

# 2014

## A TRANSFORMATIVE YEAR

FIRST COMMUNITY CORPORATION

### Q1

- FEB** Completed Savannah River Banking Company acquisition
- MAR** Launched new website and mobile banking

### Q2

- APR** Celebrated Prosperity Office Reopening
- JUN** Downtown Columbia Office Opening

### Q3

- AUG** Combined Palmetto South Mortgage Corporation and First Community Mortgage into one unit
- SEP** Completed First South Bank deposit assumption and loan purchase

### Q4

- OCT** Blythewood Office Groundbreaking

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# 2014

For First Community Bank, 2014 was the year our plans came to fruition. It was a year of acquisition and action, grand openings and great promise. As our vantage point improved and our horizons became even broader, this was the year we evolved our profile and elevated our standing among area competitors. It was a year of opportunity seized and possibility realized, a year of transformative firsts.

As we put the year in perspective, we mark a pivotal moment in First Community's history. Positioned for tomorrow, we will be forever shaped by the extraordinary set of circumstances that enabled today's success.

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## Q4

- OCT Blythewood Office Groundbreaking

Dear Shareholders,

Will there ever be another year like 2014? That's a question we consider as we look back at the tremendous changes that took place within First Community Bank this year. It was an exciting, active time filled with a number of "firsts" that reshaped our organization, our stature and our footprint.

First, we expanded our reach into Aiken, South Carolina, and Augusta, Georgia through the acquisition of Savannah River Financial Corporation. This step is significant for many reasons, including the opportunity for growth in all three of our primary lines: business banking, mortgage services and financial planning. We look forward to meeting the needs of business owners in Aiken and Augusta with products and services that make a difference in their lives.

In June, we celebrated the opening of our first downtown banking office at Lady and Main in Columbia. The location is significant in its practicality—the heart of the capital city's business district—as well as symbolically, as we take our place among the state's leading financial institutions. It is our honor to be recognized as the premier community bank in the Midlands.

There were other major milestones, including the full transition of Palmetto South Mortgage into First Community Bank Mortgage; the purchase of a portfolio of deposits and loans in downtown Columbia; the groundbreaking for a new banking office in Blythewood, South Carolina; the grand reopening of our Prosperity banking office; and, the launch of a new First Community Bank website with greater functionality and ease of use for our customers.

There was record financial growth for First Community as well. You will find greater detail in the text of this report, but I'd like to comment on a couple of our most significant results. At the start of 2014, we were a \$600 million bank serving the Midlands of South Carolina; in December, we closed the year as an \$800 million bank serving two major markets. In that same 12-month period, pure deposits grew by \$141.3 million (38.9%), loans increased by \$96.2 million (27.7%) and earnings increased by 23.8% to \$5.1 million. Although we are pleased with our overall growth, the biggest disappointment for us was the lack of organic loan growth. While this can be attributed to weak post-recessionary demand and unusually high levels of loan payoffs, please be assured that this is an area of intense focus for us.

Importantly, I am pleased to report total return to you, our shareholders, for 2014 was 11.1%, which exceeded three of our four benchmark indices. Additionally, as a result of our success and increase in net income, in January 2015, our Board of Directors approved an increase in the cash dividend paid to common shareholders.

Finally, I would also like to take a moment to offer our thanks to Retta Whitehead, a founding member of our board of directors, who, after 20 years of service, is retiring. We will miss her wisdom and thoughtful counsel.

There is much to celebrate as we look back at 2014, a transformational year in the life of First Community Bank. We look to 2015, our 20th Anniversary, with great energy and excitement. We know now, as we knew then, success comes when we keep our focus squarely on meeting the needs of our customers.



A handwritten signature in black ink that reads "Mike Crapps".

Mike Crapps  
President and CEO

Over the past twenty years, our unwavering commitment to the needs of local business has proved the perfect North Star in preparing for this moment of transformation.

While many banks floundered in the wake of the recession, we remained confident in our customer-first style of community banking and responsive to the possibilities engendered by this new economic environment.

Navigating by the informed insight upon which our bank was founded, we took advantage of changing market tides and short-window opportunities. This year's many achievements mark the point at which the future we had long envisioned became reality.

We're a different bank now, and that feels good. And yet, even as we mature in our processes and solidify our standing as the region's premier community bank, we stay true to our core, charting a path for First Community's next phase of remarkable growth.

## Raising Our Profile

Chief among this year's accomplishments was our successful entrance to the Aiken and Augusta markets. Through a merger with Savannah River Banking Company, we brought value to customers eager for our brand of personalized service while greatly expanding our geographic footprint.

The reopening of a Prosperity banking office and the addition of a new banking office in downtown Columbia has further positioned First Community as the bank for local business. Downtown Columbia is a community unto itself, and our presence in this vibrant business sector has heightened public awareness of our standing as the largest community bank in the Midlands.

Core earnings, up by 29.5 percent, and net income, up by 23.8 percent, bore testament to the value of this year's geographic expansions.

Given the increased share count brought about by the SRBC merger and costs associated with the year's significant growth in the Midlands, we are pleased to report that earnings per share remained steady at \$0.78 while share price increased, from \$10.40 on December 31, 2013, to \$11.31 on December 31, 2014. When combined with the year's increased cash dividends of \$0.24 per common share, this represents an 11.1 percent total return to shareholders.

### 2014 NET INCOME

\$5.1MIL

### CORE EARNINGS

+29.5%

### TOTAL RETURN TO SHAREHOLDERS

+11.1%



Augusta, Georgia



*The acquisition of Savannah River Banking Company has allowed First Community Bank to extend financial services to new markets in Aiken, South Carolina, and Augusta, Georgia.*

## Building Momentum

While increased regulations and market uncertainty gave other banks reason to question their values, the economic crisis served only to fuel our entrepreneurial spirit and strengthen our commitment to supporting local businesses' needs.

As we went about the work of economic recovery, we saw opportunity amid challenge. What's more, our balance sheet was of such quality that we were able to navigate the post-recession landscape by diversifying our revenue streams and embracing growth wherever possible. In the years since 2008, we have sought out new markets that could benefit from our style of community banking and looked for new investment possibilities.

Our careful planning and intense focus on tomorrow have led to this moment of financial growth. We are pleased by our 28.27 percent

increase in total assets, which now amount to \$812.36 million. Our belief in a broader business model has also led to gains in our mortgage and financial planning lines of business.

First acquired in 2011, Palmetto South Mortgage Corporation is now operating under the First Community Bank name. Because of this seamless integration, our mortgage unit is one of the Midlands' largest, allowing us to deliver a wide variety of financial products to a greater number of homebuyers. First Community Financial Consultants also had a banner year, generating \$1.27 million in revenue—an increase of 30.45 percent over the year prior.

### TOTAL ASSET GROWTH

+28.27%

### 2014 TOTAL ASSETS

\$812.4<sup>MIL</sup>

INCREASE FROM  
\$633.31 MILLION IN 2013





*Our new office in the heart of downtown Columbia opened in June, allowing us to introduce our unique style of local banking to the city's central business district.*

## Adding Value

This year's phenomenal growth is a direct result of listening to our customers, identifying their changing needs and providing products and services that make a positive difference in their lives.

The acquisition of approximately \$40 million in deposits and \$9 million in loans from Spartanburg-based First South Bank allowed our new downtown Columbia office on Lady Street to become immediately profitable, adding value for shareholders while expanding our presence in a key market. Even better, it proved just how relevant our style of banking is to the needs of today's customers.

Indeed, our passionate focus on customer experience and our cultivation of meaningful relationships lie at the heart of this year's deposit growth. Overall, pure deposits (deposits excluding CDs) and cash management increased by \$141.3 million (38.9 percent).

On an organic basis, pure deposits including cash management, increased during the year by \$27.8 million (8 percent) and accounted for 19.67 percent of total deposit growth.

The excitement surrounding our extraordinary deposit growth was tempered by a decrease in organic loan growth. While loans increased \$96.2 million (27.7 percent) during 2014, this was largely due to the acquisition of SRBC and First South's loan portfolios.

We have recognized the need to reverse this trend and have already begun to make changes. After implementing a more aggressive pricing strategy in July 2014, loan production grew 16.1 percent in the second half of the year. We are encouraged by these positive results, and we will continue to intensely focus our sales and marketing efforts on loan growth in 2015. With our current level of liquidity and an increased legal lending limit of \$12 million, we have the funding available to support significant loan growth in the year ahead.

### PURE DEPOSITS

**+38.9%**  
**\$141.3<sub>MIL</sub>**

### ORGANIC GROWTH IN DEPOSITS

**\$27.8<sub>MIL</sub>**

### LOAN QUALITY

**\$968,000**

**[0.28%] IN  
NET CHARGE-OFFS**



*The launch of mobile banking and a new, more user-friendly website have made it easier than ever for the First Community customer to conveniently access account information, as well as mortgage products and business banking offerings.*

## Going Deeper

The coming year affords us a unique opportunity to strengthen and refine by turning our eye inside our own organization. Certainly, the execution of this year's many projects would not have been possible without the drive, discipline and determination of our team.

Beginning January 2015, our Talent Development Program will nurture the next generation of First Community leaders—this greater emphasis on training and career planning will ensure our highly skilled employees guide our upward trajectory for years to come.

Furthermore, we will channel the energy that has permeated this year's activity into streamlining and strengthening our processes, making life easier and banking more enjoyable for our customers, which in turn drives strong shareholder returns. To better serve our growing

Midlands customer base, we will open a Blythewood office in the second quarter of 2015. We believe Blythewood to be a perfect fit for our unique style of personalized banking, and we are excited to become part of the community landscape.

In August, First Community will celebrate its twentieth anniversary, a milestone of which we are understandably proud. As we march into the next twenty years, we look forward to the rising possibilities and future transformations tomorrow will surely bring.





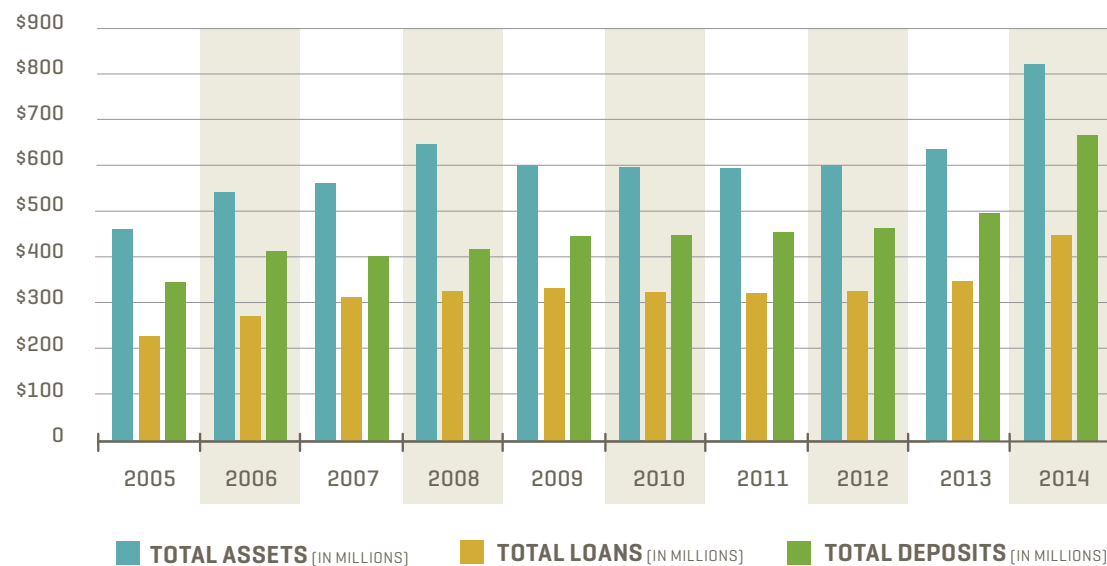


*Our new Blythewood banking office will open in April 2015. We believe that Blythewood's strong sense of community makes it a perfect fit for our brand of business banking, and we look forward to becoming part of this distinctive area.*



*The implementation of our Talent Development Program will provide our emerging leaders with the training and diversity of experience necessary to lay a foundation for professional achievement.*

## ASSETS, LOANS &amp; DEPOSITS (IN MILLIONS)



## NET INCOME

(AVAILABLE TO COMMON SHAREHOLDERS)

2014

\$5.1  
MILLION

2013

\$4.1  
MILLION

2012

\$3.3  
MILLION

The Board of Directors  
First Community Corporation  
Lexington, South Carolina

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of First Community Corporation and subsidiary (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income (loss), changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2014 (not presented herein); and in our report dated March 27, 2015, we expressed an unqualified opinion on those consolidated financial statements. The accompanying consolidated balance sheets and statements of income are the responsibility of the Company's management. Our responsibility is to express an opinion on the information set forth in these consolidated financial statements in relation to the consolidated financial statements from which they have been derived.

In our opinion, the information set forth in the accompanying consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income for each of the years in the three-year period ended December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

A handwritten signature in dark ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Elliott Davis Decosimo, LLC  
Columbia, South Carolina  
March 27, 2015

## SELECTED FINANCIAL DATA

	Year ended December 31,				
(dollars in thousands, except per share amounts)	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>BALANCE SHEET DATA:</b>					
Total assets	\$ 812,363	\$ 633,309	\$ 602,925	\$ 593,887	\$ 599,023
Loans held for sale	4,124	3,790	9,658	3,725	—
Loans	443,844	347,597	332,111	324,311	329,954
Deposits	669,583	497,071	474,977	464,585	455,344
Total common shareholders' equity	74,528	52,671	54,183	36,759	30,762
Total shareholders' equity	74,528	52,671	54,183	47,896	41,797
Average shares outstanding, basic	6,538	5,285	4,144	3,287	3,262
Average shares outstanding, diluted	6,607	5,334	4,172	3,287	3,262
<b>RESULTS OF OPERATIONS:</b>					
Interest income	\$ 27,298	\$ 21,783	\$ 23,002	\$ 25,526	\$ 27,511
Interest expense	3,567	3,734	5,428	7,209	9,374
Net interest income	23,731	18,049	17,574	18,317	18,137
Provision for loan losses	881	528	496	1,420	1,878
Net interest income after provision for loan losses	22,850	17,521	17,078	16,897	16,259
Non-interest income	8,031	8,118	7,929	5,710	3,017
Securities gains	182	73	26	575	827
Non-interest expenses	23,960	20,422	19,445	18,401	17,684
Income before taxes	7,103	5,290	5,588	4,781	2,419
Income tax expense	1,982	1,153	1,620	1,457	565
Net income	5,121	4,137	3,968	3,324	1,854
Amortization of warrants	—	—	72	102	96
Preferred stock dividends, including discount accretion and redemption costs	—	—	604	568	568
Net income available to common shareholders	5,121	4,137	3,292	2,654	1,190
<b>PER SHARE DATA:</b>					
Basic earnings per common share	\$ 0.78	\$ 0.78	\$ 0.79	\$ 0.81	\$ 0.36
Diluted earnings per common share	0.78	0.78	0.79	0.81	0.36
Book value at period end	11.18	9.93	10.37	11.11	9.41
Tangible book value at period end	10.25	9.83	10.23	10.83	9.14
Dividends per common share	0.24	0.22	0.16	0.16	0.16



## SELECTED FINANCIAL DATA

	Year ended December 31,				
(dollars in thousands, except per share amounts)	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>ASSET QUALITY RATIOS:</b>					
Non-performing assets to total assets <sup>(3)</sup>	1.17%	1.39%	1.45%	2.16%	2.20%
Non-performing loans to period end loans	1.48%	1.56%	1.44%	1.67%	1.90%
Net charge-offs to average loans	0.22%	0.27%	0.17%	0.50%	0.54%
Allowance for loan losses to period-end total loans	0.93%	1.21%	1.39%	1.45%	1.49%
Allowance for loan losses to non-performing assets	43.37%	48.07%	52.77%	35.83%	37.39%
<b>SELECTED RATIOS:</b>					
<i>Return on average assets:</i>					
GAAP earnings	0.73%	0.66%	0.55%	0.44%	0.20%
<i>Return on average common equity:</i>					
GAAP earnings	8.13%	7.68%	7.40%	7.98%	3.73%
<i>Return on average tangible common equity:</i>					
GAAP earnings	8.88%	7.78%	7.55%	8.16%	3.87%
Efficiency Ratio <sup>(1)</sup>	74.14%	76.69%	74.89%	75.58%	73.07%
Non-interest income to operating revenue <sup>(2)</sup>	25.71%	31.22%	31.16%	25.55%	17.48%
Net interest margin (tax equivalent)	3.40%	3.18%	3.22%	3.33%	3.26%
Equity to assets	9.17%	8.32%	8.99%	8.06%	6.97%
Tangible common shareholders' equity to tangible assets	8.48%	8.23%	8.88%	6.04%	5.00%
Tier 1 risk-based capital	16.12%	17.60%	17.33%	15.33%	13.73%
Total risk-based capital	16.94%	18.68%	18.58%	17.25%	14.99%
Leverage	10.02%	10.77%	10.63%	9.40%	8.79%
Average loans to average deposits <sup>(4)</sup>	69.14%	69.17%	70.33%	70.59%	73.53%

<sup>(1)</sup> The efficiency ratio is a key performance indicator in our industry. The ratio is computed by dividing non-interest expense, less goodwill impairment, by the sum of net interest income on a tax equivalent basis and non-interest income, net of any securities gains or losses and OTTI on securities. It is a measure of the relationship between operating expenses and earnings.

<sup>(2)</sup> Operating revenue is defined as net interest income plus non-interest income.

<sup>(3)</sup> Includes non accrual loans, loans > 90 days delinquent and still accruing interest and OREO.

<sup>(4)</sup> Includes loans held for sale.

## CONSOLIDATED BALANCE SHEETS

	Year ended December 31,	
	2014	2013
[dollars in thousands except par values]		
<b>ASSETS:</b>		
Cash and due from banks	\$ 12,480	\$ 8,239
Interest-bearing bank balances	9,454	5,668
Federal funds sold and securities purchased under agreements to resell	598	259
Investment securities held-to-maturity	10,647	—
Investment securities available-for-sale	270,164	224,356
Other investments, at cost	2,003	2,674
Loans held for sale	4,124	3,790
Loans	443,844	347,597
Less, allowance for loan losses	4,132	4,219
Net loans	439,712	343,378
Property, furniture and equipment - net	28,510	19,444
Land held for sale	1,200	—
Bank owned life insurance	14,642	11,072
Other real estate owned	2,943	3,370
Intangible assets	1,806	—
Goodwill	5,078	571
Other assets	9,002	10,488
<b>Total assets</b>	<b>\$ 812,363</b>	<b>\$ 633,309</b>

## CONSOLIDATED BALANCE SHEETS

	Year ended December 31,	
	2014	2013
[dollars in thousands except par values]		
<b>LIABILITIES:</b>		
Deposits:		
Non-interest bearing demand	\$ 133,004	\$ 111,198
NOW and money market accounts	287,982	174,224
Savings	53,583	51,134
Time deposits less than \$100,000	108,048	96,096
Time deposits \$100,000 and over	86,966	64,419
Total deposits	669,583	497,071
Securities sold under agreements to repurchase	17,383	18,634
Federal Home Loan Bank Advances	28,807	43,325
Junior subordinated debt	15,464	15,464
Other liabilities	6,598	6,144
<b>Total liabilities</b>	<b>737,835</b>	<b>580,638</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, par value \$1.00 per share; 10,000,000 shares authorized; 0 issued and outstanding at December 31, 2014 and December 31, 2013	—	—
Common stock, par value \$1.00 per share; 10,000,000 shares authorized; issued and outstanding 6,664,391 at December 31, 2014 and 5,302,674 at December 31, 2013	6,664	5,303
Common stock warrants issued	48	48
Nonvested restricted stock	(673)	(444)
Additional paid in capital	75,504	62,214
Accumulated deficit	(8,286)	(11,923)
Accumulated other comprehensive income (loss)	1,271	(2,527)
Total shareholders' equity	74,528	52,671
<b>Total liabilities and shareholders' equity</b>	<b>\$ 812,363</b>	<b>\$ 633,309</b>

## CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)

	Year ended December 31,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>INTEREST INCOME:</b>			
Loans, including fees	\$ 21,915	\$ 17,581	\$ 18,361
Investment securities – taxable	3,986	3,046	3,832
Investment securities – non taxable	1,291	1,090	725
Other short term investments	106	66	84
<b>Total interest income</b>	<b>27,298</b>	<b>21,783</b>	<b>23,002</b>
<b>INTEREST EXPENSE:</b>			
Deposits	1,710	1,793	3,122
Securities sold under agreement to repurchase	37	37	35
Other borrowed money	1,820	1,904	2,271
Total interest expense	3,567	3,734	5,428
Net interest income	23,731	18,049	17,574
Provision for loan losses	881	528	496
<b>Net interest income after provision for loan losses</b>	<b>22,850</b>	<b>17,521</b>	<b>17,078</b>

## CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)

### NON-INTEREST INCOME:

	Year ended December 31,		
	2014	2013	2012
Deposit service charges	\$ 1,517	\$ 1,507	\$ 1,562
Mortgage banking income	3,186	3,767	4,242
Investment advisory fees and non-deposit commissions	1,268	972	651
Gain on sale of securities	182	73	26
Loss on sale of other assets	(11)	(1)	(89)
Other-than-temporary-impairment write-down on securities	—	—	(200)
Fair value loss adjustments on interest rate swap	—	(2)	(58)
Loss on early extinguishment of debt	(351)	(142)	(217)
Other	2,422	2,017	2,038
<b>Total non-interest income</b>	<b>8,213</b>	<b>8,191</b>	<b>7,955</b>

### NON-INTEREST EXPENSE:

Salaries and employee benefits	13,743	12,013	11,152
Occupancy	1,882	1,384	1,358
Equipment	1,505	1,206	1,168
Marketing and public relations	738	541	478
FDIC insurance assessments	521	417	597
Other real estate expense	553	508	1,010
Amortization of intangibles	280	160	204
Merger expenses	503	539	—
Other	4,235	3,654	3,478
<b>Total non-interest expense</b>	<b>23,960</b>	<b>20,422</b>	<b>19,445</b>
Net income before tax	7,103	5,290	5,588
Income tax expense	1,982	1,153	1,620
<b>Net income</b>	<b>\$ 5,121</b>	<b>\$ 4,137</b>	<b>\$ 3,968</b>
Preferred stock dividends	—	—	676
<b>Net income available to common shareholders</b>	<b>\$ 5,121</b>	<b>\$ 4,137</b>	<b>\$ 3,292</b>

Basic earnings per common share	\$ 0.78	\$ 0.78	\$ 0.79
Diluted earnings per common share	\$ 0.78	\$ 0.78	\$ 0.79

First Community Corporation's common stock is traded on the NASDAQ Capital Market under the trading symbol "FCCO." The following is a summary of stock prices for the company. These prices have been adjusted for all stock splits and stock dividends.

2014				2013			
	HIGH	LOW	DIVIDENDS PAID		HIGH	LOW	DIVIDENDS PAID
1Q	\$11.37	\$10.21	\$ 0.06		\$ 9.25	\$ 8.21	\$ 0.05
2Q	\$11.29	\$10.46	\$ 0.06		\$10.00	\$ 8.80	\$ 0.05
3Q	\$10.95	\$10.24	\$ 0.06		\$11.16	\$ 8.44	\$ 0.06
4Q	\$11.75	\$10.51	\$ 0.06		\$10.50	\$ 9.95	\$ 0.06

All outstanding shares of our common stock are entitled to share equally in dividends from funds legally available when, and if, declared by the board of directors. The future dividend policy of the company is subject to the discretion of the board of directors and will depend upon a number of factors, including future earnings, financial condition, cash requirements and general business conditions. In addition, our ability to pay cash dividends may be dependent upon receiving cash in the form of dividends from First Community Bank. Statutory and regulatory limitations apply to the Bank's payment of dividends to the Company. As a South Carolina chartered bank, the Bank is subject to limitations on the amount of dividends that it is permitted to pay. Unless otherwise instructed by the S.C. Board of Financial Institutions, the Bank is generally permitted under South Carolina state banking regulations to pay cash dividends of up to 100% of net income in any calendar year without obtaining the prior approval of the S.C. Board. The FDIC also has the authority under federal law to enjoin a bank from engaging in what in its opinion constitutes an unsafe or unsound practice in conducting its business, including the payment of a dividend under certain circumstances.

### ANNUAL MEETING

The annual meeting of shareholders will be held at 11:00 a.m., Wednesday, May 20, 2015:

The Manor  
100 Alvina Hagood Circle  
Blythewood, South Carolina 29016

### TRANSFER AGENT

Computershare  
211 Quality Circle, Suite 210  
College Station, Texas 77845  
(877) 368-5948

### 10-K/FINANCIAL INFORMATION

Copies of First Community Corporation's Annual Report of Form 10-K filed with the Securities and Exchange Commission and other information may be obtained from:

Joseph G. Sawyer  
First Community Corporation  
Post Office Box 64  
Lexington, South Carolina 29071

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Elliott Davis Decosimo, LLC  
1901 Main Street  
Suite 900  
Columbia, South Carolina 29201

**Richard K. Bogan, MD, FCCP, FAASM**

*Chief Medical Officer*  
SleepMed, Inc.  
President  
Bogan Consulting

**Thomas C. Brown**

*Rector*  
St. Paul's Church  
Greenville, SC

**C. Jimmy Chao**

*President*  
Chao and Associates, Inc.

**Michael C. Crapps**

*President and Chief Executive Officer*  
First Community Corporation  
First Community Bank

**Anita B. Easter**

*Principal*  
Greenleaf Enterprises

**O.A. Ethridge, DMD**

*Pediatric Dentist, Retired*

**George H. Fann, Jr., DMD**

*General Dentistry*

**J. Thomas Johnson**

*Vice Chairman of the Board*  
First Community Corporation  
First Community Bank  
*President and Chief Executive Officer*  
Citizens Building &  
Loan Association  
Greer, SC

**W. James Kitchens, Jr.**

*President*  
The Kitchens Firm, Inc.

**J. Randolph Potter**

*Bank Consultant*

**E. Leland Reynolds**

*Co-Owner and Vice President*  
H.G. Reynolds Co., Inc.  
Aiken, SC

**Paul S. Simon**

*President*  
Augusta Riverfront, LLC

**Alex Snipe**

*President*  
Glory Communications

**Roderick M. "Rick" Todd, Jr.**

*Attorney & Counselor at Law*  
Camden, SC

**Loretta R. Whitehead**

*Realtor, Broker*  
EXIT Real Estate Consultants

**Mitchell M. Willoughby**

*Chairman of the Board*  
First Community Corporation  
First Community Bank  
*Partner*  
Willoughby and Hoefer, P.A.

**Chairman Emeritus**

James C. Leventis

**Directors Emeritus**

William L. Boyd, III\*  
Robert G. Clawson\*  
Hinton G. Davis  
Broadus Thompson\*  
Angelo L. Tsiantis\*

\*deceased



**FIRST COMMUNITY  
CORPORATION****Michael C. Crapps***President and Chief Executive Officer***David K. Proctor***Executive Vice President and  
Chief Risk Officer***Joseph G. Sawyer***Executive Vice President and  
Chief Financial Officer***FIRST COMMUNITY BANK****Michael C. Crapps***President and Chief Executive Officer***David K. Proctor***Executive Vice President and  
Chief Risk Officer***Joseph G. Sawyer***Executive Vice President and  
Chief Financial Officer***Robin D. Brown***Executive Vice President**Director of Human Resources  
and Marketing***J. Ted Nissen***Executive Vice President**Chief Commercial and  
Retail Banking Officer*

## VISION STATEMENT

As the provider of choice of financial solutions to local businesses and professionals in the markets we serve, we optimize the long-term return to our shareholders, while providing a safe and sound investment.

## CORE VALUES

- ▶ Quality and integrity in all endeavors
- ▶ Passionate focus on the customer experience
- ▶ Mutual respect for our colleagues and their role in our success



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Lexington, SC 29072

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### FLS Insert:

Certain statements in this Annual Report are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words such as “anticipate,” “believe,” “forecast,” “estimated” and “intend,” among others. These forward-looking statements are based on our current expectations and actual results could differ materially. There are a number of factors that could cause actual events to differ materially from those indicated by such forward-looking statements. These factors include, without limitation, (1) competitive pressures among depository and other financial institutions may increase significantly and have an effect on pricing, spending, third-party relationships and revenues; (2) the strength of the United States economy in general and the strength of the local economies in which we conduct operations may be different than expected resulting in, among other things, a deterioration in the credit quality or a reduced demand for credit, including the resultant effect on the company's loan portfolio and allowance for loan losses; (3) the rate of delinquencies and amounts of charge-offs, the level of allowance for loan loss, the rates of loan growth, or adverse changes in asset quality in our loan portfolio, which may result in increased credit risk-related losses and expenses; (4) changes in the U.S. legal and regulatory framework; (5) adverse conditions in the stock market, the public debt markets and other capital markets (including changes in interest rate conditions) could have a negative impact on the Company; (6) technology and cybersecurity risks, including potential business disruptions, reputational risks, and financial losses, associated with potential attacks on or failures by our computer systems and computer systems of our vendors and other third parties; (7) we may be unable to comply, or may need to devote more resources than currently expected in order to comply, with the requirements that will be set forth in our final BSA-related Consent Order with the FDIC, and (8) negative developments in connection with the risks detailed in our filings with the SEC. Investors should read the risk factors set forth in our most recent Form 10-K and other periodic reports filed with the Securities and Exchange Commission. All of the Company's forward-looking statements are expressly qualified by our risk factors and other cautionary statements. The information set forth herein speaks only as of the date hereof. We do not undertake any obligation to update or revise any forward-looking statement.

### Non-GAAP Insert:

Certain financial information in this Annual Report is determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). These non-GAAP financial measures include “efficiency ratio,” “tangible book value at period end,” and “tangible common shareholders’ equity to tangible assets.” The “efficiency ratio” is defined as non-interest expense, less goodwill impairment, divided by the sum of net interest income on a tax equivalent basis and non-interest income, net of any securities gains or losses and OTTI on securities. “Tangible book value at period end” is defined as total equity reduced by recorded intangible assets divided by total common shares outstanding. “Tangible common shareholders’ equity to tangible assets” is defined as total common equity reduced by recorded intangible assets divided by total assets reduced by recorded intangible assets. Our management believes that these non-GAAP measures are useful because they enhance the ability of investors and management to evaluate and compare our operating results from period-to-period in a meaningful manner. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results as reported under GAAP.



