

CAPITAL MARKETS ANNOUNCEMENT

First Community Holdings Closes Private Placement of \$25 Million of Subordinated Notes due 2027

Sandler O'Neill + Partners, L.P. served as the sole placement agent for this offering.

This transaction is the 125th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter, book runner or initial purchaser.¹ Since May 20, 2016, Sandler O'Neill has raised approximately \$4.0 billion for its clients, capturing a 70.1% market share of announced transactions.¹

About the Offering:

Santa Rosa, CA – First Community Holdings (“First Community”) completed the private placement of \$25 million in aggregate principal amount of fixed-to-floating rate subordinated notes to certain institutional accredited investors. Unless earlier redeemed, the notes mature on October 30, 2027 and bear interest at a fixed rate of 6.00% per year, from and including October 30, 2017 to but excluding October 15, 2022. From and including October 15, 2022 to the maturity date or early redemption date, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 395.8 basis points, payable quarterly in arrears. The Company intends to use the net proceeds to fund its organic growth opportunities, support regulatory capital ratios and for general corporate purposes.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

First Community Holdings is a bank holding company for First Community Bank (the Bank). The Bank provides a full range of commercial and personal banking services to closely held businesses, their owners and families, and other individuals located throughout the San Francisco Bay Area.

(1) Source: Sandler O'Neill Syndicate Desk, Bloomberg. Deal count includes nationwide subordinated debt and senior note offerings for Community Banks; Community Banks defined as banks or bank holding companies with less than \$25 billion in assets.

(2) Financial data is not pro forma for the offering.

October 19, 2017

6.00% Fixed-to-Floating Rate
Subordinated Notes
due 2027
\$25 Million



Sole Placement Agent

SANDLER O'NEILL + PARTNERS

Financial Highlights (as of 6/30/2017)²

(\$ in thousands)

Total Assets	\$1,417,887
Net Loans & Leases	\$1,156,733
Total Deposits	\$1,141,216
Total Equity	\$133,261
TCE / TA	9.40%

Holding Company Capital Ratios

Leverage Ratio	10.02%
Tier 1 Risk-Based Capital Ratio	12.12%
Total Risk-Based Capital Ratio	15.04%

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