softer mortgage banking income of $982k (vs. our $1.3 mil.).
- **Outlook:** We would anticipate some modest pressure in 2Q in the Company's wealth management business considering the effect of market valuation declines on the Company's AUM, however mortgage banking tailwinds in this low rate environment are likely to continue. Collectively, we model for fee income of $12.0 mil. in both 2020 and 2021.

Expense Outlook.
- **What Happened?** Expenses of $9.0 mil. came in better than our estimate at $9.2 mil. and Street's $9.1 mil. The beat was broad-based, as most line items came in modestly better than our estimate, and partially offset by higher salaries & benefits vs. us ($5.65 mil. vs our $5.52 mil.)
- **Outlook:** We model for expense growth of 3.9% in 2020 before 3.1% in 2021.

Credit. Credit trends remained strong during the quarter as nonaccrual loans declined 9 bps q/q to just 0.23% of total loans while NCOs remained at 0.00% of loans. While FCCO does not have to adopt CECL until 2023, the Company made a qualitative adjustment to its loan portfolio this quarter, recording $1.1 mil. in LLP (almost entirely qualitative) and increasing the ALLL by 13 bps to 1.03% and we would not be surprised to see further qualitative adjustments upward in the ACL in 2Q considering the further shift in the economic backdrop since quarter end. With results, FCCO provided more in-depth disclosures around industry concentrations within its loan portfolio. Specifically, of the entire loan portfolio, hospitality, restaurants, assisted living, and retail represent 3.6%, 2.4%, 1.2%, and 10.1% and carry average LTVs of 67%, 64%, 50%, and 62%, respectively. Additionally, the Company noted it has made payment deferrals up to 90 days on $180 mil. (or 24%) of its loans as of 4/16.

First Community Corporation

Income Statement (Fiscal year ends December)
(In thousands, except per share amounts and as noted)

	2013A	1Q14A	2Q14A	3Q14A	4Q14A	2014A	2015A	2016A	2017A	2018A	1Q19A	2Q19A	3Q19A	4Q19A	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	2021E
Revenue (FTE)	$0	$7,492	$7,978	$8,517	$8,712	$32,699	$34,831	$36,156	$39,704	$47,173	$11,672	$12,236	$12,525	$12,645	$49,078	$12,423	$12,291	$12,538	$12,467	$49,719	$51,055
Net Interest Income (FTE)	$0	$5,637	$6,066	$6,243	$6,360	$24,306	$26,029	$27,325	$30,255	$36,211	$9,134	$9,211	$9,412	$9,435	$37,192	$9,495	$9,208	$9,465	$9,580	$37,748	$39,076
Net Interest Income (Non-FTE)	$0	$5,496	$5,947	$6,096	$6,191	$23,730	$25,253	$26,459	$29,395	$35,748	$9,020	$9,116	$9,353	$9,359	$36,848	$9,417	$9,208	$9,465	$9,580	$37,670	$39,076
Loan Loss Provision	0	150	400	152	178	880	1,138	774	530	346	105	9	25	0	139	1,075	750	750	1,000	3,575	3,250
Non-Interest Income																					
Service Charges on Deposit Accounts	0	366	379	400	372	1,517	1,469	1,405	1,486	1,769	411	380	421	437	1,649	399	375	413	433	1,620	1,799
Investment Advisory Fees & Non-Deposit Commissions	0	257	198	267	546	1,268	1,287	1,135	1,291	1,683	438	489	509	585	2,021	634	558	563	580	2,336	2,440
Mortgage Banking Income	0	619	702	1,016	849	3,186	3,432	3,382	3,778	3,895	844	1,238	1,251	1,222	4,555	982	1,228	1,166	933	4,309	3,883
Other Noninterest Income	0	613	633	591	585	2,422	2,614	2,909	2,894	3,615	845	918	932	966	3,661	913	922	931	941	3,707	3,858
Total Non-Interest Income	0	1,855	1,912	2,274	2,352	8,393	8,802	8,831	9,449	10,962	2,538	3,025	3,113	3,210	11,886	2,928	3,083	3,074	2,887	11,971	11,980
Non-Interest Expenses																					
Salaries and Benefits	0	3,424	3,272	3,502	3,545	13,743	14,428	15,323	16,951	19,515	5,170	5,210	5,465	5,416	21,261	5,653	5,710	5,767	5,767	22,896	24,207
Occupancy and Equipment	0	752	840	903	892	3,387	3,725	3,895	3,936	3,893	1,041	1,036	1,068	1,044	4,189	964	916	943	953	3,776	3,907
Marketing & Public Relations	0	161	212	218	147	738	848	865	901	919	175	430	159	351	1,115	354	354	106	96	910	392
FDIC Assessment	0	124	131	138	128	521	527	412	312	375	74	71	0	(78)	67	42	43	43	44	172	182
OREO Expense	0	138	117	105	193	553	524	201	42	98	29	18	31	3	81	35	44	55	68	202	493
CDI Amortization	0	42	63	64	111	280	387	318	343	563	132	132	133	126	523	105	102	99	96	401	355
Other Expense	0	965	1,135	1,091	1,044	4,235	4,239	4,762	5,928	6,760	1,702	1,743	1,934	2,001	7,380	1,885	1,894	1,904	1,913	7,597	7,750
Total Non-Interest Expense	0	5,606	5,770	6,021	6,060	23,457	24,678	25,776	28,413	32,123	8,323	8,640	8,790	8,863	34,616	9,038	9,062	8,917	8,936	35,953	37,286
Net Income Before Taxes	0	1,595	1,689	2,197	2,305	7,786	8,239	8,740	9,901	14,241	3,130	3,492	3,651	3,706	13,979	2,232	2,479	2,871	2,531	10,113	10,520
Income Taxes	0	473	470	637	642	2,221	2,219	2,129	2,394	2,761	612	738	753	786	2,889	438	558	646	569	2,211	2,367
Tax Rate	#DIV/0!	29.7%	27.8%	29.0%	27.8%	28.5%	26.9%	24.4%	24.2%	19.4%	19.6%	21.1%	20.6%	21.2%	20.7%	19.6%	22.5%	22.5%	22.5%	21.9%	22.5%
Extraordinary Items		(260)	(18)	(8)	(157)	(444)	107	71	(1,692)	(251)	(23)	127		(222)	(118)					0	0
Net Income	$0	$862	$1,201	$1,552	$1,506	$5,121	$6,127	$6,682	$5,815	$11,229	$2,495	$2,881	$2,898	$2,698	$10,972	$1,794	$1,921	$2,225	$1,961	$7,902	$8,153
Preferred Dividend / Minority Interest	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Inc. Allocated to Common	$0	$862	$1,201	$1,552	$1,506	$5,121	$6,127	$6,682	$5,815	$11,229	$2,495	$2,881	$2,898	$2,698	$10,972	$1,794	$1,921	$2,225	$1,961	$7,902	$8,153
Statutory Tax Rate	#DIV/0!	35.4%	32.6%	33.4%	32.8%	33.4%	33.2%	31.2%	30.2%	21.9%	22.4%	23.2%	21.9%	22.8%	22.6%	22.6%	22.5%	22.5%	22.5%	22.5%	22.5%
Extraordinary Items	$0	$260	$18	$8	$157	$444	($107)	($71)	$1,692	$251	$23	($127)	$0	$222	$118	$0	$0	$0	$0	$0	$0
Operating Net Income	**#DIV/0!**	**$1,122**	**$1,219**	**$1,560**	**$1,663**	**$5,565**	**$6,020**	**$6,611**	**$7,507**	**$11,480**	**$2,518**	**$2,754**	**$2,898**	**$2,920**	**$11,090**	**$1,794**	**$1,921**	**$2,225**	**$1,961**	**$7,902**	**$8,153**
REAL Operating Net Income	#DIV/0!	$1,085	$1,155	$1,625	$1,647	$5,512	$6,330	$7,041	$7,914	$11,845	$2,655	$2,760	$3,053	$2,972	$11,438	$2,620	$2,284	$2,435	$2,135	$9,475	$8,523
Pre-Provision Net Revenue	*$0*	*$1,886*	*$2,208*	*$2,496*	*$2,652*	*$9,242*	*$10,153*	*$10,380*	*$11,291*	*$15,050*	*$3,349*	*$3,596*	*$3,735*	*$3,782*	*$14,462*	*$3,385*	*$3,229*	*$3,621*	*$3,531*	*$13,766*	*$13,770*
Net Charge Offs (NCOs)	*$0*	*$208*	*$495*	*$55*	*$202*	*$960*	*$674*	*$150*	*($53)*	*($121)*	*($72)*	*$1*	*($173)*	*($67)*	*($311)*	*$8*	*$281*	*$480*	*$776*	*$1,545*	*$2,772*
REAL PPNR	*$0*	*$1,678*	*$1,713*	*$2,441*	*$2,450*	*$8,282*	*$9,479*	*$10,230*	*$11,344*	*$15,171*	*$3,421*	*$3,595*	*$3,908*	*$3,849*	*$14,773*	*$3,377*	*$2,948*	*$3,142*	*$2,754*	*$12,221*	*$10,997*
GAAP EPS-Basic	#DIV/0!	$0.14	$0.18	$0.23	$0.23	$0.78	$0.94	$1.01	$0.85	$1.48	$0.33	$0.38	$0.39	$0.36	$1.46	$0.24	$0.26	$0.30	$0.26	$1.06	$1.09
GAAP EPS-Diluted	#DIV/0!	$0.14	$0.18	$0.23	$0.22	$0.78	$0.91	$0.98	$0.83	$1.45	$0.32	$0.37	$0.39	$0.36	$1.45	$0.24	$0.26	$0.30	$0.26	$1.05	$1.08
Op. EPS-Diluted	**#DIV/0!**	**$0.18**	**$0.18**	**$0.23**	**$0.25**	**$0.84**	**$0.90**	**$0.97**	**$1.07**	**$1.49**	**$0.33**	**$0.36**	**$0.39**	**$0.39**	**$1.46**	**$0.24**	**$0.26**	**$0.30**	**$0.26**	**$1.05**	**$1.08**
REAL Op. EPS - Diluted	*#DIV/0!*	*$0.17*	*$0.17*	*$0.24*	*$0.24*	*$0.83*	*$0.94*	*$1.04*	*$1.13*	*$1.53*	*$0.34*	*$0.36*	*$0.41*	*$0.40*	*$1.51*	*$0.35*	*$0.30*	*$0.32*	*$0.28*	*$1.26*	*$1.13*
Average Shares - Basic (000s)	0	6,169	6,654	6,659	6,663	6,538	6,548	6,617	6,849	7,583	7,634	7,627	7,386	7,403	7,512	7,421	7,467	7,477	7,487	7,463	7,512
Average Shares - Diluted (000s)	0	6,229	6,719	6,727	6,734	6,604	6,703	6,787	6,998	7,724	7,725	7,704	7,463	7,469	7,589	7,468	7,517	7,527	7,537	7,513	7,562
Dividend per Share	$0.00	$0.06	$0.06	$0.06	$0.06	$0.24	$0.28	$0.32	$0.36	$0.40	$0.11	$0.11	$0.11	$0.11	$0.44	$0.12	$0.12	$0.12	$0.12	$0.48	$0.52
Growth % (Yr/Yr)																					
Revenue (FTE)						---	6.5%	3.8%	9.8%	18.8%	2.6%	3.3%	5.5%	4.6%	4.0%	6.4%	0.4%	0.1%	-1.4%	1.3%	2.7%
Net Interest Income						---	6.4%	4.8%	11.1%	21.6%	5.7%	2.0%	5.3%	-0.4%	3.1%	4.4%	1.0%	1.2%	2.4%	2.2%	3.7%
Fee Income						---	4.9%	0.3%	7.0%	16.0%	-6.7%	8.2%	8.4%	24.6%	8.4%	15.4%	1.9%	-1.3%	-10.1%	0.7%	0.1%
Non-Interest Expenses						---	5.2%	4.4%	10.2%	13.1%	9.6%	5.0%	8.1%	8.5%	7.8%	8.6%	4.9%	1.4%	0.8%	3.9%	3.7%
Net Income						---	19.6%	9.1%	-13.0%	93.1%	-7.9%	-4.0%	2.3%	0.4%	-2.3%	-28.1%	-33.3%	-23.2%	-27.3%	-28.0%	3.2%
Operating EPS						---	**6.6%**	**8.5%**	**10.1%**	**38.6%**	**-9.5%**	**-5.1%**	**5.0%**	**3.0%**	**-1.7%**	**-26.3%**	**-28.5%**	**-23.9%**	**-33.4%**	**-28.0%**	**2.5%**
Tangible Book Value per Share						---	**6.8%**	**4.1%**	**3.4%**	**7.7%**	**12.0%**	**13.6%**	**15.5%**	**11.4%**	**11.4%**	**11.6%**	**9.1%**	**7.4%**	**7.2%**	**7.2%**	**3.6%**
Balance Sheet																					
EOP Total Assets (in millions)	**$0**	**$798**	**$787**	**$831**	**$812**	**$812**	**$863**	**$915**	**$1,051**	**$1,092**	**$1,097**	**$1,116**	**$1,130**	**$1,170**	**$1,170**	**$1,185**	**$1,195**	**$1,205**	**$1,214**	**$1,214**	**$1,253**
EOP Total Loans (in millions)	$0	$444	$445	$449	$444	$444	$489	$547	$647	$718	$718	$727	$735	$737	$737	$750	$759	$768	$776	$776	$816
EOP Total Deposits (in millions)	$0	$654	$640	$687	$670	$670	$716	$767	$888	$926	$920	$937	$949	$988	$988	$987	$994	$1,000	$1,007	$1,007	$1,036
Book Value per Share	#DIV/0!	$10.34	$10.67	$10.89	$11.18	$11.18	$11.81	$12.20	$13.93	$14.74	$15.19	$15.64	$16.03	$16.16	$16.16	$16.70	$16.81	$16.97	$17.09	$17.09	$17.56
Tangible Book Value per Share	**#DIV/0!**	**$9.40**	**$9.84**	**$9.95**	**$10.15**	**$10.15**	**$10.84**	**$11.28**	**$11.66**	**$12.56**	**$13.04**	**$13.46**	**$13.84**	**$13.99**	**$13.99**	**$14.55**	**$14.68**	**$14.86**	**$14.99**	**$14.99**	**$15.53**
Profitability																					
Net Interest Margin	**#DIV/0!**	**3.40%**	**3.38%**	**3.47%**	**3.36%**	**3.40%**	**3.39%**	**3.35%**	**3.52%**	**3.69%**	**3.73%**	**3.67%**	**3.65%**	**3.56%**	**3.65%**	**3.55%**	**3.46%**	**3.48%**	**3.49%**	**3.49%**	**3.50%**
Efficiency Ratio	**#DIV/0!**	**74.8%**	**72.3%**	**70.7%**	**69.6%**	**71.7%**	**70.9%**	**71.3%**	**71.6%**	**68.1%**	**71.3%**	**70.6%**	**70.2%**	**70.1%**	**70.5%**	**72.8%**	**73.7%**	**71.1%**	**71.7%**	**72.3%**	**73.0%**
NI Expenses/AA	#DIV/0!	3.10%	2.94%	3.06%	2.93%	3.00%	2.95%	2.90%	3.03%	2.98%	3.10%	3.14%	3.11%	3.05%	3.10%	3.09%	3.06%	2.96%	2.94%	3.01%	3.02%
Fees/Revenues	#DIV/0!	25%	24%	27%	27%	26%	25%	24%	24%	23%	22%	25%	25%	25%	24%	24%	25%	25%	23%	24%	23%
Fees / AA	#DIV/0!					1.07%	1.05%	0.99%	1.01%	1.02%	0.93%	1.10%	1.11%	1.12%	1.06%	1.00%	1.04%	1.02%	0.95%	1.00%	0.97%
Loans to Deposits	#DIV/0!	68%	69%	65%	66%	66%	68%	71%	73%	78%	78%	78%	77%	75%	75%	76%	76%	77%	77%	77%	79%
Return on Assets	**#DIV/0!**	**0.62%**	**0.62%**	**0.79%**	**0.80%**	**0.71%**	**0.72%**	**0.74%**	**0.80%**	**1.07%**	**0.94%**	**1.00%**	**1.03%**	**1.01%**	**0.99%**	**0.61%**	**0.65%**	**0.74%**	**0.65%**	**0.66%**	**0.66%**
REAL Return on Assets	**0.00%**	**0.60%**	**0.59%**	**0.82%**	**0.80%**	**0.71%**	**0.76%**	**0.79%**	**0.84%**	**1.10%**	**0.99%**	**1.00%**	**1.08%**	**1.02%**	**1.02%**	**0.90%**	**0.77%**	**0.81%**	**0.70%**	**0.79%**	**0.69%**
Return on Tangible Common Equity	**#DIV/0!**	**7.5%**	**7.6%**	**9.4%**	**9.9%**	**8.6%**	**8.5%**	**8.7%**	**9.2%**	**12.7%**	**10.5%**	**11.0%**	**11.4%**	**11.2%**	**11.0%**	**6.7%**	**7.1%**	**8.0%**	**7.0%**	**7.2%**	**7.1%**
REAL Return on Tangible Common Equity	**0.0%**	**7.3%**	**7.2%**	**9.8%**	**9.8%**	**8.6%**	**9.0%**	**9.2%**	**9.7%**	**13.1%**	**11.1%**	**11.0%**	**12.0%**	**11.4%**	**11.4%**	**9.8%**	**8.4%**	**8.8%**	**7.6%**	**8.6%**	**7.4%**
Capital																					
TCE/Tangible Assets	**#DIV/0!**	**7.9%**	**8.4%**	**8.0%**	**8.4%**	**8.4%**	**8.5%**	**8.3%**	**8.6%**	**8.9%**	**9.2%**	**9.2%**	**9.2%**	**9.0%**	**9.0%**	**9.3%**	**9.3%**	**9.3%**	**9.4%**	**9.4%**	**9.4%**
Leverage Ratio	#DIV/0!	8.6%	8.2%	8.4%	8.2%	8.2%	8.5%	8.6%	8.9%	10.0%	10.2%	10.2%	10.3%	9.9%	9.9%	9.9%	10.1%	9.9%	10.1%	10.1%	10.2%
Common Equity Tier 1 Ratio	#DIV/0!	12.6%	12.8%	12.8%	13.1%	13.1%	12.9%	12.2%	12.1%	13.2%	13.3%	13.5%	13.8%	13.4%	13.4%	13.4%	13.6%	13.3%	13.5%	13.5%	13.4%
Tier 1 Ratio	**#DIV/0!**	**15.6%**	**15.8%**	**15.8%**	**16.1%**	**16.1%**	**15.4%**	**14.5%**	**14.0%**	**13.2%**	**13.3%**	**13.5%**	**13.8%**	**13.4%**	**13.4%**	**13.4%**	**13.6%**	**13.3%**	**13.5%**	**13.5%**	**13.4%**
Total Capital Ratio	#DIV/0!	16.4%	16.6%	16.6%	16.9%	16.9%	16.2%	15.3%	14.8%	14.0%	14.1%	14.2%	14.6%	14.2%	14.2%	14.3%	14.5%	14.3%	14.5%	14.5%	14.4%
Asset Quality																					
NPAs to EOP Assets	#DIV/0!	1.38%	1.39%	1.18%	1.17%	1.17%	0.85%	0.57%	0.51%	0.37%	0.37%	0.37%	0.33%	0.32%	0.32%	0.27%	0.42%	0.41%	0.41%	0.41%	0.40%
NPLs to EOP Loans	#DIV/0!	1.77%	1.72%	1.51%	1.48%	1.48%	0.99%	0.74%	0.52%	0.35%	0.37%	0.37%	0.31%	0.32%	0.32%	0.23%	0.46%	0.46%	0.45%	0.45%	0.43%
NCOs to Avg. Loans	#DIV/0!	0.20%	0.45%	0.05%	0.18%	0.22%	0.14%	0.03%	-0.01%	-0.02%	-0.04%	0.00%	-0.09%	-0.04%	-0.04%	0.00%	0.15%	0.25%	0.40%	0.20%	0.35%
ALLL to EOP Loans	#DIV/0!	0.94%	0.91%	0.93%	0.93%	0.93%	0.94%	0.95%	0.79%	0.87%	0.87%	0.88%	0.89%	0.90%	0.90%	1.03%	1.08%	1.10%	1.12%	1.12%	1.12%

Source: Company reports and Stephens Inc. estimates

Analyst: Tyler Stafford (501) 377-8362

APPENDIX A

ANALYST CERTIFICATION

The analyst primarily responsible for the preparation of the content of this report certifies that (i) all views expressed in this report accurately reflect the analyst's personal views about the subject company and securities, and (ii) no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in this report.

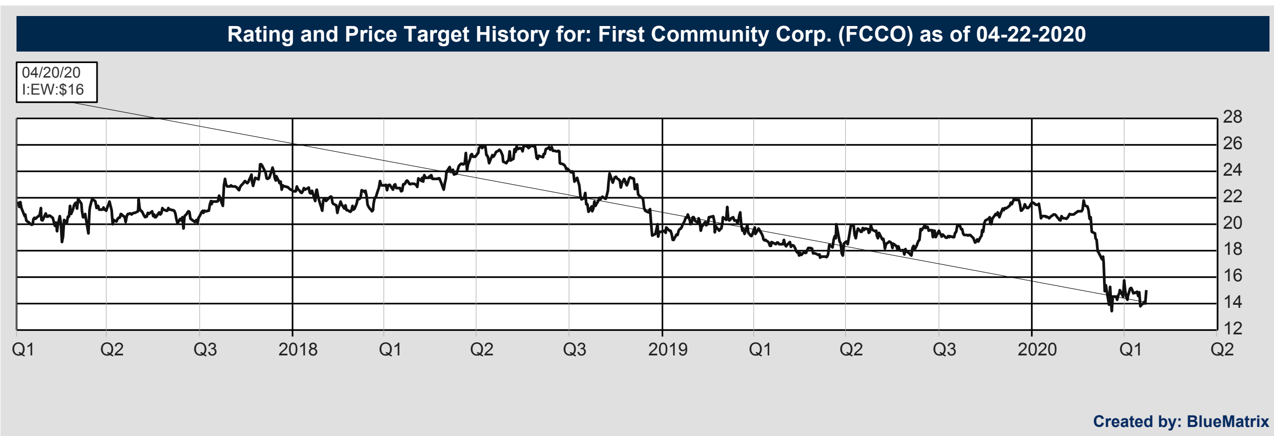
REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this report has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Stephens Inc. maintains a market in the common stock of First Community Corp. as of the date of this report and may act as principal in these transactions.

First Community Corp. is or has been a client of Stephens Inc. for investment banking services within the past 12 months.

Stephens Inc. expects to receive or intends to seek compensation for investment banking services from First Community Corp. in the next three months.



Valuation Methodology for First Community Corp.

We applied a multiple to TBV.

Risks to Achievement of Target Price for First Community Corp.

- **Banking Industry Risk Factors** - Variables such as credit, interest rates, regulation, competition, business confidence, real estate, and sector consolidation could adversely impact earnings.
- **Geographic Exposure** - The Company operates primarily within various South Carolina markets. Should macro trends in these markets begin to slow or decline, the Company could be negatively affected.
- **Bank M&A** – While not a key investment thesis point, M&A could be part of the Company’s strategy moving forward – risks related to M&A include (but are not limited to): systems integration risk, regulatory and shareholder approval risk, cultural and executive retention risks, and excessive dilution risk.
- **Real Estate Concentration** - A significant portion of the Company’s portfolio is secured by real estate, the collateral of which typically provides an alternative source of repayment in the event of borrower default. A weakening of the real estate market and real estate valuations could increase the risk of default and the inability of the collateral to fully satisfy the debt.

Ratings Definitions

OVERWEIGHT (O) - The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) - The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) - The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) - The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

Distribution of Stephens Inc. Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [OW]	261	53.81	39	14.94
HOLD [EW]	220	45.36	26	11.82
SELL [UW]	4	0.82	0	0.00

OTHER DISCLOSURES

Certain investment programs offered by Stephens to clients sometimes engage in purchases or sales of securities that are consistent or inconsistent with Research Analyst recommendations. These programs are managed on a discretionary basis, or provide investment recommendations, by program managers in the exercise of their independent judgment and analysis. Stephens' directors, officers and employees are allowed to participate in these programs subject to established account minimums and applicable compliance restrictions.

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