

FIRST COMMUNITY CORP /SC/

Form S-4/A

December 26, 2013

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As filed with the Securities and Exchange Commission on December 26, 2013

Registration No. 333-191652

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Amendment No. 3 to**

**FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**FIRST COMMUNITY CORPORATION**

(Exact name of registrant as specified in its charter)

**South Carolina**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)  
**5455 Sunset Blvd.**  
**Lexington, South Carolina 29072**  
**(803) 951-2265**

**57-1010751**  
(I.R.S. Employer  
Identification No.)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Michael C. Crapps**  
**President and Chief Executive Officer**  
**First Community Corporation**  
**5455 Sunset Blvd.**  
**Lexington, South Carolina 29072**  
**(803) 951-2265**

(Name, address, including zip code, and telephone number, including area code of agent for service)

**Copies to:**

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**Charlotte, North Carolina 28202**  
**(704) 749-8954**

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(864) 250-2235

**Approximate date of commencement of the proposed sale of the securities to the public:**

**As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the merger described in the joint proxy statement/prospectus.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Preliminary Subject to Completion Dated December 26, 2013**

**PROPOSED MERGER OF  
FIRST COMMUNITY CORPORATION  
AND SAVANNAH RIVER FINANCIAL CORPORATION**

On behalf of the boards of directors of First Community Corporation and Savannah River Financial Corporation, we are pleased to deliver our joint proxy statement/prospectus for a merger involving First Community and Savannah River, with First Community as the surviving corporation.

If the merger is completed, each outstanding share of Savannah River common stock will be exchanged for either \$11.00 in cash or a number of shares of First Community common stock equal to the exchange ratio specified in the merger agreement. Each shareholder of Savannah River will have the opportunity to elect to receive cash, First Community common stock, or a combination of cash and First Community common stock in exchange for the shareholder's Savannah River shares. Elections by Savannah River shareholders will be prorated such that in the aggregate 40% of Savannah River's non-dissenting shares of common stock will be converted into the right to receive shares of First Community common stock and 60% will be converted into the right to receive the cash consideration. First Community may issue up to 1,597,320 shares of common stock in the merger.

The exchange ratio for converting a share of Savannah River common stock into First Community common stock in the merger will be 1.0618 if the weighted average stock price of First Community common stock during a ten trading day period ending five business days prior to the completion of the merger (which we refer to as the "Average FCCO Stock Price") is at or above \$10.36; if the Average FCCO Stock Price is at or below \$8.48, then the exchange ratio will be 1.2972. If the Average FCCO Stock Price is above \$8.48 but below \$10.36, then the exchange ratio will be equal to \$11.00 divided by the Average FCCO Stock Price.

In addition, if the Average FCCO Stock Price is greater than \$11.78, First Community may terminate the merger agreement unless Savannah River agrees to decrease the exchange ratio so that a Savannah River share exchanged for First Community shares in the merger receives First Community shares with an implied value, based on the Average FCCO Stock Price, of \$12.51. Similarly, if the Average FCCO Stock Price is less than \$7.54, Savannah River may terminate the merger agreement unless First Community agrees to either (1) increase the exchange ratio so that a Savannah River share exchanged for First Community shares in the merger receives First Community shares with an implied value, based on the Average FCCO Stock Price, of \$9.78, or (2) contributes additional cash consideration for payment to Savannah River shareholders receiving First Community shares in the merger equal to the difference between \$7.54 and the Average FCCO Stock Price per share.

The value of the First Community shares to be issued in the merger will fluctuate between now and the closing date of the merger. First Community common stock is listed on the NASDAQ Capital Market under the symbol "FCCO". The common stock of Savannah River is not listed or traded on any established securities exchange or quotation system.

Shareholders of Savannah River are being asked to approve the merger agreement. Shareholders of First Community are being asked to approve the issuance of shares of First Community common stock as merger consideration. We cannot complete the merger unless we obtain these shareholder approvals and the necessary regulatory agency approvals. Each of Savannah River and First Community will hold a special meeting of its shareholders to vote on the merger agreement and the issuance of shares of First Community common stock, respectively. **Your vote is important.**

Whether or not you plan to attend your special shareholders' meeting, please take the time to vote as soon as possible.

You should read this entire joint proxy statement/prospectus carefully because it contains important information about the merger. **In particular, you should read carefully the information under the section entitled "Risk Factors," beginning on page 33.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The shares of First Community common stock to be issued in the merger are**

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**not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other governmental agency.**

*This joint proxy statement/prospectus is dated \_\_\_\_\_, 2013 and is first  
being mailed to shareholders of Savannah River and First Community on or about \_\_\_\_\_, 2013.*

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**Sources of Information**

First Community has supplied all information contained in this prospectus/proxy statement relating to First Community, and Savannah River has supplied all information contained in this prospectus/proxy statement relating to Savannah River.

You should rely only on the information which is contained in this prospectus/proxy statement or to which we have referred in this prospectus/proxy statement. We have not authorized anyone to provide you with information that is different. You should not assume that the information contained in this prospectus/proxy statement is accurate as of any date other than the date of this prospectus/proxy statement.

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## FIRST COMMUNITY CORPORATION

5455 Sunset Blvd.  
Lexington, South Carolina 29072  
(803) 951-2265

### NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 29, 2014

To the shareholders of First Community Corporation:

A special meeting of shareholders of First Community Corporation will be held at First Community Bank, Administrative Building, 2nd Floor, 5455 Sunset Blvd., Lexington, South Carolina 29072 on January 29, 2014 at 10:00 a.m., local time, for the following purposes:

1. *Share Issuance.* To consider and vote upon a proposal to approve the issuance of shares of First Community common stock as merger consideration as contemplated by the Agreement and Plan of Merger dated August 13, 2013, by and between First Community Corporation, SRMS, Inc., and Savannah River Financial Corporation. A copy of the merger agreement is attached to the accompanying joint proxy statement/prospectus as *Appendix A*.
2. *Adjournment.* To consider and vote on a proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special meeting, in person or by proxy, to approve the issuance of shares.
3. *Other Business.* To transact any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Only shareholders of record of First Community common stock at the close of business on December 11, 2013 will be entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting.

#### **FIRST COMMUNITY'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT FIRST COMMUNITY SHAREHOLDERS VOTE "FOR" THE PROPOSALS ABOVE.**

We do not know of any other matters to be presented at the special meeting but if other matters are properly presented, the persons named as proxies will vote on such matters at their discretion.

Whether or not you plan to attend the special shareholders' meeting, please vote as soon as possible by telephone, through the Internet, or by completing, signing, dating, and returning the enclosed proxy, in the accompanying pre-addressed postage-paid envelope. If you are a record shareholder, you may revoke your proxy at any time before it is voted by giving written notice of revocation to First Community's Secretary, or by filing a properly executed proxy of a later date with First Community's Secretary, at or before the meeting. If you are a record shareholder, you may also revoke your proxy by attending and voting your shares in person at the meeting. If your shares are held in "street name" by your broker, you must follow the directions you will receive from your broker to change or revoke your proxy.

If you have any questions concerning the merger, would like additional copies of the joint proxy statement/prospectus, or need help voting your shares of First Community common stock, please contact First Community's proxy solicitor, Eagle Rock Proxy Advisors, at 12 Commerce Drive, Cranford, New Jersey 07016, or toll-free at (888) 859-9313, or please contact Michael C. Crapps, President and Chief Executive Officer, at First Community Corporation, 5455 Sunset Blvd., Lexington, SC 29072, or (803) 951-2265.

By Order of the Board of Directors

/s/ MICHAEL C. CRAPPS

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Michael C. Crapps  
*President and Chief Executive Officer*

Lexington, South Carolina  
, 2013

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**SAVANNAH RIVER FINANCIAL CORPORATION**

3638 Walton Way Extension

Augusta, GA 30909

(706) 396-2500

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JANUARY 29, 2014**

To the shareholders of Savannah River Financial Corporation:

A special meeting of shareholders of Savannah River Financial Corporation will be held at Augusta Country Club, 655 Milledge Road, Augusta, Georgia 30904, on January 29, 2014 at 10:00 a.m., local time, for the following purposes:

1. *Merger.* To consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of August 13, 2013, by and between First Community Corporation, Savannah River Financial Corporation, and SRMS, Inc., a wholly-owned subsidiary of First Community formed for the purpose of the merger. A copy of the merger agreement is attached to the accompanying joint proxy statement/prospectus as *Appendix A*.
2. *Adjournment.* To consider and vote on a proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special meeting, in person or by proxy, to approve the merger agreement.
3. *Other Business.* To transact any other business as may properly come before the meeting or any adjournment or postponement.

Only shareholders of record of Savannah River common stock at the close of business on December 17, 2013 will be entitled to notice of and to vote at the special meeting and at any adjournment or postponement at the special meeting.

**SAVANNAH RIVER'S BOARD OF DIRECTORS RECOMMENDS THAT SAVANNAH RIVER SHAREHOLDERS VOTE "FOR" THE PROPOSALS ABOVE.**

We do not know of any other matters to be presented at the special meeting but if other matters are properly presented, the persons named as proxies will vote on such matters at their discretion.

Whether or not you plan to attend the special shareholders' meeting, please vote as soon as possible by completing, signing, dating, and returning the enclosed proxy in the accompanying pre-addressed postage-paid envelope. You may revoke your proxy at any time before it is voted by giving written notice of revocation to Savannah River's Secretary, or by filing a properly executed proxy of a later date with Savannah River's Secretary, at or before the meeting. You may also revoke your proxy by attending and voting your shares in person at the meeting.

If you have any questions concerning the merger, would like additional copies of the joint proxy statement/prospectus, or need help voting your shares of Savannah River common stock, please contact J. Randolph Potter, Chief Executive Officer, at Savannah River Financial Corporation, 3638 Walton Way Extension, Augusta, GA 30909, or (706) 396-2500.

By Order of the Board of Directors

/s/ J. RANDOLPH POTTER

J. Randolph Potter

*Chief Executive Officer*

Augusta, Georgia  
, 2013



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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*The following are some questions that you may have regarding the merger and the special shareholders' meetings, and brief answers to those questions. We urge you to carefully read the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the special shareholders' meetings.*

**Q: What am I being asked to vote on, and how does the board recommend that I vote?**

**A:** Savannah River shareholders are being asked to vote "**FOR**" the approval of the merger agreement, thereby approving the merger. The board of directors of Savannah River adopted the merger agreement, determined that the merger is in the best interests of the Savannah River shareholders, and recommends that Savannah River shareholders vote "**FOR**" approval of the merger agreement. First Community shareholders are being asked to vote "**FOR**" the issuance of shares of First Community common stock as merger consideration in the merger. The board of directors of First Community approved the merger agreement, determined that the merger is in the best interests of the First Community shareholders, and recommends that First Community shareholders vote "**FOR**" approval of the share issuance. In addition, you are being asked to grant authority to First Community's and Savannah River's boards of directors to adjourn the special shareholders' meetings to allow time for further solicitation of proxies in the event there are insufficient votes present at the special shareholders' meetings, in person or by proxy, to approve the merger agreement or the share issuance.

**Q: Why is my vote important?**

**A:** The merger agreement must be approved by the affirmative vote of the holders of a majority of the outstanding shares of Savannah River common stock. Accordingly, if a Savannah River shareholder fails to vote on the merger agreement, it will have the same effect as a vote against the merger agreement. The share issuance must be approved by the affirmative vote of the holders of a majority of the total votes cast by First Community shareholders on the share issuance. If a First Community shareholder fails to vote on the share issuance, or does not instruct his or her broker how to vote any shares held for him or her in "street name," it will not be counted as a vote "for" or "against" the share issuance and will not be counted in determining the number of votes cast on the share issuance.

**Q: Why is Savannah River merging with First Community?**

**A:** Savannah River is merging with First Community because the boards of directors of both companies believe that the merger will provide shareholders of both companies with substantial benefits and will enable the combined company to better serve its customers. The combined company would have a presence in contiguous counties across the Midlands region of South Carolina and into the Central Savannah River Area, or CSRA, in Georgia. A detailed discussion of the background of and reasons for the proposed merger is contained under the headings "Background of the Merger," "Savannah River's Reasons for the Merger; Recommendation of the Savannah River Board of Directors," and "First Community's Reasons for the Merger and the Share Issuance; Recommendation of the First Community Board of Directors," under "Proposal No. 1 The Merger".

**Q: What will I receive in the merger?**

**A:** Each share of Savannah River common stock can be exchanged for either: (i) \$11.00 in cash; (ii) a number of shares of First Community common stock equal to the exchange ratio; or (iii) a combination of cash and shares of First Community common stock. The exchange ratio will be

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determined based on the volume weighted average price (rounded up to the nearest cent) of First Community's common stock on the Nasdaq Capital Market for the 10 consecutive trading days ending on the fifth business day immediately prior to the date on which the effective time of the merger is to occur, which we refer to as the "Average FCCO Stock Price". The exchange ratio will be 1.0618 if the Average FCCO Stock Price is at or above \$10.36; if the Average FCCO Stock Price is at or below \$8.48, then the exchange ratio will be 1.2972. If the Average FCCO Stock Price is above \$8.48 but below \$10.36, then the exchange ratio will be equal to \$11.00 divided by the Average FCCO Stock Price.

In addition, if the Average FCCO Stock Price is greater than \$11.78, First Community may terminate the merger agreement unless Savannah River agrees to decrease the exchange ratio so that it results in the Savannah River shares that are exchanged for First Community common stock in the merger being exchanged for shares having a value, based on the Average FCCO Stock Price, of \$12.51. Similarly, if the Average FCCO Stock Price is less than \$7.54, Savannah River may terminate the merger agreement unless First Community agrees, in its sole discretion, to either (i) increase the exchange ratio so that it results in the Savannah River shares that are exchanged for First Community common stock in the merger being exchanged for shares having a value, based on the Average FCCO Stock Price, of \$9.78, or (ii) pay additional cash consideration to Savannah River shareholders that receive First Community common stock in the merger equal to the difference between \$7.54 and the Average FCCO Stock Price per share.

In total, 60% of Savannah River's non-dissenting shares of common stock outstanding will be exchanged for cash, and 40% of Savannah River's non-dissenting shares of common stock outstanding will be exchanged for shares of First Community common stock. First Community will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of First Community common stock that you would otherwise be entitled to receive. The method for determining the value of a fractional share is described on page 82 of this joint proxy statement/prospectus.

Each outstanding share of First Community common stock will remain outstanding after the merger.

**Q:**  
**How do I elect to receive cash, stock, or a combination of both for my Savannah River common stock?**

**A:**  
A joint election form/letter of transmittal will be sent to you shortly after the effective time of the merger, which will include instructions and the deadline date for making your election as to the form of consideration you prefer to receive in the merger. The election form will permit you to elect to receive cash, First Community common stock, or a combination of cash and First Community common stock for your shares of Savannah River common stock, subject to certain limitations. Please pay special attention to these materials since failure to follow the instructions may mean that you will not receive the consideration you desire. An election will be properly made only if the exchange agent receives a properly executed election form by the deadline date. The election deadline has not been determined. However, the deadline will be clearly stated in the transmittal materials that will be delivered to you. Please follow the instructions provided in the joint election form/letter of transmittal to properly elect to receive cash, stock or a combination of both for your Savannah River common stock.

**Q:**  
**If I am a Savannah River shareholder, am I assured of receiving the exact form of consideration I elect to receive?**

**A:**  
**NO.** In total, 60% of Savannah River's non-dissenting shares of common stock outstanding will be exchanged for cash and 40% of Savannah River's non-dissenting shares of common stock

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outstanding will be exchanged for shares of First Community common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Savannah River shareholders so that 60% of Savannah River's non-dissenting shares of common stock outstanding will be exchanged for cash and 40% of the total outstanding non-dissenting shares of Savannah River common stock will be exchanged for shares of First Community common stock. Accordingly, there is no assurance that you will receive the form of consideration you elect with respect to all of your shares of Savannah River common stock. If the elections of all Savannah River shareholders result in an oversubscription of cash or First Community common stock, the exchange agent will allocate the consideration you will receive between cash and First Community common stock in accordance with the proration procedures described under the heading "Proposal No. 1 The Merger Allocation of the Merger Consideration" beginning on page 84.

**Q: If my shares are held in an individual retirement account, or "IRA," how will my shares be voted and how will the election for cash or shares of First Community common stock be made?**

**A:** The custodian of your IRA will vote your shares on the proposal to approve the merger agreement or the share issuance and make the election to receive cash or shares of First Community common stock in accordance with the terms of your account agreement. You should contact your IRA custodian with any questions about the terms of your account agreement.

**Q: Will Savannah River shareholders be taxed on the cash and First Community common stock that they receive in exchange for their Savannah River shares?**

**A:** If the merger qualifies as a reorganization under Section 368(b) of the Internal Revenue Code, then we expect that Savannah River shareholders will generally not recognize any gain or loss on the conversion of shares of Savannah River common stock into shares of First Community common stock but will recognize gain on any cash received for their shares of Savannah River common stock. If the merger does not qualify as a reorganization under Section 368(b) of the Internal Revenue Code, then we expect that Savannah River shareholders will recognize gain or loss on the sum of any cash and the fair market value of the First Community common stock they receive for their shares of Savannah River common stock. See "Proposal No. 1 The Merger Important Federal Income Tax Consequences" beginning on page 89.

**Q: If I am a Savannah River shareholder, what happens if I don't make an election for cash or shares of First Community common stock?**

**A:** If you fail to make an election prior to the election deadline, the exchange agent will have the discretion to determine the type of consideration you will receive in exchange for your shares of Savannah River common stock. The type of consideration you will receive will be determined by the type of consideration other Savannah River shareholders elect to receive so that, in total, 60% of the outstanding non-dissenting shares of Savannah River common stock will be exchanged for cash and 40% of the total outstanding non-dissenting shares of Savannah River common stock will be exchanged for shares of First Community common stock. For more information concerning the merger consideration, election procedures, and allocation procedures, see "Proposal No. 1 The Merger Merger Consideration, Election of the Form of Payment of the Merger Consideration, and Allocation of the Merger Consideration" beginning on page 81.

**Q: What should I do now?**

**A:** After you have carefully read this document, please vote your shares as soon as possible by completing, signing, dating, and returning the enclosed proxy in the accompanying pre-addressed postage-paid envelope so that your shares will be represented at the applicable special shareholders' meeting. Shareholders of First Community also may vote by telephone or through

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the Internet. If you date, sign and send in a proxy card but do not indicate how you want to vote, your proxy will be voted in favor of approval of the merger agreement or in favor of the share issuance, as applicable, and in favor of the proposal to adjourn the applicable special shareholders' meeting to allow time for further solicitation of proxies in the event there are insufficient votes to approve the merger agreement or the share issuance.

**Q:** **If my shares are held in "street name" by my broker, will my broker vote my shares for me?**

**A:** **NO.** Your broker will vote your shares on the proposal to approve the merger agreement or the share issuance only if you provide instructions on how to vote. You should instruct your broker how to vote your shares following the directions your broker provides. If you are a Savannah River shareholder, failure to instruct your broker how to vote your shares will be the equivalent of voting against the merger agreement. If you are a First Community shareholder, failure to instruct your broker how to vote your shares will have the effect of reducing the number of affirmative votes required to approve the share issuance.

**Q:** **Can I change my vote after I have submitted my proxy?**

**A:** **YES.** If you have not voted through your broker, there are three ways you can change your vote after you have submitted your proxy:

First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy.

Second, you may complete and submit a later dated proxy with new voting instructions. The latest vote actually received by your company prior to your special shareholders' meeting will be your vote. Any earlier votes will be revoked.

Third, if you are a record shareholder, you may attend your special shareholders' meeting and vote in person. Any earlier votes will be revoked. Simply attending your meeting without voting, however, will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

**Q:** **Do I have the right to dissent and obtain the "fair value" for my shares?**

**A:** **Yes, if you are a Savannah River shareholder.** Georgia law permits a Savannah River shareholder to dissent from the merger and to obtain payment in cash of the "fair value" of his or her shares of Savannah River common stock. To do this, a Savannah River shareholder must follow specific procedures, including delivering written notice of his or her intent to demand payment for his or her shares if the merger is effectuated to Savannah River before the shareholder vote on the merger agreement is taken and not voting his or her shares in favor of the merger agreement. If a Savannah River shareholder follows the required procedures, his or her only right will be to receive the "fair value" of his or her common stock in cash. Copies of the applicable Georgia statutes are attached to this joint proxy statement/prospectus as *Appendix B*. See "Proposal No. 1 The Merger Dissenters' Rights" beginning on page 88.

If the holders of more than 10% of Savannah River's outstanding shares of common stock dissent from the merger, then First Community may elect not to complete the merger.

South Carolina law does not provide dissenters' rights to First Community's shareholders because they are not being asked to vote to approve the merger agreement but rather to approve the share issuance.



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**Q:**           **Should I send in my stock certificates now?**

**A:**           **NO.** You should not send in your stock certificates at this time. Shortly after the effective time of the merger, the exchange agent will send all Savannah River shareholders an election form and written instructions for exchanging Savannah River stock certificates for the merger consideration.

**Q:**           **When do you expect to complete the merger?**

**A:**           We presently expect to complete the merger before the end of the first quarter of 2014. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of both First Community and Savannah River shareholders at their respective special shareholder's meeting and the necessary regulatory approvals.

**Q:**           **Whom should I call with questions about the merger?**

**A:**           *First Community shareholders:* If you have any questions concerning the merger, would like additional copies of this proxy statement/prospectus, or need help voting your shares of First Community common stock, please contact First Community's proxy solicitor, Eagle Rock Proxy Advisors, at 12 Commerce Drive, Cranford, New Jersey 07016, or toll-free at (888) 859-9313, or please contact Michael C. Crapps, President and Chief Executive Officer, at First Community Corporation, 5455 Sunset Blvd., Lexington, SC 29072, or (803) 951-2265.

*Savannah River shareholders:* If you have any questions concerning the merger, would like additional copies of the joint proxy statement/prospectus, or need help voting your shares of Savannah River common stock, please contact J. Randolph Potter, Chief Executive Officer, at Savannah River Financial Corporation, 3638 Walton Way Extension, Augusta, GA 30909, or (706) 396-2500.



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**SUMMARY**

*This summary highlights material information regarding the merger and the special shareholders' meetings contained later in this joint proxy statement/prospectus. This summary does not contain all of the information that may be important to you and we urge you to carefully read this entire document carefully, including the exhibits and enclosures, to better understand the merger and its potential impact on you before deciding how to vote. Each item in this summary includes a page reference directing you to a more complete discussion of the item.*

**The Companies (page 125 for First Community and page 206 for Savannah River)**

First Community Corporation  
5455 Sunset Blvd.  
Lexington, South Carolina 29072  
(803) 951-2265

Attention: Michael C. Crapps, President and Chief Executive Officer

First Community is a South Carolina corporation registered as a bank holding company with the Federal Reserve Board. First Community engages in a general banking business through its subsidiary, First Community Bank, a South Carolina state bank, which commenced operations in August 1995. The executive offices of First Community and First Community Bank are located in Lexington, South Carolina. First Community Bank operates 11 full-service banking offices in Lexington (two), Forest Acres, Irmo, Cayce-West Columbia, Gilbert, Chapin, Northeast Columbia, Prosperity, Newberry and Camden, South Carolina, under the First Community Bank name.

Savannah River Financial Corporation  
3638 Walton Way Extension  
Augusta, GA 30909  
(706) 396-2500

Attention: J. Randolph Potter, Chief Executive Officer

Savannah River was organized under the laws of the State of Georgia in 2006 for the purpose of operating as a bank holding company for Savannah River Banking Company, a South Carolina banking corporation. Savannah River Banking Company received final approval for its charter on May 25, 2007 and commenced operations on August 1, 2007. Its principal business activity is providing banking services to the Central Savannah River Area, or CSRA, a 13-county region located on and named after the Savannah River, which forms the border between Georgia and South Carolina. Savannah River Banking Company has two full-service banking offices, one in Augusta, Georgia and the other in Aiken, South Carolina, the two largest cities within the CSRA.

**The Merger (page 57)**

Under the terms of the merger agreement, Savannah River will merge with and into SRMS, Inc., a Georgia corporation and wholly owned subsidiary of First Community formed for the purpose of facilitating the merger, with Savannah River being the surviving corporation (we refer to this merger as the "merger"). As soon as reasonably practicable thereafter, Savannah River will merge up and into First Community, with First Community as the surviving entity. Simultaneously with the merger or immediately thereafter, Savannah River Banking Company will merge with and into First Community Bank, and First Community Bank will be the surviving bank. Both First Community and First Community Bank will continue their existence under South Carolina law, while Savannah River and Savannah River Banking Company will cease to exist. The merger agreement is attached as *Appendix A* and is incorporated into this joint proxy statement/prospectus by reference. We encourage you to read the merger agreement carefully as it is the legal document that governs the merger.

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**What Savannah River Shareholders Will Receive in the Merger (page 81)**

If the merger is completed, each outstanding share of Savannah River common stock will be exchanged for either: (i) \$11.00 in cash, (ii) a number of shares of First Community common stock equal to the exchange ratio, or (iii) a combination of cash and shares of First Community common stock. Each shareholder of Savannah River will have the opportunity to elect to the form of merger consideration that he or she prefers, or he or she may choose no preference, in which case the merger consideration to be received by him or her will be determined by the exchange agent depending on the amount of cash and shares elected by those Savannah River shareholders who make an express election. Elections by Savannah River shareholders are limited by the requirement that 60% of the total number of outstanding non-dissenting shares of Savannah River common stock will be exchanged for cash and 40% of the outstanding non-dissenting shares of Savannah River common stock will be exchanged for shares of First Community common stock. If the elections made by Savannah River shareholders would result in an oversubscription for either cash or stock, then the exchange agent will prorate the amount of cash and stock to be issued to Savannah River shareholders as necessary to satisfy this requirement. Therefore, the form of consideration that a Savannah River shareholder receives will depend in part on the elections of other Savannah River shareholders. Savannah River shareholders will not receive any fractional shares of First Community common stock. Instead, they will be paid cash in an amount equal to the fraction of a share of First Community common stock otherwise issuable upon conversion multiplied by the Average FCCO Stock Price.

After the merger, assuming an Average FCCO Stock Price of \$10.35, which was the closing price of First Community common stock on December 24, 2013, First Community's existing shareholders will own approximately 80.7% of First Community's total outstanding shares, on a fully diluted basis, and Savannah River's shareholders will own approximately 19.3% of First Community's outstanding shares, on a fully diluted basis.

**Merger Consideration Election (page 83)**

Shortly after the effective time of the merger, First Community will cause the exchange agent to deliver or mail to Savannah River shareholders an election form and instructions for making an election as to the form of consideration preferred to be received in the merger. The available elections, election procedures, and deadline for making elections are described under the heading "Proposal No. 1 The Merger Election of the Form of Payment of the Merger Consideration" on page 83. To be effective, an election form must be properly completed and received by First Community's exchange agent no later than 4:00 p.m. local time on the date set forth on the election form sent to Savannah River shareholders. If a Savannah River shareholder does not make an election by the election deadline, the exchange agent has the discretion to choose the consideration such shareholder will receive.

After the election deadline, the elections made by Savannah River shareholders may be adjusted as necessary to ensure that First Community pays cash in exchange for 60% of the outstanding non-dissenting shares of Savannah River common stock and First Community common stock in exchange for 40% of the outstanding non-dissenting shares of Savannah River common stock. The merger agreement provides the method, which is described under the heading "Proposal No. 1 The Merger Allocation of the Merger Consideration" on page 84, for allocating shares of First Community common stock and cash to be received for the shares of Savannah River common stock, based on the elections made. Accordingly, a Savannah River shareholder may receive less cash and more shares of First Community common stock, or more shares of First Community common stock and less cash, than elected.

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**Effect of the Merger on Savannah River Warrants**

As of the date of the merger agreement, there were outstanding warrants to purchase 300,000 shares of Savannah River common stock, each with an exercise price of \$10.00 per share. Each holder of Savannah River warrants has agreed to cancel, immediately prior to the effective time of the merger, such holder's warrants in exchange for a cash payment equal to the number of shares of Savannah River common stock underlying such holder's warrants multiplied by \$1.00 (the difference between the \$11.00 cash consideration and the exercise price per share of such warrants).

**Effect of the Merger on Savannah River Options**

As of the date of the merger agreement, there were outstanding options to purchase 263,000 shares of Savannah River common stock, with a weighted average exercise price of \$9.97 per share. Each holder of Savannah River stock options has agreed to cancel, immediately prior to the effective time of the merger, such holder's options in exchange for a cash payment equal to the number of shares of Savannah River common stock underlying such holder's options multiplied by the difference between the \$11.00 cash consideration and the exercise price per share of such options.

**Regulatory Approvals (page 101)**

Because the merger qualifies as a "waiver transaction" under the applicable rules and regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), we are not required to file a formal merger application with the Federal Reserve and must only make a notice filing with the Federal Reserve with respect to the merger. However, for the merger of Savannah River Banking Company with and into First Community Bank, we must obtain approval from the Federal Deposit Insurance Corporation ("FDIC") and the South Carolina Board of Financial Institutions ("SCBFI"). In addition, although no formal application or approval from the Georgia Department of Banking and Finance ("GDBF") is required for the merger or the merger of our banks, we will provide notice of the merger transactions to the GDBF.

As of the date of this joint proxy statement/prospectus, we have received the required regulatory approvals from the FDIC and the SCBFI, and the Federal Reserve has advised us of its non-objection to characterization of the merger as a "waiver transaction" and consummation of the merger without a formal application.

**First Community's Special Shareholders' Meeting (page 52)**

First Community will hold its special shareholders' meeting on January 29, 2014, at 10:00 a.m., local time at First Community Bank, Administrative Building, 2nd Floor, 5455 Sunset Blvd., Lexington, South Carolina.

**First Community's Record Date and Voting (page 52)**

If you owned shares of First Community common stock at the close of business on December 11, 2013, the record date for the First Community special shareholders' meeting, you are entitled to vote on the share issuance, as well as any other matters considered at the special shareholders' meeting. On the record date, there were 5,300,886 shares of First Community common stock outstanding. You will have one vote at the meeting for each share of First Community common stock you owned on the record date. The affirmative vote of the holders of a majority of the total votes cast on the share issuance at the special shareholders' meeting is required to approve the share issuance. As of December 11, 2013, First Community's current directors, executive officers, and their affiliates beneficially owned approximately 9.9% of the outstanding shares of common stock.

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**Savannah River's Special Shareholders' Meeting (page 52)**

Savannah River will hold its special shareholders' meeting on January 29, 2014, at 10:00 a.m., local time at Augusta Country Club, 655 Milledge Road, Augusta, Georgia.

**Savannah River's Record Date and Voting (page 52)**

If you owned shares of Savannah River common stock at the close of business on December 17, 2013, the record date for the Savannah River special shareholders' meeting, you are entitled to vote on the merger agreement as well as any other matters considered at the special shareholders' meeting. On the record date, there were 3,000,400 shares of Savannah River common stock outstanding. You will have one vote at the meeting for each share of common stock you owned on the record date. The affirmative vote of a majority of Savannah River's outstanding shares of common stock is required to approve the merger agreement. As of December 17, 2013, Savannah River's directors and executive officers and their affiliates beneficially owned approximately 28.5% of the outstanding shares of Savannah River common stock. Each of Savannah River's directors and executive officers has agreed, subject to several conditions, to vote his or her shares of Savannah River common stock in favor of the merger agreement.

**First Community's Board of Directors Unanimously Recommends that First Community Shareholders Vote "FOR" the Approval of Share Issuance Pursuant to the Merger Agreement (page 72)**

First Community's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement, including the issuance of First Community common stock, are advisable and in the best interests of First Community and its shareholders and has unanimously approved the merger agreement. First Community's board of directors unanimously recommends that First Community shareholders vote "FOR" the approval of the share issuance pursuant to the merger agreement. For the factors considered by First Community's board of directors in reaching its decision to approve the merger agreement, see "Proposal No. 1 The Merger First Community's Reasons for the Merger and the Share Issuance; Recommendation of the First Community Board of Directors."

**Savannah River's Board of Directors Recommends that Savannah River Shareholders Vote "FOR" the Approval of the Merger Agreement (page 63)**

Savannah River's board of directors has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Savannah River and its shareholders and has adopted the merger agreement. Savannah River's board of directors recommends that Savannah River shareholders vote "FOR" the approval of the merger agreement. For the factors considered by Savannah River's board of directors in reaching its decision to adopt the merger agreement, see "Proposal No. 1 The Merger Savannah River's Reasons for the Merger; Recommendation of the Savannah River Board of Directors."

**Interests of Directors and Officers of Savannah River that Differ from Your Interests (page 94)**

When considering whether to approve the merger agreement, you should be aware that some directors and officers of Savannah River have interests in the merger that differ from the interests of other Savannah River shareholders, including the following:

Following the merger, First Community will generally indemnify and provide liability insurance to the present directors and officers of Savannah River, subject to certain exceptions;

Following the merger, the First Community board of directors will appoint three members of the Savannah River board of directors J. Randolph Potter, E. Leland Reynolds, and



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Paul S. Simon to serve as members of the First Community board of directors until they are submitted for election by the shareholders of First Community. Messrs. Potter, Reynolds, and Simon will be eligible for election onto the First Community board of directors at the next annual meeting of the First Community shareholders. Mr. Reynolds and Mr. Simon will be independent directors as defined by the listing standards of the NASDAQ Stock Market. Certain information regarding their business experience and attributes that led to their nomination to serve as directors of First Community following the merger are summarized on page 193. Outside directors of First Community currently receive an annual retainer in the amount of \$7,500 and fees of \$1,000 for attendance at each board meeting and \$400 for attendance at each committee meeting;

Each incumbent director of Savannah River will be invited to join an Aiken-Augusta regional advisory board of First Community Bank and will be entitled to receive a fee of \$200 for each advisory board meeting attended;

Simultaneously with the signing of the merger agreement, J. Randolph Potter entered into a retention agreement with Savannah River Banking Company pursuant to which he will receive a single, lump sum payment in the amount of \$160,000 (less applicable withholding taxes). Mr. Potter also entered into a consulting agreement with First Community Bank that will become effective immediately after consummation of the merger. Under the consulting agreement, he will receive monthly compensation in the amount of \$13,333 plus up to \$750 per month to partially offset his health insurance costs. The terms of these agreements are summarized on page 95;

Simultaneously with the signing of the merger agreement, Jeff P. Spears, Joe E. Lewis and Philip R. Wahl, II entered into employment agreements with First Community Bank that will become effective immediately after consummation of the merger. The initial annual base salaries under the employment agreements for Messrs. Spears, Lewis and Wahl are \$201,700, \$155,160 and \$169,660, respectively. Upon the effective date of the merger, Messrs. Spears, Lewis and Wahl will receive a grant of a number of shares of restricted stock of First Community equal to the quotient of \$195,700, \$72,750 and \$40,000, respectively, divided by the Average FCCO Stock Price. In addition, First Community will provide Messrs. Spears and Lewis with death benefits currently totaling \$988,957 and \$932,924, respectively, payable to their respective spouses and heirs. The terms of these agreements are summarized on page 96;

Simultaneously with the signing of the merger agreement, Gerry L. Owen entered into a retention agreement with Savannah River Banking Company. Mr. Owen will receive a retention payment in the amount of \$314,000 (less applicable withholding taxes) to induce him to maintain full-time employment with Savannah River through the closing date of the merger. The retention payment will be payable in two installments of \$157,000 (less applicable withholding taxes), the first on December 31, 2013 and the second immediately prior to the effective time of the merger. He also entered into a consulting agreement with First Community Bank that will become effective immediately after consummation of the merger. The consulting agreement will have a three-month term and will require Mr. Owen to assist with various accounting, audit and transition matters. Under the consulting agreement, Mr. Owen will receive monthly compensation in the amount of \$10,500. Immediately prior to the merger, Mr. Owen will also enter into a non-compete agreement with Savannah River Banking Company. Mr. Owen's ability to solicit customers and employees of the bank during the 15-month period following the effective time of the merger and his ability to compete with the bank for the 10-month period following the effective time of the merger, will be restricted in exchange for a single, lump sum payment of \$65,000. The terms of these agreements are summarized on page 97;

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Each director of Savannah River holds a warrant to purchase 15,000 shares of Savannah River common stock with an exercise price of \$10.00 per share. Each director has agreed to cancel, immediately prior to the effective time of the merger, his or her warrant in exchange for a cash payment equal to \$1.00 per underlying share, or \$15,000;

Each of Savannah River's executive officers hold options to purchase shares of Savannah River common stock. Each executive officer has agreed to cancel, immediately prior to the effective time of the merger, his options in exchange for a cash payment equal to \$11.00 less the exercise price per underlying share. Set forth below is additional information about the options and the amount of cash-out payment associated with each option.

Executive Officer	Exercise Price	Vested Shares	Unvested Shares	Cash-out Payment
J. Randolph Potter	\$ 10.00	30,000		\$ 30,000
Jeff P. Spears	\$ 10.00	105,000		\$ 105,000
Joe E. Lewis	\$ 10.00	25,000		\$ 25,000
Philip R. Wahl II	\$ 9.64	3,000	12,000	\$ 20,400
Gerry L. Owen	\$ 10.00	15,000		\$ 15,000
Totals		178,000	12,000	\$ 195,400

No other severance benefits or any other compensation relating to the merger will be paid by Savannah River to its directors and officers.

Each board member was aware of these and other interests and considered them before approving and adopting the merger agreement.

**Federal Income Tax Consequences (page 89)**

The merger may not qualify as a reorganization under Section 368(a) of the Internal Revenue Code. Qualification as a reorganization is dependent on whether the fair market value of the First Community common stock issued in the merger equals at least 40% of the total consideration (i.e., cash plus the fair market value of First Community's common stock) paid to the Savannah River shareholders in the merger, determined as of the measurement date under Internal Revenue Code rules. The measurement date will not occur until the day of or shortly before the effective date of the merger. Accordingly, First Community and Savannah River, and their respective counsel, cannot currently determine whether the reorganization rules, and more specifically whether the 40% requirement, will be met.

If the merger qualifies as a reorganization under Section 368(a) of the Internal Revenue Code, Savannah River's shareholders generally will not recognize gain or loss for federal income tax purposes on the receipt of shares of First Community common stock in the merger in exchange for the shares of Savannah River common stock surrendered. Savannah River shareholders will be taxed, however, on any cash consideration they receive and any cash they receive instead of any fractional shares of Savannah River common stock. First Community shareholders will have no direct tax consequences as a result of the merger. If the merger does not qualify as a reorganization under Section 368(a) of the Internal Revenue Code, Savannah River's shareholders will recognize gain or loss for federal income tax purposes equal to the difference between (1) the sum of the fair market value of the First Community common stock and cash received in the merger and (2) the basis in their Savannah River common stock. Tax matters are complicated, and the tax consequences of the merger may vary among Savannah River shareholders. We urge each Savannah River shareholder to contact his or her own tax advisor to fully understand the tax implications of the merger.

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**Comparative Rights of Shareholders (page 114)**

The rights of Savannah River's shareholders are currently governed by Georgia corporate law and Savannah River's certificate of incorporation and bylaws. The rights of First Community's shareholders are currently governed by South Carolina corporate law and First Community's articles of incorporation and bylaws. Upon consummation of the merger, the shareholders of Savannah River will become shareholders of First Community, and South Carolina corporate law, as well as the articles of incorporation and bylaws of First Community, will govern their rights. First Community's articles of incorporation and bylaws differ somewhat from those of Savannah River with respect to the process for removing directors, nominating director candidates, calling special meetings of shareholders, amending the articles of incorporation and bylaws, shareholder votes on fundamental issues, control share acquisitions, business combinations with interested shareholders, and dissenters' rights. The different shareholder rights are explained more fully in "Comparative Rights of Shareholders" on page 114.

**Termination of the Merger Agreement and Termination Fee (page 101)**

Notwithstanding the approval of the merger agreement by Savannah River shareholders and the share issuance by First Community shareholders, the parties can mutually agree at any time to terminate the merger agreement before completing the merger.

Either First Community or Savannah River can also terminate the merger agreement:

If the merger agreement or the share issuance is not approved by the other party's shareholders;

If any regulatory authority whose approval is required for consummation of the merger makes a final decision not to approve the merger;

If the other party breaches any representation, warranty or covenant in the merger agreement which cannot be or is not cured within 30 days of notice of such breach; provided, that such breach is reasonably likely to have a material adverse effect on such breaching party or to prevent such breaching party from complying in all material respects with its covenants; or

If the merger is not completed by April 30, 2014.

Savannah River can terminate the merger agreement if, at any time during the three business days following the fifth business day immediately prior to the date on which the effective time of the merger is to occur, the volume weighted average price of the First Community common stock on the NASDAQ Capital Market during the 10 consecutive trading days ending on the fifth business day immediately prior to the date on which the effective time of the merger is to occur is less than \$7.54 per share. However, if Savannah River seeks to terminate the merger for this reason, it must give prompt notice to First Community, and First Community will have the option, in its sole discretion, to increase the exchange ratio or pay to each recipient of stock consideration an additional cash amount as specified in the merger agreement in order to increase the value of the First Community stock consideration, and in such event, Savannah River's notice of termination would not terminate the merger agreement.

Savannah River can also terminate the merger agreement if it receives an acquisition proposal from a third party that is superior to First Community's proposal and concludes, after receiving legal advice, that the board of directors would be in breach of its fiduciary duties if the board did not accept the superior proposal; provided, however, First Community would then have the opportunity to match the superior proposal in order to proceed with the merger. Savannah River would pay a \$1,500,000 termination fee to First Community if it were to terminate the merger agreement for this reason.

First Community can terminate the merger agreement if Savannah River's board of directors (i) withdraws or modifies its recommendation that the Savannah River shareholders approve the merger agreement or approves or recommends an acquisition proposal by a third party, (ii) fails to reaffirm the merger agreement after being requested to do so following the announcement of an





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acquisition proposal by a third party, or (iii) otherwise fails to comply with the terms of the merger agreement regarding obtaining shareholder approval of the merger agreement and soliciting other offers for an acquisition of Savannah River. In this event, Savannah River must pay the \$1,500,000 termination fee to First Community.

First Community can also terminate the merger agreement if, at any time during the three business days following the fifth business day immediately prior to the date on which the effective time of the merger is to occur, the volume weighted average price of the First Community common stock on the NASDAQ Capital Market during the 10 consecutive trading days ending on the fifth business day immediately prior to the date on which the effective time of the merger is to occur is more than \$11.78 per share. However, if First Community seeks to terminate the merger agreement for this reason, it must give prompt notice to Savannah River, and Savannah River will have the option to decrease the exchange ratio as specified in the merger agreement in order to cap the value of the First Community stock consideration, and in such event, First Community's notice of termination would not terminate the merger agreement.

**Termination Fee (page 101)**

In addition to the circumstances set forth above under which Savannah River must pay the termination fee to First Community, if the merger agreement is terminated under certain circumstances following the communication of an acquisition proposal to Savannah River, and if within one year after the termination of the merger agreement, Savannah River consummates an acquisition transaction or enters into an acquisition agreement, then Savannah River must also pay the \$1,500,000 termination fee to First Community.

**Accounting Treatment (page 106)**

First Community will account for the merger using the acquisition method of accounting. Under this accounting method, First Community would record the acquired identifiable assets and liabilities assumed at their fair market value at the time the merger is complete. Any excess of the cost of Savannah River over the sum of the fair values of tangible and identifiable intangible assets less liabilities assumed would be recorded as goodwill. Based on an assumed purchase price of \$33.5 million and utilizing information as of September 30, 2013, estimated goodwill and other intangibles would total approximately \$4.1 million. First Community's reported income would include the operations of Savannah River after the merger. Financial statements of First Community after completion of the merger would reflect the impact of the acquisition of Savannah River. Financial statements of First Community issued before completion of the merger would not be restated retroactively to reflect Savannah River's historical financial position or results of operations.

**Market Price and Dividend Information**

First Community's common stock is currently listed on the NASDAQ Capital Market under the symbol "FCCO". Savannah River's common stock is not listed on an exchange or quoted on any over the counter service, and there is no established trading market for shares of Savannah River common stock. Savannah River has never paid dividends on its common stock.

As of December 11, 2013, there were approximately 1,449 holders of record of common stock of First Community. The following table presents the closing sale price per share of First Community common stock on August 13, 2013, the last trading day before we publicly announced the merger agreement, and December 24, 2013, the last practicable trading day prior to mailing this joint proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of Savannah River common stock on those dates, calculated by multiplying the closing price of First Community common stock on those dates by the exchange ratio that would apply if the exchange

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ratio was to be determined based on the closing price of the First Community common stock on those dates.

Date	First Community Closing Price	Equivalent Savannah River Per Share Value
August 13, 2013	\$ 10.36	\$ 11.00
December 24, 2013	\$ 10.35	\$ 11.00

Because the exchange ratio is fixed if the Average FCCO Stock Price is above \$10.36 or below \$8.48 (subject to potential termination and adjustment provisions if the Average FCCO Stock Price is about \$11.78 or below \$7.54) and because the market price of First Community common stock is subject to fluctuation, the market value of the shares of First Community common stock that Savannah River shareholders may receive in the merger may increase or decrease prior to and following the merger. Savannah River shareholders are urged to obtain current market quotations for First Community common stock, which are available at [www.nasdaq.com](http://www.nasdaq.com).

The following table shows the high and low sales prices of First Community common stock published by the NASDAQ Capital Market since 2011. First Community paid quarterly dividends as shown below.

2013	Dividends	High	Low
Fourth Quarter (through December 24, 2013)	\$ 0.06	\$ 10.50	\$ 9.95
Third Quarter	\$ 0.06	\$ 11.16	\$ 8.44
Second Quarter	0.05	10.00	8.80
First Quarter	0.05	9.25	8.21

2012	Dividends	High	Low
Fourth Quarter	\$ 0.04	\$ 8.68	\$ 8.15
Third Quarter	0.04	8.60	7.84
Second Quarter	0.04	8.80	7.65
First Quarter	0.04	8.00	5.98

2011	Dividends	High	Low
Fourth Quarter	\$ 0.04	\$ 6.60	\$ 5.42
Third Quarter	0.04	7.00	5.28
Second Quarter	0.04	7.35	6.44
First Quarter	0.04	6.75	5.40

Notwithstanding the foregoing, the future dividend policy of First Community 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. First Community's ability to pay dividends is generally limited by the ability of First Community Bank to pay dividends to it. As a South Carolina chartered bank, First Community Bank is subject to limitations on the amount of dividends that it is permitted to pay. Unless otherwise instructed by the SCBFI, First Community 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 SCBFI.

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**NASDAQ Listing**

First Community will list the shares of First Community common stock to be issued to the shareholders of Savannah River in connection with the merger on the NASDAQ Capital Market under the symbol "FCCO".

**Resale of First Community Common Stock (page 88)**

The shares of First Community common stock to be issued to the shareholders of Savannah River in connection with the merger will be freely tradable by such shareholders, except that if any Savannah River shareholders are deemed to be affiliates of First Community, they must abide by certain transfer restrictions under the Securities Act.

**Dissenters' Rights (page 88)**

Under Georgia law, holders of Savannah River common stock will be entitled to dissent from the merger and to obtain payment in cash of the fair value of his or her shares of Savannah River common stock. To perfect their dissenters' rights, holders of Savannah River common stock must precisely follow the procedures specified in the Georgia Business Corporation Code at § 14-2-1301 et. seq., which are summarized herein and the relevant portions of which are attached to this joint proxy statement/prospectus as *Appendix B*.

A record holder of Savannah River common stock who wishes to assert dissenters' rights (i) must deliver to Savannah River before the vote on the merger agreement is taken written notice of his or her intent to demand payment for his or her shares if the merger is effectuated and (ii) must not vote his shares in favor of the merger agreement. A failure to vote against the merger will not constitute a waiver of dissenters' rights. A vote against the merger alone is not sufficient to perfect your dissenters' right under the Georgia Business Corporation Code.

If the merger is approved at the Savannah River special shareholders' meeting, Savannah River will deliver, no later than 10 days after the special shareholders' meeting, a written dissenters' notice to all Savannah River shareholders who satisfied the two requirements set forth above. The written dissenters' notice will state where the payment demand must be sent and where and when stock certificates must be deposited and will set a date by which Savannah River must receive the payment demand, which date will not be less than 30 or more than 60 days after the written dissenters' notice is delivered. A dissenting shareholder who does not demand payment or deposit his or her share certificate as required by the dissenters' notice will not be entitled to payment for his or her shares, and such shareholder's shares of Savannah River common stock will be converted into the right to receive the merger consideration in connection with the merger.

Within 10 days of the later of the date of the merger or receipt of a payment demand, Savannah River will by written notice offer to pay to each dissenting shareholder who properly demanded payment the amount Savannah River estimates to be the fair value of his or her shares, plus accrued interest. If the shareholder accepts the offer by written notice with 30 days or fails to respond within 30 days, payment for his or her shares will be made within 60 days after making the offer or the date of the merger, whichever is later. If the shareholder believes that the amount offering is less than the fair value of his shares or that the interest is incorrectly calculated, the shareholder may notify Savannah River in writing of his own estimate of the fair value of his shares and the amount of interest due and demand payment of his estimate. If a demand for payment remains unsettled, Savannah River will commence a court proceeding to determine the fair value of the shares and the accrued interest.

Exercise of dissenters' rights by holders of Savannah River common stock will result in the recognition of gain or loss, as the case may be, for federal income tax purposes.

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**SELECTED CONSOLIDATED FINANCIAL INFORMATION OF FIRST COMMUNITY**

First Community's summary consolidated financial data is presented below as of and for the nine months ended September 30, 2013 and 2012 and as of and for the years ended December 31, 2008 through December 31, 2012. The summary consolidated financial data presented below as of or for the years ended December 31, 2008 through 2012 are derived from First Community's audited consolidated financial statements, which were audited by Elliott Davis, LLC. First Community's audited consolidated balance sheets as of December 31, 2012 and 2011 and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three year period ended December 31, 2012 are included elsewhere in this joint proxy statement/prospectus. First Community's selected consolidated financial data as of and for the nine months ended September 30, 2013 and 2012 have not been audited but, in the opinion of management, contain all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position and the results of operations and cash flows for such periods. First Community's results for the nine months ended September 30, 2013, are not necessarily indicative of First Community's results of operations that may be expected for the year ending December 31, 2013. The following summary consolidated financial data should be read in conjunction with First Community's

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consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this joint proxy/prospectus.

(Dollars in thousands except per share amounts)	As of or For the Nine Months Ended September 30,		As of or For the Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
<b>Balance Sheet Data:</b>							
Total assets	635,924	606,339	\$ 602,925	\$ 593,887	\$ 599,023	\$ 605,827	\$ 650,233
Loans held for sale	2,529	8,685	9,658	3,725			
Loans	345,064	323,534	332,111	324,311	329,954	344,187	332,964
Deposits	508,592	474,465	474,977	464,585	455,344	449,576	423,798
Total common shareholders' equity	52,869	53,528	54,183	36,759	30,762	30,501	57,306
Total shareholders' equity	52,869	54,278	54,183	47,896	41,797	41,440	68,156
Average shares outstanding, basic	5,281	3,780	4,144	3,287	3,262	3,252	3,203
Average shares outstanding, diluted	5,322	3,807	4,172	3,287	3,262	3,252	3,203
<b>Results of Operations:</b>							
Interest income	16,127	17,534	\$ 23,002	\$ 25,526	\$ 27,511	\$ 30,981	\$ 33,008
Interest expense	2,855	4,245	5,428	7,209	9,374	13,104	15,810
Net interest income	13,272	13,289	17,574	18,317	18,137	17,877	17,198
Provision for loan losses	379	416	496	1,420	1,878	3,103	2,129
Net interest income after provision for loan losses	12,893	12,873	17,078	16,897	16,259	14,774	15,069
Non-interest income (loss)	6,167	5,782	7,929	5,710	3,017	3,543	(10,056)
Securities gains (losses)	152	(62)	26	575	827	1,489	(28)
Non-interest expenses	14,719	14,343	19,445	18,401	17,684	16,580	15,539
Impairment of goodwill						27,761	
Income (loss) before taxes	4,493	4,250	5,588	4,781	2,419	(24,535)	(10,554)
Income tax expense (benefit)	1,206	1,303	1,620	1,457	565	696	(3,761)
Net income (loss)	3,287	2,947	3,968	3,324	1,854	(25,231)	(6,793)
Amortization of warrants		557	72	102	96	89	9
Preferred stock dividends, including discount accretion and redemption costs		119	604	568	568	567	62
Net income (loss) available to common shareholders	3,287	2,271	3,292	2,654	1,190	(25,887)	(6,864)
<b>Per Share Data:</b>							
Basic earnings (loss) per common share	0.62	0.60	\$ 0.79	\$ 0.81	\$ 0.36	\$ (7.95)	\$ (2.14)
Diluted earnings (loss) per common share	0.62	0.60	0.79	0.81	0.36	(7.95)	(2.14)
Book value at period end	9.98	10.25	10.37	11.11	9.41	9.38	17.76
Tangible book value at period end	9.87	10.10	10.23	10.83	9.14	8.92	8.50
Dividends per common share	0.16	0.12	0.16	0.16	0.16	0.24	0.32
<b>Asset Quality Ratios:</b>							
Non-performing assets to total assets(4)	1.37%	1.73%	1.45%	2.16%	2.20%	1.38%	0.39%
Non-performing loans to period end loans	1.48%	1.52%	1.44%	1.67%	1.90%	1.50%	0.54%
Net charge-offs to average loans	0.20%	0.13%	0.17%	0.50%	0.54%	0.84%	0.34%
Allowance for loan losses to period-end total loans	1.25%	1.45%	1.39%	1.45%	1.49%	1.41%	1.38%
Allowance for loan losses to non-performing assets	49.62%	44.74%	52.77%	35.83%	37.39%	58.21%	178.53%
<b>Selected Ratios:</b>							
<i>Return on average assets:</i>							
GAAP earnings (loss)	0.71%	0.50%	0.55%	0.44%	0.20%	(3.90)%	(1.10)%
Operating earnings(3)	0.71%	0.50%	0.55%	0.44%	0.20%	0.39%	0.48%
<i>Return on average common equity:</i>							
GAAP earnings (loss)	8.14%	7.35%	7.40%	7.98%	3.73%	(49.66)%	(11.11)%
Operating earnings (loss)(3)	8.14%	7.35%	7.40%	7.98%	3.73%	4.98%	4.82%
<i>Return on average tangible common equity:</i>							
GAAP earnings (loss)	8.24%	7.50%	7.55%	8.16%	3.87%	(89.13)%	(21.60)%
Operating earnings (loss)(3)	8.24%	7.50%	7.55%	8.16%	3.87%	8.94%	9.37%
Efficiency Ratio(1)	74.45%	73.70%	74.82%	75.55%	73.07%	73.47%	72.74%
Noninterest income to operating revenue(2)	32.26%	30.09%	31.16%	25.55%	17.48%	21.97%	19.78%
Net interest margin	3.08%	3.21%	3.17%	3.33%	3.26%	3.10%	3.16%
Equity to assets	8.31%	8.95%	8.99%	8.06%	6.97%	6.84%	10.48%
Tangible common shareholders' equity to tangible assets	8.23%	8.71%	8.88%	6.04%	5.00%	4.80%	4.42%
Tier 1 risk-based capital	17.29%	17.86%	17.33%	15.33%	13.73%	12.41%	12.58%
Total risk-based capital	18.40%	19.80%	18.58%	17.25%	14.99%	13.56%	13.73%
Leverage	10.64%	10.56%	10.63%	9.40%	8.79%	8.41%	8.28%
Average loans to average deposits(5)	69.28%	70.17%	70.33%	70.59%	73.53%	76.99%	75.45%

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- (1) The efficiency ratio is a key performance indicator in First Community's 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.
- (2) Operating revenue is defined as net interest income plus noninterest income, excluding OTTI related to the write-down of FHLMC preferred shares in 2008.
- (3) Constitutes a non-GAAP financial measure. Please see "Reconciliation of Non-GAAP Financial Measures" below.
- (4) Includes non-accrual loans, loans > 90 days delinquent and still accruing interest and OREO.
- (5) Includes loans held for sale.

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**Reconciliations**

The following is a reconciliation for the nine months ended September 30, 2013 and 2012 and the five years ended December 31, 2012, of net income (loss) as reported for generally accepted accounting principles ("GAAP") and the non-GAAP measure referred to throughout our discussion of "operating earnings."

(Dollars in thousands)	September 30,			December 31,			
	2013	2012	2012	2011	2010	2009	2008
Net income (loss), as reported (GAAP)	\$ 3,287	\$ 2,947	\$ 3,968	\$ 3,324	\$ 1,854	\$ (25,231)	\$ (6,793)
Add: Income tax expense (benefit)	1,206	1,303	1,620	1,457	565	696	(3,761)
	4,493	4,250	5,588	4,781	2,419	(24,535)	(10,554)
Non-operating items:							
Goodwill impairment charge						27,761	
Other-than-temporary-impairment on FHLMC preferred shares							14,325
Pre-tax operating earnings	4,493	4,250	5,588	4,781	2,419	3,226	3,771
Related income tax expense	1,206	1,303	1,620	1,457	565	696	825
Operating earnings, (net income, excluding non operating items)	\$ 3,287	\$ 2,947	\$ 3,968	\$ 3,324	\$ 1,854	\$ 2,530	\$ 2,946

The following is a reconciliation for the nine months ended September 30, 2013 and 2012 and the five years ended December 31, 2012, of non-interest income (loss) as reported for GAAP and the non-GAAP measure referred to throughout our discussion regarding non-interest income (loss).

(Dollars in thousands)	September 30,			December 31,			
	2013	2012	2012	2011	2010	2009	2008
Non-interest income (loss), as reported (GAAP)	\$ 6,319	\$ 5,720	\$ 7,955	\$ 6,285	\$ 3,844	\$ 5,032	\$ (10,084)
Non-operating items:							
Other-than-temporary-impairment charge							14,325
Operating non-interest income	\$ 6,319	\$ 5,720	\$ 7,955	\$ 6,285	\$ 3,844	\$ 5,032	\$ 4,241

The following is a reconciliation for the nine months ended September 30, 2013 and 2012 and the five years ended December 31, 2011, of non-interest expense as reported for GAAP and the non-GAAP measure referred to throughout our discussion regarding non-interest expense.

(Dollars in thousands)	September 30,			December 31,			
	2013	2012	2012	2011	2010	2009	2008
Non-interest expense, as reported (GAAP)	\$ 14,719	\$ 14,343	\$ 19,445	\$ 18,401	\$ 17,684	\$ 44,341	\$ 15,539
Non-operating items:							
Impairment of goodwill						27,761	
Operating non-interest expense	\$ 14,719	\$ 14,343	\$ 19,445	\$ 18,401	\$ 17,684	\$ 16,580	\$ 15,539

First Community's management believes that the non-GAAP measures above are useful because they enhance the ability of investors and management to evaluate and compare the operating results from period to period in a meaningful manner. These non-GAAP measures should not be considered as an alternative to any measure of performance as promulgated under GAAP, and investors should consider the OTTI charges in the second and third quarter of 2008 when assessing the performance of First Community. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of First Community's results as reported under GAAP.





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**SELECTED CONSOLIDATED FINANCIAL INFORMATION OF SAVANNAH RIVER**

Savannah River's summary consolidated financial data is presented below as of and for the nine months ended September 30, 2013 and 2012 and as of and for the years ended December 31, 2008 through December 31, 2012. The summary consolidated financial data presented below as of or for the years ended December 31, 2008 through 2012 are derived from Savannah River's audited consolidated financial statements, which were audited by Elliott Davis, LLC. Savannah River's audited consolidated balance sheets as of December 31, 2012 and 2011 and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the two year period ended December 31, 2012 are included elsewhere in this joint proxy statement/prospectus. Savannah River's selected consolidated financial data as of and for the nine months ended September 30, 2013 and 2012 have not been audited but, in the opinion of management, contain all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position and the results of operations and cash flows for such periods. Savannah River's results for the nine months ended September 30, 2013, are not necessarily indicative of Savannah River's results of operations that may be expected for the year ending December 31, 2013. The following summary consolidated financial data should be read in conjunction with Savannah River's

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consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this joint proxy/prospectus.

(Dollars in thousands except per share data)	As of or For the Nine Months Ended September 30,		As of or For the Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
<b>Balance Sheet Data:</b>							
Total assets	157,356	152,595	162,580	157,723	147,226	116,646	93,518
Loans held for sale		330	112	195			
Loans	110,630	102,279	111,897	99,509	96,287	87,568	57,224
Deposits	117,892	120,316	126,440	121,310	112,799	82,600	64,895
Total shareholders' equity	29,576	29,252	29,226	28,756	27,666	27,577	28,066
Average share outstanding, basic	3,000,400	3,000,400	3,000,400	3,000,400	3,000,254	3,000,000	3,000,000
Average share outstanding, diluted	3,000,400	3,000,400	3,000,400	3,000,400	3,000,254	3,000,000	3,000,000
<b>Results of Operations:</b>							
Interest income	4,594	4,504	6,007	6,143	5,614	4,512	3,010
Interest expense	505	732	921	1,471	1,623	1,507	1,153
Net interest income	4,089	3,772	5,086	4,672	3,991	3,005	1,857
Provision for loan losses	227	302	583	250	229	514	446
Net interest income after provision for loan losses	3,862	3,470	4,503	4,422	3,762	2,491	1,411
Non-interest income	297	269	361	244	260	145	86
Gain (loss) on sale of other real estate owned							
Securities gains (losses)		109	109				
Impairment on nonmarketable equity securities						(72)	(100)
Non-interest expenses	3,087	3,418	4,337	3,962	3,927	3,707	3,577
Income (loss) before taxes	1,072	430	636	704	95	(1,143)	(2,180)
Income tax expense (benefit)	400	219	397	418	191	(309)	(661)
Net income (loss)	672	211	239	286	(96)	(834)	(1,519)
<b>Per Share Data:</b>							
Basic earnings (loss) per common share	\$ 0.22	\$ 0.07	\$ 0.08	\$ 0.10	\$ (0.03)	\$ (0.28)	\$ (0.51)
Diluted earnings (loss) per common share	0.22	0.07	0.08	0.10	(0.03)	(0.28)	(0.51)
Book value at period end	9.86	9.75	9.74	9.58	9.22	9.19	9.36
Tangible book value at period end	9.86	9.75	9.74	9.58	9.22	9.19	9.36
Dividends per common share							
<b>Asset Quality Ratios:</b>							
Non-performing assets to total assets	0.66%	0.12%	0.78%	0.07%	0.02%	0.00%	0.00%
Non-performing loans to period end loans	0.81%	0.12%	1.07%	0.11%	0.03%	0.00%	0.00%
Net charge-offs to average loans	-0.01%	0.04%	0.27%	0.04%	0.05%	0.01%	0.00%
Allowance for loan losses to period-end total loans	1.92%	1.80%	1.69%	1.60%	1.45%	1.39%	1.25%
Allowance for loan losses to non-performing assets	207.03%	1516.68%	158.53%	1434.51%	4158.82%	N/A	N/A
<b>Selected Ratios:</b>							
Return on average assets:	0.57%	0.18%	0.15%	0.19%	-0.07%	-0.77%	-2.06%
Return on average common equity:	3.05%	0.97%	0.82%	1.02%	-0.35%	-3.01%	-4.98%
Efficiency Ratio	70.38%	82.36%	78.06%	80.59%	92.38%	115.05%	175.09%
Noninterest income to operating revenue	6.77%	6.66%	6.63%	4.96%	6.12%	4.60%	4.43%
Net interest margin	3.77%	3.55%	3.58%	3.43%	3.41%	3.14%	3.14%
Equity to assets	18.80%	18.65%	17.98%	18.23%	18.79%	23.64%	30.01%
Tier 1 risk-based capital	22.29%	20.66%	22.43%	24.00%	21.06%	26.11%	38.33%
Total risk-based capital	23.52%	21.67%	23.66%	25.22%	22.17%	27.32%	39.26%
Leverage	18.76%	18.35%	18.19%	18.22%	18.12%	22.47%	29.01%
	93.41%	85.42%	85.89%	87.25%	99.56%	96.37%	100.09%

Average loans to average  
deposits

20

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial information is based upon the assumptions that: (i) the total number of shares of Savannah River common stock outstanding immediately prior to the completion of the merger will be 3,000,400, (ii) none of the holders of Savannah River common stock will exercise their dissenters' rights; and (iii) all of the outstanding warrants and options to acquire shares of Savannah River common stock are cashed out in connection with the merger.

Additionally, the following unaudited pro forma condensed combined financial information assumes that the Average FCCO Stock Price is \$10.35, which was the closing price of First Community common stock on December 24, 2013. Accordingly, applying the assumptions listed above, 1,200,160 shares of Savannah River common stock are assumed to be converted in the merger into the right to receive 1.0628 shares of First Community common stock, plus cash in lieu of any fractional shares, resulting in an aggregate of approximately 1,275,530 shares of First Community common stock to be issued in connection with the merger.

The following unaudited pro forma condensed combined financial information and explanatory notes show the impact on the historical financial positions and results of operations of First Community and have been prepared to illustrate the effects of the merger involving First Community and Savannah River under the acquisition method of accounting with First Community treated as the acquirer. Under the acquisition method of accounting, the assets and liabilities of Savannah River, as of the effective date of the merger, will be recorded by First Community at their respective fair values and the excess of the merger consideration over the fair value of Savannah River's net assets will be allocated to goodwill.

The unaudited pro forma condensed combined financial information combines the historical financial information of First Community and Savannah River as of and for the nine-month period ended September 30, 2013 and for the year ended December 31, 2012, and has been derived from and should be read in conjunction with the audited and unaudited financial statements of First Community and Savannah River included in this joint proxy statement/prospectus. The unaudited pro forma condensed consolidated balance sheet gives effect to the merger as if the merger had been consummated on September 30, 2013. The unaudited pro forma consolidated statements of income dated as of September 30, 2013 and December 31, 2012 give effect to the merger as if the merger had been consummated on January 1, 2012.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The adjustments included in these unaudited pro forma condensed financial statements are preliminary and may be revised. The unaudited pro forma condensed combined financial information also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors.

In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the pro forma allocation of purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Adjustments may include, but not be limited to, changes in (i) SRFC's balance sheet through the effective time of the merger; (ii) the aggregate value of merger consideration paid if the price of First Community's stock varies from the assumed \$10.35 per share; (iii) total merger related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

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In December 2007, the Financial Accounting Standards Board issued Statement of Financial Standards (SFAS) No. 141(R) (ASC Topic 805) (ASC Topic 805), which replaced SFAS 141, "Business Combinations," for periods beginning on or after December 15, 2008, but retains the fundamental requirements in SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination.

ASC Topic 805 revises the definition of the acquisition date as the date the acquirer obtains control of the acquiree. This is typically the closing date and is used to measure the fair value of the consideration paid. When the acquirer issues equity instruments as full or partial payment for the acquiree, the fair value of the acquirer's equity instruments will be measured at the acquisition date, rather than an earlier measurement date that was required under prior accounting guidance. Under ASC Topic 805 all loans are transferred at fair value, including adjustments for credit and no allowance is carried over. Transaction costs are excluded from the acquisition accounting. They are instead accounted for under other generally accepted accounting principles, which may mean the costs are expensed as incurred (e.g., due diligence costs), or, to the extent applicable, treated as a cost of issuing equity securities. ASC Topic 805 requires costs associated with restructuring or exit activities that do not meet the recognition criteria in ASC Topic 420 as of the acquisition date to be subsequently recognized as post-combination costs when those criteria are met.

ASC Topic 805 also retains the accounting guidance for identifying and recognizing intangible assets separately from goodwill. However, ASC Topic 805's scope is broader than that of prior accounting guidance, which applied to only business combinations in which control was obtained by transferring consideration. The application of ASC Topic 805 was considered in arriving at the unaudited pro forma results in the tables provided below, including the tabular presentation immediately below, which cross-references the required disclosures under ASC Topic 805.

Table of Contents**Pro-Forma Condensed Combined Financial Information (Unaudited)****Pro-Forma Condensed Consolidated Balance Sheet**

As of September 30, 2013

(Dollars in thousands except per share data)	Historical		Pro-Forma before Adjustments	Pro-Forma Adjustments		Pro-Forma after Adjustments
	First Community Corporation	Savannah River Financial Corporation				
<b>ASSETS</b>						
Cash and due from banks	\$ 20,324	\$ 3,672	\$ 23,996	\$ (22,145)	A	\$ 1,851
Federal Funds Sold & Sec Pur U/A	626	3,913	4,539			4,539
Certificates of Deposit		2,305	2,305			2,305
Investment Securities:						
Available for Sale	228,443	23,885	252,328			252,328
Other, at cost	2,269	612	2,881			2,881
Total Investment Securities	230,712	24,497	255,209			255,209
Loans held for sale	2,529		2,529			2,529
Loans	345,064	112,792	457,856	(1,643)	B	456,213
Less, Allowance for loan losses	(4,323)	(2,161)	(6,484)	2,161	C	(4,323)
Net loans	340,741	110,631	451,372	518		451,890
Premises and Equipment Net	17,025	7,778	24,803			24,803
Other real estate owned	3,607	127	3,734			3,734
Intangibles	32		32	1,245	E	1,277
Goodwill	571		571	2,841	D	3,412
Accrued Int Receivable	2,011	402	2,413			2,413
Other Assets	17,746	4,030	21,776	(103)	F	21,673
Total Assets	635,924	157,355	793,279	(17,644)		775,635
<b>LIABILITIES &amp; CAPITAL</b>						
Deposits:						
Non-interest Bearing	106,078	10,128	116,206			116,206
NOW and money market	185,767	81,646	267,413			267,413
Savings	51,307	294	51,601			51,601
Time deposits	165,440	25,824	191,264	118	G	191,382
Total Deposits	508,592	117,892	626,484	118		626,602
Cash Mgmt Repo Agrmnts	17,076		17,076			17,076
Total Deposits and Cash Mgmt	525,668	117,892	643,560	118		643,678
Other Borrowed Money	49,794	9,309	59,103			59,103
Accrued Interest Payable	674	156	830			830
Other Liabilities	6,919	423	7,342			7,342
Total Liabilities	583,055	127,780	710,835	118		710,953
<b>CAPITAL</b>						
Preferred Stock						
Common Stock	5,296	3,000	8,296	(3,000)	H	6,572
				1,276	H	
Common Stock warrants issued	50		50			50
Surplus	62,179	28,639	90,818	(28,639)	H	74,105
				11,926	H	
Restricted stock	(518)		(518)			(518)

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Undivided Profit	(12,460)	(2,317)	(14,777)	2,317	H	(13,849)
				(1,389)	A	
Accumulated other comprehensive income	(1,678)	253	(1,425)	(253)	H	(1,678)
Total Capital	52,869	29,575	82,444	(17,762)		64,682
Total Liabilities & Capital	635,924	157,355	793,279	(17,644)		775,635
Number of common shares outstanding	5,296,288	3,000,400		1,724,870		6,571,818
Total book value per common share	\$ 9.98	\$ 9.86				\$ 9.84

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Table of Contents**Pro Forma Condensed Combined Financial Information (Unaudited)****Pro Forma Condensed Consolidated Statements of Income****For the Nine Months Ended September 30, 2013**

(Dollars in thousands except per share data)	Historical		Pro-Forma Before Adjustments	Pro-Forma Adjustments		Pro-Forma After Adjustments
	First Community Corporation	Savannah River Financial Corporation				
Loan interest	\$ 13,202	\$ 4,205	\$ 17,407	315	I	\$ 17,628
				(94)	I	
Taxable investment securities	2,096	350	2,446			2,446
Tax exempt investment securities	780		780			780
Other	49	39	88			88
Total interest income	16,127	4,594	20,721	221		20,942
Interest on deposits	1,395	444	1,839	(23)	J	1,816
Interest on borrowed money	1,460	60	1,520			1,520
Total interest expense	2,855	504	3,359	(23)		3,336
Net interest income	13,272	4,090	17,362	244		17,606
Provision for loan losses	379	227	606		K	606
Net interest income after provision for loan losses	12,893	3,863	16,756	244		17,000
Non-interest income:						
Deposit service charges	1,115	56	1,171			1,171
Mortgage origination fees	2,968	104	3,072			3,072
Investment Fees	695		695			695
Other	1,541	137	1,678			1,678
Total non-interest income	6,319	297	6,616			6,616
Non-interest expense:						
Salaries and employee benefits	8,934	1,853	10,787			10,787
Occupancy	1,023	287	1,310			1,310
Equipment	907	141	1,048			1,048
Marketing	311	51	362			362
Legal and Professional	389	62	451			451
FDIC Assessments	309	74	383			383
Other real estate expense	395		395			395
Amortization of intangibles	128		128	133	L	261
Other	2,323	620	2,943			2,943
Total non-interest expense	14,719	3,088	17,807	133		17,940
Net income before tax	4,493	1,072	5,565	111		5,676
Income taxes	1,206	400	1,606	39	M	1,645
Net income	\$ 3,287	\$ 672	\$ 3,959	\$ 72		\$ 4,031
Earnings per common share	\$ 0.62	\$ 0.22				\$ 0.61
Diluted earnings per common share	\$ 0.62	\$ 0.22				\$ 0.61
Average common shares outstanding	5,294,736	3,000,400		1,724,870		6,570,266
	5,340,837	3,000,400		1,724,870		6,616,367

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Diluted average common shares  
outstanding

<b>Comprehensive Income:</b>					
Net income	3,287	672	3,959	72	4,031
Other comprehensive income (loss), net of tax	(4,036)	(335)	(4,371)		(4,371)
Comprehensive income	\$ (749)	\$ 337	\$ (412)	72	\$ (340)

Table of Contents**Pro-Forma Condensed Combined Financial Information (Unaudited)****Pro-Forma Condensed Consolidated Statements of Income****For the Year Ended December 31, 2012**

(Dollars in thousands except per share data)	Historical		Pro-Forma Before Adjustments	Pro-Forma Adjustments		Pro-Forma After Adjustments
	First Community Corporation	Savannah River Financial Corporation				
Loan interest	\$ 18,361	\$ 5,384	\$ 23,745	420	I	\$ 24,040
				(125)	I	
Taxable investment securities	3,832	581	4,413			4,413
Tax exempt investment securities	725		725			725
Other	84	42	126			126
Total interest income	23,002	6,007	29,009	295		29,304
Interest on deposits	3,122	834	3,956	(30)	J	3,926
Interest on borrowed money	2,306	87	2,393			2,393
Total interest expense	5,428	921	6,349	(30)		6,319
Net interest income	17,574	5,086	22,660	325		22,985
Provision for loan losses	496	583	1,079		K	1,079
Net interest income after provision for loan losses	\$ 17,078	\$ 4,503	\$ 21,581	\$ 325		\$ 21,906
Non-interest income:						
Deposit service charges	1,562	78	1,640			1,640
Mortgage origination fees	4,242	186	4,428			4,428
Investment fees	651		651			651
Other	1,500	206	1,706			1,706
Total non-interest income	7,955	470	8,425			8,425
Non-interest expense						
Salaries and employee benefits	11,152	2,433	13,585			13,585
Occupancy	1,358	372	1,730			1,730
Equipment	1,168	199	1,367			1,367
Marketing	478	114	592			592
Legal and professional	745	90	835			835
FDIC assessments	597	121	718			718
Other real estate expense	1,010		1,010			1,010
Amortization of intangibles	204		204	177	L	381
Other	2,733	1,008	3,741			3,741
Total non-interest expense	19,445	4,337	23,782	177		23,959
Net income before tax	5,588	636	6,224	148		6,372
Income taxes	1,620	397	2,017	52	J	2,069
Net income	\$ 3,968	\$ 239	\$ 4,207	\$ 96		\$ 4,303
Preferred stock dividends	557		557			557
Preferred stock redemption cost	119		119			119

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Net income available to common shareholders	\$	3,292	\$	239	\$	3,531	\$	96	\$	3,627
Earnings per common share	\$	0.79	\$	0.08					\$	0.67
Diluted earnings per common share	\$	0.79	\$	0.08					\$	0.67
Average common shares outstanding		4,143,609		3,000,400		1,724,870		5,419,139		
Diluted average common shares outstanding		4,171,630		3,000,400		1,724,870		5,447,160		
<b>Comprehensive income:</b>										
Net income	\$	3,968	\$	239	\$	4,207	\$	96	\$	4,303
Other comprehensive income, net of tax		1,029		52		1,081				1,081
Comprehensive income	\$	4,997	\$	291	\$	5,288	\$	96	\$	5,384

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**Notes to the Unaudited Pro Forma Condensed Combined Financial Information**

**Note 1 Basis of Presentation**

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting. Balance sheet data is presented as of September 30, 2013 and assumes the merger involving First Community and Savannah River was completed on that date. Income statement data is presented to give effect to the merger as if it had occurred on January 1, 2012. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations or financial position had the merger been consummated at the beginning of the period presented, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined entities. Certain historical financial information has been reclassified to conform to the current presentation. The merger, which is currently expected to be completed in the first quarter of 2014, provides that 40% of the outstanding non-dissenting shares of Savannah River common stock will be exchanged for shares of First Community common stock and 60% of the outstanding non-dissenting shares of Savannah River common stock will be exchanged for cash, and is subject to satisfaction of customary closing conditions, including First Community and Savannah River shareholder approval and regulatory approvals.

The unaudited pro forma condensed combined financial information includes preliminary estimated adjustments to record assets and liabilities of Savannah River at their respective fair values and represents management's estimates based on available information. The pro forma adjustments included herein are subject to updates as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after completion of thorough analyses to determine the fair value of Savannah River's tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimated fair values of the net assets, commitments, executory contracts, and other items of Savannah River as compared with the information shown in the unaudited pro forma condensed combined financial information may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to Savannah River's shareholders' equity including results of operations from October 1, 2013 through the date the merger is completed will also change the amount of goodwill recorded.

**Note 2 Accounting Policies and Financial Statement Classifications**

The accounting policies of both First Community and Savannah River are in the process of being reviewed in detail. Upon completion of such review, conforming adjustments or financial statement reclassifications may be determined. There are currently no material transactions between First Community and Savannah River in relation to the unaudited pro forma condensed combined financial information.

**Note 3 Merger Related Charges**

In connection with the merger, the plan to integrate First Community's and Savannah River's operations is anticipated to occur at the time of closing. The total merger related costs have been preliminarily estimated to be approximately \$1.8 million (\$1.4 million after tax) and are included in the unaudited pro forma condensed consolidated balance sheet in accordance with disclosure guidelines. These estimates are based on current managerial assumptions regarding the operations and activities of the combined companies. The specific details of these plans will continue to be refined over the next several months as business units and functional areas from First Community and Savannah River work together to finalize their operating models. This effort is designed to assess the two companies' product

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offerings, organizational structure, operating platforms information technology, distribution network, operating policies and procedures, employee benefit plans, supply chain methodologies, and service contracts to determine optimum strategies to serve customers and realize cost savings. Management is unable to determine the exact period over which merger costs will be recognized until this integration planning is completed. However, management anticipates realizing substantially all of the \$1.8 million in merger costs estimated above at consummation. The following table provides a breakdown of the estimated merger related charges.

	Estimated Merger Related Charges			Estimated Timing of Recognition
	Total	Actual Through September 30, 2013	Remaining	
Employee-related expense	\$ 646	\$	\$ 646	At or near merger consummation
Technology & operations integration	404	65	339	At or near merger consummation
Legal and professional fees	310	7	303	At or near merger consummation
Investment banking fees	375		375	At merger consummation
Other merger related expense	110	26	84	Within 3 - 6 months of merger consummation
	\$ 1,845	\$ 98	\$ 1,747	

**Note 4 Pro Forma Adjustments**

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial information. All adjustments are based on current assumptions and valuations which are subject to change.

**Balance Sheet Adjustments**

A.

Cash was adjusted to reflect the payment of cash merger consideration of an estimated \$19.8 million, estimated remaining merger-related expenses of \$1.7 million and the cash out of outstanding stock options and warrants in the approximate amount of \$500 thousand, held by Savannah River directors and employees (which is assumed to occur at closing prior to any income statement effect, and is therefore offset by a corresponding reduction in additional paid-in-capital of \$1.4 million).

B.

First Community identified \$1.6 million in net preliminary estimated fair value adjustments to Savannah River's loan portfolio during due diligence. This includes a \$2.1 million credit to reflect the estimated credit portion of the fair value adjustment and a net \$438 thousand increase to reflect estimated fair value based upon current interest rates for similar loans, both as required under ASC Topic 805. First Community engaged a third-party advisor to assist in determining the credit adjustments. Actual fair value adjustments may be revised based upon existing exposures, market conditions or other factors at the time of merger.

The interest rate portion of the fair value adjustment (\$438 thousand) was determined by comparing the pricing on Savannah River's existing loan exposures to current market interest rates. Exposures were analyzed based on loan type, risk rating and maturity. Market benchmarks were created based on the advisor's proprietary data, adjusted by management input for current local market conditions. This adjustment will be amortized into income over the estimated lives of these loans. Estimated amortization in the pro forma was determined using the level yield method.

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The credit portion of the fair value adjustment (\$2.1 million) was determined by estimating remaining loss content in the loan portfolio as required under ASC Topic 805. This amount is an estimate of the contractual cash flows not expected to be collected over the estimated lives of these loans as determined by First Community during due diligence. The scope of this due diligence, which was conducted as of July 18, 2013, included approximately \$118.2 million in total loans, of which \$72.8 million, or 64%, were evaluated through individual file reviews, \$46.4 million, or 36%, through quantitative modeling. Individual file reviews included evaluation of factors such as a borrower's balance sheet strength, earnings capability, cash flow generation, collateral value and, if applicable, guarantor strength. Quantitative modeling included evaluation of roll rate analysis and estimates of probability of default and loss given default. Both approaches represent First Community's judgment regarding the potential credit losses in Savannah River's loan portfolio based upon assumptions regarding potential migration of Savannah River's loan portfolio in future periods and assumptions regarding potential disposition strategies for problem assets.

During due diligence, First Community engaged a third-party advisor to evaluate the loan portfolio. As part of this due diligence, loans were initially segregated into loan type. Within each loan type, loans were further segregated and evaluated by performance characteristics, such as loan grade and payment status (i.e. 30-, 60-, 90-days+ past due and non-accruals). Through this evaluation, approximately \$3.0 million of loans were determined to be purchased impaired (loans for which it is probable, at acquisition, that the acquirer will be unable to collect all contractually acquired payments). A breakdown of estimated purchase impaired and non-purchase impaired loans by type is shown below based on loan balances as of September 30, 2013:

Loan Type	Purchased Impaired	Purchased Non-Impaired	Total Loans
Construction and development	1,368	13,225	\$ 14,593
1 - 4 Family Closed End First Lien		21,506	21,506
Home Equity and Second Mortgage		6,429	6,429
Owner Occupied Commercial Real Estate	769	17,676	18,445
Non-Owner Occupied Commercial Real Estate	858	30,200	31,058
Multi-Family		136	136
Commercial and Industrial		19,712	19,712
All Other Loans		913	913
	\$ 2,995	\$ 109,797	\$ 112,792

The \$3.0 million of loans estimated to be purchase impaired fall within the scope of ASC 310-30, which provides recognition, measurement and disclosure guidance for loans acquired with evidence of deteriorated credit quality since origination for which it is probable, at acquisition, that the acquirer will be unable to collect all contractually required payments. Approximately \$610 thousand, or 29%, of the total \$2.1 million estimated credit portion of the fair value adjustment relates to purchase impaired loans. This adjustment results in a preliminarily estimated fair value of purchase impaired loans at acquisition of \$2.4 million, representing the estimated collectible principal balance of these loans. The estimated annual contractually required interest payments on these purchase impaired loans total \$185 thousand, none of which is expected to be collected.

The final determination of whether acquired loans are to be accounted for as purchase impaired under ASC 310-30 must be made at acquisition on either a loan-by-loan or loan-pool-by-loan-pool basis. The excess of cash flows expected to be collected over the carrying value of such loans is referred to as the accretible yield and is recognized in interest income using an effective yield method over the remaining life of the loan, or the pool of loans. The accretible yield may be affected by changes in interest rate indices, changes in prepayment assumptions and/or changes in

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the collectability of principal or interest payments that cause actual cash flows to differ from expected cash flows. First Community has assumed no income (accrutable yield) from any loan estimated to be subject to ASC 310-30 in this Unaudited Pro Forma Condensed Combined Financial Information.

The estimate of contractual cash flows resulting from First Community's due diligence, including both the estimated interest rate portion and credit portion of the total \$1.6 million fair value adjustment, differs from the allowance for loan losses under ASC Topic 450 using the incurred loss model, which estimated probable loan losses incurred as of the balance sheet date. Under the incurred loss model, losses expected as a result of future events are not recognized. When using the expected cash flow approach, these losses are considered in the valuation. Further, when estimating the present value of expected cash flows, the loans are discounted using an effective interest rate, which is not considered in the incurred loss method. Output included an estimate both of loans with evidence of deteriorated credit quality since origination and of potential credit losses.

- C. Savannah River's existing allowance for loan losses was eliminated to reflect accounting guidance.
- D. As described in Note 5 Preliminary Purchase Accounting Allocation in the accompanying notes, based on management's estimates of adjustments to reflect assets acquired and liabilities assumed at fair value, the aggregate purchase price to be paid by First Community, assuming a price per share of First Community common stock of \$10.35, will result in approximately \$2.8 million in preliminary goodwill in connection with the merger. Management believes this estimated goodwill appropriately reflects the potential contribution of Savannah River to the First Community franchise as a strong business and cultural fit.
- E. Intangible assets were adjusted by a net \$1.2 million to reflect estimated core deposit intangible.
- F. Estimated deferred tax asset/liabilities arising from the credit quality fair value adjustment on loans and other fair value adjustments of assets and liabilities and estimated tax benefits related to deductible merger related expenses. Estimated deferred taxes were calculated at the estimated consolidated statutory tax rate of 35%.
- G. Time deposits were adjusted by an estimated \$0.1 million credit for fair value adjustments on deposits at current market rates for similar products. This adjustment will be amortized into income over the estimated lives of the deposits. Estimated amortization in the pro forma was computed using the sum-of-the-years-digits method, which approximates the level yield method.
- H. Shareholders equity was adjusted by a net \$16.4 million before estimated expenses of \$1.4 million to reflect (i) an estimated \$13.2 million credit for the equity component of merger consideration, and (ii) an estimated \$29.6 million debit to eliminate historical shareholders' equity of Savannah River pursuant to ASC 805. Historic shareholders' equity has been eliminated and consolidated shareholders' equity has been adjusted to reflect First Community's estimated capitalization of Savannah River. The pro forma adjustments reflect that 40% of the total outstanding non-dissenting shares of Savannah River common stock will be exchanged for 1.0628 shares of First Community common stock and the remaining 60% of the outstanding non-dissenting shares will be exchanged for cash at a price of \$11.00 per share. Based on these assumptions, the pro forma adjustments reflect the issuance of approximately 1,275,530 shares of First Community common stock with an aggregate value of \$13.2 million, at \$10.35 per share.



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**Income Statement Adjustments**

*(For the year ended December 31, 2012 and the nine months ended September 30, 2013, assuming the transaction had been consummated on January 1, 2012.)*

- I. Interest income from loans has been adjusted to estimate the loss of income from nonperforming loans (debit) and the amortization of the acquisition accounting adjustment related to current interest rates (debit).
- J. Interest expense from deposits has been adjusted to estimate the amortization of the acquisition accounting adjustment related to current interest rates.
- K. The provision for loan losses of \$583 thousand as of December 31, 2012 and \$147 thousand as of September 30, 2013 represent the historical provisions for Savannah River for the twelve-month and nine -month periods then ended, respectively. Management expects that future provision expense related to Savannah River's loan portfolio will be less than last year's results given that loans will be recorded at fair market value, taking into consideration estimated remaining loss content as discussed in Note B above, at the time of the merger. Any provision expense (or loss accruals) recognized after the merger closes shall reflect only those losses incurred by First Community after acquisition, rather than losses either incurred by Savannah River or estimated by First Community as described above. For loans subject to ASC 310-30, any such loss accrual would represent the subsequent decrease, if any, in the estimate of cash flows expected to be collected from such loans after acquisition.
- L. Intangible amortization expense has been adjusted to estimate the amortization of incremental identifiable intangible assets recognized (debit).
- M. Income-tax expense reflects adjustment to estimated consolidated effective tax rate of 35.0%.

**Note 5 Preliminary Purchase Accounting Allocation**

The unaudited pro forma condensed combined financial information reflects the issuance of approximately 1,275,530 shares of First Community common stock totaling approximately \$13.2 million as well as cash consideration of approximately \$19.8 million. The merger will be accounted for using the acquisition method of accounting; accordingly First Community's cost to acquire Savannah River will be allocated to the assets (including identifiable intangible assets) and liabilities of Savannah River at their respective estimated fair values as of the merger date. Accordingly, the pro forma purchase price was preliminarily allocated to the assets acquired and the liabilities assumed based on their estimated fair values as summarized in the following table.

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(Dollars in thousands except per share data)	September 30, 2013
<b>Pro Forma Purchase Price</b>	
Savannah River Financial Corporation	
Common stock outstanding as of September 30, 2013	3,000,400
First Community Corporation closing price on December 24, 2013(1)	\$ 10.35
40% Stock consideration	
Savannah River Financial Corporation common stock (3,000,400* .40)	1,200,160
Exchange ratio(2)	1.0628
Total common shares of First Community Corporation issued	1,275,530
Value of First Community common stock issued based on \$10.35 per share	\$ 13,201
Option/Warrants cashed out	500
60% cash consideration (3,000,400* .60* \$11.00)	19,803
Total pro-forma purchase price	\$ 33,504
Preliminary allocation of purchase price:	
Savannah River equity as of September 30, 2013	\$ 29,576
Adjustments to reflect assets acquired and liabilities assumed at fair value:	
Loans	
Credit adjustment	\$ 2,081
Elimination of Savannah River allowance for loan losses	(2,161)
Loan yield adjustment to record loans at fair value	598
Estimated core deposit intangible	1,245
Deposit yield adjustment to record deposits at fair value	(118)
Deferred taxes at 34%	(558)
	30,663
Preliminary pro forma goodwill	\$ 2,841

(1) Assumed closing price

(2) Calculated exchange ratio based on assumed price of more than \$8.48 but less than \$10.36 (\$11.00/\$10.35)

**Note 6 Pro Forma Capital Ratios**

The following table sets forth pro forma capital ratios for the combined company based upon the unaudited pro forma condensed combined financial information as of September 30, 2013:

(Dollars in thousands)	As of September 30, 2013		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Actions Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Risk-Based Capital Ratio	\$ 78,990	15.24%	\$ 41,456	8.00%	\$ 51,821	10.00%
Tier 1 Capital Ratio	74,667	14.41%	20,728	4.00%	31,092	6.00%
Tier 1 Leverage Ratio	74,667	9.69%	30,818	4.00%	38,522	5.00%



Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

The following summary presents per share information for First Community and Savannah River on a historical, pro forma combined and pro forma diluted equivalent basis for the periods and as of the dates indicated below. The pro forma information gives effect to the merger accounted for using the acquisition method of accounting. This information should be read in conjunction with the historical financial statements and related notes and pro forma condensed consolidated financial data included elsewhere in this joint proxy statement/prospectus. The pro forma information should not be relied upon as being indicative of the historical results First Community and Savannah River would have had if the merger had occurred before such periods or the future results that the First Community will experience after the merger.

The pro forma combined income per diluted share has been computed based on the diluted average number of shares of common stock of First Community adjusted for the additional shares to be issued in connection with the acquisition of Savannah River. The merger equivalent income per diluted share of Savannah River is based on the number of shares of First Community common stock into which each share and option of Savannah River common stock will be converted in the merger.

The pro forma combined book value per share is based upon the pro forma combined equity of First Community divided by the pro forma number of outstanding shares of the combined companies as of September 30, 2013. The merger equivalent book value per share of Savannah River is based on the 1,275,530 shares of First Community common stock into which the 3,000,400 shares of Savannah River common stock outstanding as of September 30, 2013 will be converted in the merger. The foregoing assumes that the shares of First Community common stock to be issued will have a value of \$10.35 per share, the closing price per share of First Community common stock as of December 24, 2013 and that 60% of the outstanding non-dissenting shares of Savannah River common stock will be exchanged for cash. The actual price of First Community stock on the date of merger may be different than the price used for the pro forma.

	As of and for the Nine Months Ended September 30, 2013	As of and for the Year Ended December 31, 2012
<b>Net Income (Loss) Per Common Share:</b>		
Earnings per diluted share:		
First Community	\$ 0.62	\$ 0.79
Savannah River	0.22	0.08
Pro Forma Combined	0.61	0.67
First Community merger equivalent(1)	0.65	0.71
<b>Net Book Value Per Common Share (at period end)</b>		
First Community	\$ 9.98	\$ 10.37
Savannah River	9.86	9.74
Pro Forma Combined	9.84	10.15
First Community merger equivalent(1)	10.46	10.79

(1) Calculated by multiplying the pro forma combined amounts by 1.0628.

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**RISK FACTORS**

*If the merger is consummated and you are a Savannah River shareholder, you may receive shares of First Community common stock in exchange for your shares of Savannah River common stock. An investment in First Community common stock is subject to a number of risks and uncertainties, many of which also apply to your existing investment in Savannah River common stock. Risks and uncertainties relating to general economic conditions are not summarized below. Those risks, among others, are highlighted on page 50 under the heading "Cautionary Statement Regarding Forward-Looking Statements."*

*However, there are a number of other risks and uncertainties relating to First Community that you should consider in deciding how to vote on the merger agreement in addition to the risks and uncertainties associated with financial institutions generally. Many of these risks and uncertainties could affect First Community's future financial results and may cause First Community's future earnings and financial condition to be less favorable than First Community's expectations. There are also a number of risks related to the merger that shareholders of both First Community and Savannah River should consider in deciding how to vote on the merger agreement and the share issuance. This section summarizes those risks.*

**Risks Related to the Merger**

***The merger could be taxable to Savannah River shareholders.***

The merger may not qualify as a reorganization under Section 368(a) of the Internal Revenue Code. Qualification as a reorganization is dependent on whether the fair market value of the First Community common stock issued in the merger equals at least 40% of the total consideration (i.e., cash plus the fair market value of First Community's common stock) paid to the Savannah River shareholders in the merger, determined as of the measurement date under Internal Revenue Code rules. The measurement date will not occur until the day of or shortly before the effective date of the merger. Accordingly, First Community and Savannah River may not be able to fully determine whether the reorganization rules and more specifically whether the 40% requirement have been met until after the merger vote occurs. If the merger does not qualify as a reorganization under Section 368(a) of the Code and is therefore characterized as a taxable sale of each Savannah River shareholder's common stock, then the amount of gain or loss that each Savannah River shareholder will recognize as a result of the merger will be equal to the difference between the consideration received by such shareholder in the merger (which will equal the sum of any cash received and the fair market value of any First Community common stock received) and such shareholder's tax basis in the shares of Savannah River common stock surrendered in the merger. Even if the merger qualifies as a reorganization under Section 368(a) of the Code, then Savannah River shareholders generally will recognize gain, but not loss, as a result of the exchange of their Savannah River common stock for a combination of First Community common stock and cash pursuant to the merger in an amount equal to the lesser of: (1) the amount of cash you receive in exchange for your Savannah River common stock in the merger (excluding any cash received in lieu of fractional shares of First Community common stock) and (2) the excess, if any, of (a) the sum of the amount of cash treated as received in exchange for Savannah River common stock in the merger (excluding any cash received in lieu of fractional shares of First Community common stock) plus the fair market value of First Community common stock (including the fair market value of any fractional share) received in the merger, over (b) your tax basis in the Savannah River common stock exchanged. If you acquired different blocks of Savannah River common stock at different times or at different prices, you should consult your individual tax advisor regarding the manner in which gain or loss should be determined. See "Proposal No. 1 The Merger Important Federal Income Tax Consequences" beginning on page 89.

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***First Community and Savannah River shareholders will experience a reduction in percentage ownership and voting power of their shares as a result of the merger.***

First Community shareholders and Savannah River shareholders will experience a substantial reduction in their respective percentage ownership interests and effective voting power relative to their respective percentage ownership interests in First Community and Savannah River compared to their ownership interests and voting power prior to the merger. If the merger is consummated, assuming an Average FCCO Stock Price of \$10.35, which was the closing price of First Community common stock on December 24, 2013, current First Community shareholders will own approximately 80.7% of First Community's outstanding common stock, on a fully diluted basis, and current Savannah River shareholders will own approximately 19.3% of First Community's outstanding common stock, on a fully diluted basis. Accordingly, former Savannah River shareholders will own less than a majority of the outstanding voting stock of the combined company and could, as a result, be outvoted by current First Community shareholders if such current First Community shareholders voted together as a group. Shareholders of both companies will experience a reduction in percentage ownership and voting power of their shares as a result of the merger.

***Because the market price of First Community common stock will fluctuate, Savannah River shareholders cannot be sure of the number of shares or exact value of shares of First Community common stock they will receive.***

Upon completion of the merger, each outstanding share of Savannah River common stock will be converted into the merger consideration consisting of cash, shares of First Community common stock, or a combination of cash and shares of First Community common stock, as provided in the merger agreement. If a Savannah River shareholder receives only cash as merger consideration, the value of the merger consideration that such Savannah River shareholder receives will be independent of any fluctuations in the market price of First Community common stock. If a Savannah River shareholder receives First Community common stock as part or all of the merger consideration, the number of shares that such Savannah River shareholder will receive for each share of Savannah River common stock will depend on the volume weighted average price of First Community common stock on the NASDAQ Capital Market during the 10 consecutive trading days ending on the fifth business day immediately prior to the date on which the effective time of the merger is to occur. The value of such shares of First Community common stock received for each share of Savannah River common stock will depend on the price per share of First Community common stock at the time the shares are actually received by a Savannah River shareholder. The closing price of First Community common stock on the date that the shareholder actually receives the shares of such stock after the merger is completed and the volume weighted average price over the 10 consecutive trading days ending on the fifth business day immediately prior to the date on which the effective time of the merger is to occur may vary from each other, as well as from the closing price of First Community common stock on the date that the First Community and Savannah River announced the merger, on the date that this joint proxy statement/prospectus is being mailed to First Community and Savannah River shareholders, and on the date of the special shareholders' meeting. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in First Community's business, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of the First Community. Accordingly, at the time of the Savannah River special shareholders' meeting, because of the above timing differences Savannah River shareholders will not be able to calculate the number of shares of First Community common stock they may receive upon completion of the merger or the exact value of First Community common stock they may receive upon completion of the merger.

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***The form of merger consideration Savannah River shareholders ultimately receive could be different from the form elected based on the form of merger consideration elected by other Savannah River shareholders.***

All Savannah River shareholders will be permitted to make an election as to the form of consideration to receive. Because the total amount of First Community common stock and cash to be issued in the merger is fixed, the exchange agent will be allowed, subject to limitations set forth in the merger agreement, to adjust the form of consideration that a Savannah River shareholder will receive in order to ensure that 60% of the outstanding non-dissenting shares of Savannah River common stock are converted into cash and 40% of the outstanding non-dissenting shares of Savannah River common stock are converted into shares of First Community common stock. Consequently, if either the stock consideration or the cash consideration is oversubscribed, Savannah River shareholders could receive a different form of consideration from the form they elect.

***Combining the two companies may be more difficult, costly, or time consuming than First Community or Savannah River expects.***

The success of the merger will depend, in part, on First Community's ability to realize the anticipated benefits and cost savings from combining the businesses of First Community and Savannah River. However, to realize these anticipated benefits and cost savings, we must successfully combine the businesses of First Community and Savannah River. If we are not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

First Community and Savannah River have operated, and, until completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each company's ongoing business or inconsistencies in standards, controls, procedures, and policies that would adversely affect First Community's ability to maintain relationships with clients, depositors, and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of First Community and Savannah River during that transition period.

***First Community and Savannah River will incur significant transaction and merger-related integration costs in connection with the merger.***

First Community and Savannah River expect to incur significant costs associated with completing the merger and integrating the operations of the two companies. First Community and Savannah River are continuing to assess the impact of these costs. Although First Community and Savannah River believe that the elimination of duplicate costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***First Community has not previously operated in Aiken, South Carolina and Augusta, Georgia.***

Savannah River's service areas are Aiken, South Carolina and Augusta, Georgia. The banking business in these areas is extremely competitive, and the level of competition may increase further. First Community has not previously participated in these markets, and there may be unexpected challenges and difficulties that could adversely affect First Community following the merger.

***The fairness opinions obtained by Savannah River and First Community from their respective financial advisors will not reflect changes in circumstances between the date of the signing of the merger agreement and the completion of the merger.***

Savannah River has obtained a fairness opinion dated August 13, 2013 from Allen C. Ewing & Co., and First Community has obtained a fairness opinion dated August 13, 2013 from FIG

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Partners LLC, and such opinions have not been updated as of the date of this joint proxy statement/prospectus and will not be updated at the time of the completion of the merger. Changes in the operations and prospects of Savannah River or First Community, general market and economic conditions and other factors that may be beyond the control of Savannah River and First Community, and on which the fairness opinions were based, may alter the value of Savannah River or First Community or the prices of shares of Savannah River common stock or First Community common stock by the time the merger is completed. The fairness opinions do not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed or as of any other date than the date of the opinions. The fairness opinions that Savannah River and First Community received from their respective financial advisors are attached as *Appendix C* and *Appendix D* to this joint proxy statement/prospectus. For a description of the opinions, see "Proposal No. 1 The Merger Opinion of Savannah River's Financial Advisor" and "Proposal No. 1 The Merger Opinion of First Community's Financial Advisor." For a description of the other factors considered by Savannah River's board of directors in determining to approve the merger, see "Proposal No. 1 The Merger Savannah River's Reasons for the Merger; Recommendation of the Savannah River Board of Directors." For a description of the other factors considered by First Community's board of directors in determining to approve the merger, see "Proposal No. 1 The Merger First Community's Reasons for the Merger and the Share Issuance; Recommendation of the First Community Board of Directors."

***The merger agreement limits Savannah River's ability to pursue alternatives to the merger.***

The merger agreement contains provisions that limit Savannah River's ability to discuss competing third party proposals to acquire all or a significant part of Savannah River. In addition, Savannah River has agreed to pay First Community a termination fee of \$1,500,000 if the transaction is terminated because Savannah River decides to pursue another acquisition transaction, among other things. These provisions might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Savannah River from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share price than that proposed in the merger with First Community, or might result in a potential competing acquirer proposing to pay a lower per share price to acquire Savannah River than it might otherwise have proposed to pay.

***Savannah River directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of Savannah River shareholders.***

Executive officers of Savannah River negotiated certain terms of the merger agreement with their counterparts at First Community, and Savannah River's board of directors adopted the merger agreement and by a unanimous vote of the directors present and voting recommended that Savannah River shareholders vote to approve the merger agreement and the merger on the terms set forth in the merger agreement. In considering these facts and the other information contained in this joint proxy statement/prospectus, Savannah River shareholders should be aware that Savannah River's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of Savannah River shareholders. For example, three members currently serving on Savannah River's board of directors J. Randolph Potter, Paul S. Simon, and E. Leland Reynolds, will be appointed to the board of directors of First Community and First Community Bank following the merger, and each of the other Savannah River directors will be entitled to participate on an Aiken-Augusta regional advisory board of First Community Bank following the merger and will receive certain advisory fees for their service. In addition, certain executive officers of Savannah River have entered into agreements with Savannah River and First Community that provide, among other things, retention, employment, consulting, severance and/or other benefits following the merger. These and some other additional interests of Savannah River directors and executive officers may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than Savannah



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River shareholders may view it. See "Proposal No.1 The Merger Interests of Employees and Directors of Savannah River in the Merger" for information about these financial interests.

***Savannah River's financial advisor, Allen C. Ewing, & Co., may have been influenced by the indirect benefit it would have received from the merger arising from the ownership of Savannah River common stock by an affiliated investment fund.***

Ewing Financial Institution Fund I, LP was organized on October 31, 2005 with the objective of generating long-term capital appreciation by the acquisition of equity securities in de novo banks, emerging banks and established banks. The general partner of the fund is Ewing Emerging Financial Institution Fund GP, LLC. The sole member of the general partner of the fund is Allen C. Ewing & Co., the registered broker-dealer firm that rendered an opinion on the fairness of the transaction to the board of directors of Savannah River. On December 6, 2006, the fund purchased 50,000 shares of common stock in Savannah River's initial offering of common stock in a private offering and held such shares continuously until October 21, 2013, when all but a nominal amount of such shares were distributed in-kind to the fund's limited partners in order to permit the limited partners to cast a vote on the merger and make an election as to their desired form of merger consideration. At the time of the distribution, the Savannah River shares represented approximately 8.6% of the fund's total assets. The fund held the shares on August 13, 2013, the date on which Allen C. Ewing & Co. delivered its opinion that the merger consideration was fair, from a financial point of view, to the shareholders of Savannah River. Because the merger, if consummated prior to a distribution of the shares to the limited partners of the fund, would have enabled the general partner to exchange an illiquid investment in shares of Savannah River for either cash or a publicly traded stock, or a combination thereof, the opinion of Allen C. Ewing & Co. as to the fairness of the merger consideration could have been influenced by the opportunity to achieve a liquidity event for the fund managed by its affiliate. The existence of the relationship between Allen C. Ewing & Co. and the fund and the fund's ownership of 50,000 shares was disclosed to the board prior to its engagement of Allen C. Ewing & Co. as its financial advisor in connection with the merger.

**Risks Related to First Community the Combined Company**

***Changes in the financial markets could impair the value of First Community's investment portfolio.***

The investment securities portfolio is a significant component of First Community's total earning assets. Total investment securities averaged \$204.9 million in 2012, as compared to \$205.7 million in 2011. This represents 37.0% and 37.4% of the average earning assets for the year ended December 31, 2012 and 2011, respectively. At September 30, 2013, the portfolio was 39.2% of earning assets. Turmoil in the financial markets could impair the market value of First Community's investment portfolio, which could adversely affect its net income and possibly its capital.

Since the last half of 2007, the bond markets and many institutional holders of bonds have been under a great deal of stress partially as a result of the ongoing recessionary economic conditions. At September 30, 2013, First Community had mortgage backed securities ("MBSs"), including collateralized mortgage obligations ("CMOs"), with a fair value of \$126.0 million. Of these, approximately \$123.5 million were issued by government sponsored enterprises ("GSEs") and \$2.5 million by private label issuers. In 2008 and 2009, the private label MBSs and CMOs First Community owns incurred rating agency downgrades, many to below investment grade. At September 30, 2013, four of First Community's private label MBSs and CMOs with a carrying value of \$1.5 million were downgraded below investment grade.

Delinquencies on the underlying mortgages on all mortgage securities increased dramatically throughout 2008 through 2012 and continued to remain at high levels at September 30, 2013. First Community monitors the private label investments on a monthly basis. Increasing delinquencies and defaults in the underlying mortgages have resulted in recognizing OTTI during 2009, 2010, 2011 and

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2012. In evaluating these securities for OTTI, First Community uses assumptions relative to continued defaults rates, loss severities on the underlying collateral and prepayment speeds. Differences in actual experience and the assumptions used could result in a loss of earnings as a result of further OTTI charges.

First Community's other investments include municipal and corporate debt securities. As of September 30, 2013, First Community had municipal securities with an approximate fair value of \$41.4 million and corporate debt and other securities with an approximate fair value of \$2.3 million. At September 30, 2013, all of the municipal and corporate debt securities were rated investment grade. There is a risk that deterioration in the underlying issuer's financial condition or the underlying collateral could result in OTTI charges in future periods.

On September 7, 2008, the Treasury, the Federal Reserve Board and the Federal Housing Finance Agency ("FHFA") announced that FHFA was placing the Federal Home Loan Mortgage Corporation (the "FHLMC") under conservatorship. Due to these actions, First Community took an OTTI charge of \$8.1 million in the third quarter of 2008 relating to the Freddie Mac preferred stock that it held. This charge, along with First Community's second quarter of 2008 charge of \$6.1 million related to its investment in preferred stock issued by Freddie Mac, eliminated any further direct material exposure in First Community's investment portfolio to Freddie Mac equity securities.

As of September 30, 2013 and December 31, 2012, First Community's securities (all of which are classified as "Available for Sale") that had unrealized losses were not considered to be "other than temporarily impaired," and First Community believes it is more likely than not it will be able to hold these until they mature or recover First Community's current book value. First Community currently maintains substantial liquidity which supports its intent and ability to hold these investments until they mature, or until there is a market price recovery. However, if First Community were to cease to have the ability and intent to hold these investments until maturity or the market prices do not recover, and it was to sell these securities at a loss, this could adversely affect First Community's net income and possibly its capital.

***First Community's decisions regarding credit risk and reserves for loan losses may materially and adversely affect its business.***

Making loans and other extensions of credit is an essential element of First Community's business. Although First Community seeks to mitigate risks inherent in lending by adhering to specific underwriting practices, its loans and other extensions of credit may not be repaid. The risk of nonpayment is affected by a number of factors, including:

the duration of the credit;

credit risks of a particular customer;

changes in economic and industry conditions; and

in the case of a collateralized loan, risks resulting from uncertainties about the future value of the collateral.

First Community attempts to maintain an appropriate allowance for loan losses to provide for potential losses in its loan portfolio. First Community periodically determines the amount of the allowance based on consideration of several factors, including:

an ongoing review of the quality, mix, and size of First Community's overall loan portfolio;

First Community's historical loan loss experience;

evaluation of economic conditions;

regular reviews of loan delinquencies and loan portfolio quality; and



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the amount and quality of collateral, including guarantees, securing the loans.

There is no precise method of predicting credit losses; therefore, First Community faces the risk that charge-offs in future periods will exceed its allowance for loan losses and that additional increases in the allowance for loan losses will be required. Additions to the allowance for loan losses would result in a decrease of First Community's net income, and possibly its capital.

Federal and state regulators periodically review First Community's allowance for loan losses and may require First Community to increase its provision for loan losses or recognize further loan charge-offs, based on judgments different than those of its management. Any increase in the amount of First Community's provision or loans charged-off as required by these regulatory agencies could have a negative effect on its operating results.

***First Community may have higher loan losses than it has allowed for in its allowance for loan losses.***

First Community's actual loan losses could exceed its allowance for loan losses. First Community's average loan size continues to increase and reliance on its historic allowance for loan losses may not be adequate. As of September 30, 2013, approximately \$242.2 million, or 70.2%, of First Community's loan portfolio (excluding loans held for sale) was composed of construction (\$26.1 million, or 7.6%), commercial mortgage (\$196.0 million, or 56.8%) and commercial loans (\$20.1 million, or 5.8%). Repayment of such loans is generally considered more subject to market risk than residential mortgage loans. Industry experience shows that a portion of loans will become delinquent and a portion of loans will require partial or entire charge-off. Regardless of the underwriting criteria utilized, losses may be experienced as a result of various factors beyond First Community's control, including among other things, changes in market conditions affecting the value of loan collateral and problems affecting the credit of First Community's borrowers.

On a pro forma basis as of September 30, 2013, approximately \$326.2 million, or 71.2%, of the combined company's loan portfolio (excluding loans held for sale) would have been composed of construction (\$40.7 million, or 8.9%), commercial mortgage (\$245.7 million, or 53.6%), and commercial loans (\$39.8 million, or 8.7%). Due to the size and mix of the Savannah River loan portfolio, we believe that the overall risk associated with such loans will not be materially increased or decreased as a result of the merger.

***A significant portion of First Community's loan portfolio is secured by real estate, and events that negatively impact the real estate market could hurt its business.***

A significant portion of First Community's loan portfolio is secured by real estate. As of September 30, 2013, approximately \$317.4 million, or 92.0%, of First Community's loans (excluding loans held for sale) had real estate as a primary or secondary component of collateral. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. A continued weakening of the real estate market in First Community's primary market area could result in an increase in the number of borrowers who default on their loans and a reduction in the value of the collateral securing their loans, which in turn could have an adverse effect on First Community's profitability and asset quality. If First Community is required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, its earnings and capital could be adversely affected. Acts of nature, including hurricanes, tornados, earthquakes, fires and floods, which could be exacerbated by potential climate change and may cause uninsured damage and other loss of value to real estate that secures these loans, may also negatively impact First Community's financial condition.

On a pro forma basis as of September 30, 2013, approximately \$409.6 million, or 89.4%, of the combined company's loans (excluding loans held for sale) would have had real estate as a primary or secondary component of collateral. Due to the size and mix of the Savannah River loan portfolio, we believe that the overall risk associated with such loans will not be materially increased or decreased as a result of the merger.

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***First Community has a concentration of credit exposure in commercial real estate and challenges faced by the commercial real estate market could adversely affect First Community's business, financial condition, and results of operations.***

As of September 30, 2013, First Community had approximately \$190.0 million in loans outstanding to borrowers whereby the collateral securing the loan was commercial real estate, representing approximately 55.1% of the total loans (excluding loans held for sale) outstanding as of that date. Approximately 21.2%, or \$73.0 million, of this real estate is owner occupied properties. Commercial real estate loans are generally viewed as having more risk of default than residential real estate loans. They are also typically larger than residential real estate loans and consumer loans and depend on cash flows from the owner's business or the property to service the debt. Cash flows may be affected significantly by general economic conditions, and a downturn in the local economy or in occupancy rates in the local economy where the property is located could increase the likelihood of default. Because First Community's loan portfolio contains a number of commercial real estate loans with relatively large balances, the deterioration of one or a few of these loans could cause a significant increase in First Community's level of non-performing loans. An increase in non-performing loans could result in a loss of earnings from these loans, an increase in the related provision for loan losses and an increase in charge-offs, all of which could have a material adverse effect on First Community's financial condition and results of operations.

First Community's commercial real estate loans have grown 6.1%, or \$12.5 million since December 31, 2012. The banking regulators are giving commercial real estate lending greater scrutiny and may require banks with higher levels of commercial real estate loans to implement more stringent underwriting, internal controls, risk management policies and portfolio stress testing, as well as possibly higher levels of allowances for losses and capital levels as a result of commercial real estate lending growth and exposures.

On a pro forma basis as of September 30, 2013, the combined company would have had approximately \$239.5 million in loans outstanding to borrowers whereby the collateral securing the loan was commercial real estate, representing approximately 52.3% of the total loans (excluding loans held for sale) outstanding as of that date, and approximately 20.0%, or \$91.5 million, of this real estate would have been owner occupied properties. Accordingly, as a result of the merger, we expect that the combined company's concentration of credit exposure in commercial real estate will be slightly decreased; however, we do not anticipate that this slight decrease will have a material effect on the overall risk associated with the combined company's concentration in commercial real estate.

***Repayment of First Community's commercial business loans is often dependent on the cash flows of the borrower, which may be unpredictable, and the collateral securing these loans may fluctuate in value.***

At September 30, 2013, commercial business loans comprised \$20.1 million, or 5.8%, of First Community's total loan portfolio. First Community's commercial business loans are originated primarily based on the identified cash flow and general liquidity of the borrower and secondarily on the underlying collateral provided by the borrower and/or repayment capacity of any guarantor. The borrower's cash flow may be unpredictable, and collateral securing these loans may fluctuate in value. Although commercial business loans are often collateralized by equipment, inventory, accounts receivable, or other business assets, the liquidation of collateral in the event of default is often an insufficient source of repayment because accounts receivable may be uncollectible and inventories may be obsolete or of limited use. In addition, business assets may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. Accordingly, the repayment of commercial business loans depends primarily on the cash flow and credit worthiness of the borrower and secondarily on the underlying collateral value provided by the borrower and liquidity of the guarantor.

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On a pro forma basis as of September 30, 2013, commercial business loans would have comprised \$39.8 million, or 8.7%, of the combined company's total loan portfolio. Although commercial business loans will comprise a slightly greater percentage of the total loan portfolio following the merger, we believe that the overall risk associated with these loans will not be materially increased or decreased.

***Negative developments in the financial industry and the domestic and international credit markets may adversely affect First Community's operations and results.***

Negative developments in the global credit and securitization markets have resulted in uncertainty in the financial markets in general with the expectation of continuing uncertainty during 2013. As a result, commercial as well as consumer loan portfolio performances deteriorated at institutions and the competition for deposits and quality loans has increased significantly. In addition, the values of real estate collateral supporting many commercial loans and home mortgages have declined and may continue to decline. Global securities markets and bank holding company stock prices in particular, have been negatively affected, as has in general the ability of banks and bank holding companies to raise capital or borrow in the debt markets. As a result, bank regulatory agencies have been active in responding to concerns and trends identified in examinations, including by issuing a historically high number of formal enforcement orders over the past three years. In addition, significant new federal laws and regulations relating to financial institutions have been adopted, including, without limitation, the EESA, the Recovery Act, and the Dodd-Frank Act. Furthermore, the potential exists for additional federal or state laws and regulations, and bank regulatory agencies are expected to be active in responding to concerns and trends identified in examinations by issuing formal enforcement orders. Negative developments in the financial industry and the domestic and international credit markets, and the impact of new legislation and bank examination practices in response to those developments, may negatively impact First Community's operations by restricting its business operations, including its ability to originate or sell loans, and adversely impact its financial performance. First Community can provide no assurance regarding the manner in which any new laws and regulations will affect it.

***There can be no assurance that recently enacted legislation will help stabilize the U.S. financial system.***

In response to the challenges facing the financial services sector, a number of regulatory and legislative actions have been enacted or announced. There can be no assurance that these government actions will achieve their purpose. The failure of the financial markets to stabilize, or a continuation or worsening of the current financial market conditions, could have a material adverse effect on First Community's business, its financial condition, the financial condition of First Community's customers and its common stock trading price, as well as its ability to access credit. It could also result in declines in First Community's investment portfolio which could be "other-than-temporary impairments."

***Economic challenges, especially those affecting Lexington, Richland, Newberry, and Kershaw Counties and the surrounding areas, may reduce First Community's customer base, its level of deposits, and demand for financial products such as loans.***

First Community's success significantly depends upon the growth in population, income levels, deposits, and housing starts in its markets of Lexington, Richland, Newberry, and Kershaw Counties and the surrounding area. The current economic downturn has negatively affected the markets in which First Community operates and, in turn, the size and quality of its loan portfolio. If the communities in which First Community operates do not grow or if prevailing economic conditions locally or nationally remain unfavorable, its business may not succeed. A continuation of the economic downturn or prolonged recession would likely result in reductions in the size of First Community's loan portfolio and the continued deterioration of the quality of its loan portfolio and could reduce its level of deposits, which in turn would hurt its business. Interest received on loans represented approximately 79.8% of First Community's interest income for the year ended December 31, 2012 and approximately 81.9% for the nine months ended September 30, 2013. If the economic downturn continues or a

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prolonged economic recession occurs in the economy as a whole, there may be less demand for new loans and borrowers will be less likely to repay their loans as scheduled. Moreover, in many cases the value of real estate or other collateral that secures First Community's loans has been adversely affected by the economic conditions and could continue to be negatively affected. Unlike many larger institutions, First Community is not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. A continued economic downturn could, therefore, result in losses that materially and adversely affect First Community's business.

***First Community's focus on lending to small to mid-sized community based businesses may increase First Community's credit risk.***

Most of First Community's commercial business and commercial real estate loans are made to small business or middle market customers. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities and have a heightened vulnerability to economic conditions. If general economic conditions in the markets in which First Community operates negatively impact this important customer sector, results of operations and financial condition and the value of its common stock may be adversely affected. Moreover, a portion of these loans have been made by First Community in recent years and the borrowers may not have experienced a complete business or economic cycle. Furthermore, the deterioration of First Community's borrowers' businesses may hinder their ability to repay their loans with First Community, which could have a material adverse effect on First Community's financial condition and results of operations.

***First Community faces strong competition for customers, which could prevent it from obtaining customers and may cause it to pay higher interest rates to attract customers.***

The banking business is highly competitive, and First Community experiences competition in its market from many other financial institutions. First Community competes with commercial banks, credit unions, savings and loan associations, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds, and other mutual funds, as well as other super-regional, national, and international financial institutions that operate offices in First Community's primary market areas and elsewhere. First Community competes with these institutions both in attracting deposits and in making loans. In addition, First Community has to attract its customer base from other existing financial institutions and from new residents. Many of First Community's competitors are well-established, larger financial institutions. These institutions offer some services, such as extensive and established branch networks, that First Community does not provide. There is a risk that First Community will not be able to compete successfully with other financial institutions in First Community's market, and that it may have to pay higher interest rates to attract deposits, resulting in reduced profitability. In addition, competitors that are not depository institutions are generally not subject to the extensive regulations that apply to First Community.

***First Community's deposit insurance premiums could be substantially higher in the future, which could have a material adverse effect on its future earnings.***

The FDIC insures deposits at FDIC-insured depository institutions, such as First Community Bank, up to applicable limits. The amount of a particular institution's deposit insurance assessment is based on that institution's risk classification under an FDIC risk-based assessment system. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. Recent market developments and bank failures significantly depleted the FDIC's Deposit Insurance Fund and reduced the ratio of reserves to insured deposits. As a result of recent economic conditions and the enactment of the Dodd-Frank Act, banks are now assessed deposit insurance premiums based on the bank's average consolidated total assets, and the FDIC has modified certain risk-based adjustments, which increase or decrease a bank's overall assessment rate. This has resulted in increases to the deposit insurance assessment rates and thus raised deposit premiums for

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many insured depository institutions. If these increases are insufficient for the Deposit Insurance Fund to meet its funding requirements, further special assessments or increases in deposit insurance premiums may be required. First Community is generally unable to control the amount of premiums that First Community is required to pay for FDIC insurance. If there are additional bank or financial institution failures, First Community may be required to pay even higher FDIC premiums than the recently increased levels. Any future additional assessments, increases or required prepayments in FDIC insurance premiums could reduce First Community's profitability, may limit its ability to pursue certain business opportunities or otherwise negatively impact its operations.

***Changes in prevailing interest rates may reduce First Community's profitability.***

First Community's results of operations depend in large part upon the level of its net interest income, which is the difference between interest income from interest earning assets, such as loans and MBSs, and interest expense on interest bearing liabilities, such as deposits and other borrowings. Depending on the terms and maturities of First Community's assets and liabilities, First Community believes it is more likely than not a significant change in interest rates could have a material adverse effect on its profitability. Many factors cause changes in interest rates, including governmental monetary policies and domestic and international economic and political conditions. While First Community intends to manage the effects of changes in interest rates by adjusting the terms, maturities, and pricing of its assets and liabilities, its efforts may not be effective and its financial condition and results of operations could suffer.

As of September 30, 2013, approximately 15.2% of First Community's total loan portfolio (excluding loans held for sale) had an adjustable interest rate, and on a pro forma basis as of that date, approximately 19.0% of the combined company's total loans (excluding loans held for sale) would have had an adjustment interest rate. Accordingly, following the merger, a slightly greater percentage of the combined company's interest earning assets will be more susceptible to changes in prevailing interest rates, which could reduce the combined company's profitability in a declining interest rate environment.

***First Community is dependent on key individuals, and the loss of one or more of these key individuals could curtail its growth and adversely affect its prospects.***

Michael C. Crapps, First Community's president and chief executive officer, has extensive and long-standing ties within First Community's primary market area and substantial experience with its operations, and he has contributed significantly to First Community's business. If First Community loses the services of Mr. Crapps, he would be difficult to replace and First Community's business and development could be materially and adversely affected.

First Community's success also depends, in part, on its continued ability to attract and retain experienced loan originators, as well as other management personnel. Competition for personnel is intense, and First Community may not be successful in attracting or retaining qualified personnel. First Community's failure to compete for these personnel, or the loss of the services of several of such key personnel, could adversely affect its business strategy and seriously harm its business, results of operations, and financial condition.

***First Community is subject to extensive regulation that could restrict its activities and impose financial requirements or limitations on the conduct of its business and limit First Community's ability to receive dividends from First Community Bank.***

First Community is subject to Federal Reserve regulation, and First Community Bank is subject to extensive regulation, supervision, and examination by the FDIC, the regulating authority that insures customer deposits, and the SCBFI. Also, as a member of the Federal Home Loan Bank of Atlanta (the "FHLB"), First Community Bank must comply with applicable regulations of the Federal Housing Finance Board and the FHLB. Regulation by these agencies is intended primarily for the protection of First Community's depositors and the deposit insurance fund and not for the benefit of First



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Community's shareholders. First Community Bank's activities are also regulated under consumer protection laws applicable to First Community's lending, deposit, and other activities. A sufficient claim against First Community Bank under these laws could have a material adverse effect on First Community's results of operations.

***First Community is exposed to further changes in the regulation of financial services companies.***

Proposals for further regulation of the financial services industry are continually being introduced in the Congress of the United States of America and the General Assembly of the State of South Carolina. The agencies regulating the financial services industry also periodically adopt changes to their regulations. On July 21, 2010, the Dodd-Frank Act was signed into law. Pursuant to authority granted under the Dodd-Frank Act, effective on October 1, 2011, the Federal Reserve established new rules regarding interchange fees charged for electronic debit transactions by payment card issuers having assets over \$10 billion. While First Community is not subject to the interchange fee restrictions, the new restrictions could negatively impact bank card services income for smaller banks if the reductions that are required of larger banks cause industry-wide reduction of swipe fees. On June 7, 2012, the Federal Reserve, the OCC, and the FDIC issued a joint notice of proposed rulemaking that would implement sections of the Dodd-Frank Act that encompass certain aspects of Basel III with respect to capital and liquidity. On November 9, 2012, following a public comment period, the US federal banking agencies announced that the originally proposed January 1, 2013 effective date for the proposed rules was being delayed so that the agencies could consider operations and transitional issue identified in the large volume of public comments received. The final rules, which were adopted by the federal banking agencies in July 2013 and will take effect January 1, 2014, will lead to significantly higher capital requirements and more restrictive leverage and liquidity ratios than those currently in place. See "Risk Factors The short-term and long-term impact of the changing regulatory capital requirements and recently adopted capital rules is uncertain" below. It is possible that additional legislative proposals may be adopted or regulatory changes may be made that would have an adverse effect on First Community's business. First Community can provide no assurance regarding the manner in which any new laws and regulations will affect First Community. See "Risk Factors First Community is subject to extensive regulation that could restrict its activities and impose financial requirements or limitations on the conduct of its business and limit its ability to receive dividends from First Community Bank" above.

***The short-term and long-term impact of the changing regulatory capital requirements and recently adopted capital rules is uncertain.***

On September 12, 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced an agreement to a strengthened set of capital requirements for internationally active banking organizations in the U.S. and around the world, known as Basel III. Basel III called for increases in the requirements for minimum common equity, minimum Tier 1 capital and minimum total capital for certain systemically important financial institutions, to be phased in over time until fully phased in by January 1, 2019. The final rules were adopted by the federal banking agencies in July 2013.

Various provisions of the Dodd-Frank Act increased the capital requirements of bank holding companies, such as First Community, and non-bank financial companies that are supervised by the Federal Reserve. The leverage and risk-based capital ratios of these entities may not be lower than the leverage and risk-based capital ratios for insured depository institutions. In particular, bank holding companies, many of which have long relied on trust preferred securities as a component of their regulatory capital, may not issue new trust preferred securities that count toward their Tier 1 capital. While the Basel III changes and other regulatory capital requirements will result in generally higher regulatory capital standards, it is difficult at this time to predict how any new standards will ultimately affect First Community and First Community Bank.

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In addition, in the current economic and regulatory environment, regulators of banks and bank holding companies have become more likely to impose capital requirements on bank holding companies and banks that are more stringent than those required by applicable existing regulations.

The application of more stringent capital requirements for First Community and First Community Bank could, among other things, result in lower returns on invested capital, require the issuance of additional capital, and result in regulatory actions if First Community were to be unable to comply with such requirements.

***First Community's historical operating results may not be indicative of its future operating results.***

First Community may not be able to sustain its historical rate of growth, and, consequently, First Community's historical results of operations will not necessarily be indicative of its future operations. Various factors, such as economic conditions, regulatory and legislative considerations, and competition, may also impede First Community's ability to expand its market presence. If First Community experiences a significant decrease in its historical rate of growth, First Community's results of operations and financial condition may be adversely affected because a high percentage of its operating costs are fixed expenses.

***First Community may be adversely affected by the soundness of other financial institutions.***

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. First Community has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose First Community to credit risk in the event of a default by a counterparty or client. In addition, First Community's credit risk may be exacerbated when the collateral held by the bank cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to First Community Bank. Any such losses could have a material adverse affect on First Community's financial condition and results of operations.

***First Community will face risks with respect to expansion through acquisitions or mergers.***

From time to time, First Community may seek to acquire other financial institutions or parts of those institutions. First Community may also expand into new markets or lines of business or offer new products or services. These activities would involve a number of risks, including:

the potential inaccuracy of the estimates and judgments used to evaluate credit, operations, management, and market risks with respect to a target institution;

the time and costs of evaluating new markets, hiring or retaining experienced local management, and opening new offices and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion;

the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse effects on First Community's results of operations; and

the risk of loss of key employees and customers.

***First Community's underwriting decisions may materially and adversely affect its business.***

While First Community generally underwrites the loans in its portfolio in accordance with its own internal underwriting guidelines and regulatory supervisory guidelines, in certain circumstances First Community has made loans which exceed either its internal underwriting guidelines, supervisory guidelines, or both. As of September 30, 2013, approximately \$6.1 million of First Community's loans, or 8.9% of First Community Bank's regulatory capital, had loan-to-value ratios that exceeded regulatory supervisory guidelines, of which five loans totaling approximately \$667 thousand had loan-to-value



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ratios of 100% or more. In addition, supervisory limits on commercial loan-to-value exceptions are set at 30% of First Community Bank's capital. At September 30, 2013, \$4.5 million of First Community's commercial loans, or 6.5% of First Community Bank's regulatory capital, exceeded the supervisory loan to value ratio. The number of loans in First Community's portfolio with loan-to-value ratios in excess of supervisory guidelines, First Community's internal guidelines, or both could increase the risk of delinquencies and defaults in its portfolio.

***First Community depends on the accuracy and completeness of information about clients and counterparties and First Community's financial condition could be adversely affected if it relies on misleading information.***

In deciding whether to extend credit or to enter into other transactions with clients and counterparties, First Community may rely on information furnished to it by or on behalf of clients and counterparties, including financial statements and other financial information, which First Community does not independently verify. First Community may also rely on representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to clients, First Community may assume that a customer's audited financial statements conform with GAAP and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. First Community's financial condition and results of operations could be negatively impacted to the extent it relies on financial statements that do not comply with GAAP or are materially misleading.

***First Community's ability to pay cash dividends is limited, and First Community may be unable to pay future dividends even if it desires to do so.***

The Federal Reserve has issued a policy statement regarding the payment of dividends by bank holding companies. In general, the Federal Reserve's policies provide that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the bank holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. The Federal Reserve's policies also require that a bank holding company serve as a source of financial strength to its subsidiary banks by standing ready to use available resources to provide adequate capital funds to those banks during periods of financial stress or adversity and by maintaining the financial flexibility and capital raising capacity to obtain additional resources for assisting its subsidiary banks where necessary. In addition, under the prompt corrective action regulations, the ability of a bank holding company to pay dividends may be restricted if a subsidiary bank becomes undercapitalized. These regulatory policies could affect First Community's ability to pay dividends or otherwise engage in capital distributions.

First Community's ability to pay cash dividends may be limited by regulatory restrictions, by First Community Bank's ability to pay cash dividends to First Community and by First Community's need to maintain sufficient capital to support First Community's operations. As a South Carolina chartered bank, First Community Bank is subject to limitations on the amount of dividends that it is permitted to pay. Unless otherwise instructed by the SCBFI, First Community 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 SCBFI. If First Community Bank is not permitted to pay cash dividends to First Community, it is unlikely that First Community would be able to pay cash dividends on First Community's common stock. Moreover, holders of First Community's common stock are entitled to receive dividends only when and if declared by First Community's board of directors. Although First Community has historically paid cash dividends on its common stock, First Community is not required to do so and First Community's board of directors could reduce or eliminate First Community's common stock dividend in the future.

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***First Community's stock price may be volatile, which could result in losses to its investors and litigation against First Community.***

First Community's stock price has been volatile in the past and several factors could cause the price to fluctuate substantially in the future. These factors include but are not limited to: actual or anticipated variations in earnings, changes in analysts' recommendations or projections, First Community's announcement of developments related to its businesses, operations and stock performance of other companies deemed to be peers, new technology used or services offered by traditional and non-traditional competitors, news reports of trends, irrational exuberance on the part of investors, new federal banking regulations, and other issues related to the financial services industry. First Community's stock price may fluctuate significantly in the future, and these fluctuations may be unrelated to its performance. General market declines or market volatility in the future, especially in the financial institutions sector, could adversely affect the price of First Community's common stock, and the current market price may not be indicative of future market prices. Stock price volatility may make it more difficult for First Community's shareholders to resell their common stock when desired and at prices they find attractive. Moreover, in the past, securities class action lawsuits have been instituted against some companies following periods of volatility in the market price of its securities. First Community could in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources from First Community's normal business.

***Future sales of First Community's stock by its shareholders or the perception that those sales could occur may cause First Community's stock price to decline.***

Although First Community's common stock is listed for trading on the NASDAQ Capital Market, the trading volume in First Community's common stock is lower than that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of First Community's common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which First Community has no control. Given the relatively low trading volume of First Community's common stock, significant sales of its common stock in the public market, or the perception that those sales may occur, could cause the trading price of First Community's common stock to decline or to be lower than it otherwise might be in the absence of those sales or perceptions.

***Economic and other circumstances may require First Community to raise capital at times or in amounts that are unfavorable to it. If First Community has to issue shares of common stock, the issuance will dilute the percentage ownership interest of existing shareholders and may dilute the book value per share of First Community's common stock and adversely affect the terms on which First Community may obtain additional capital.***

First Community may need to incur additional debt or equity financing in the future to make strategic acquisitions or investments or to strengthen its capital position. First Community's ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of its control, and First Community's financial performance. First Community cannot provide assurance that such financing will be available to First Community on acceptable terms or at all, or if First Community does raise additional capital that it will not be dilutive to existing shareholders.

If First Community determines, for any reason, that it needs to raise capital, subject to applicable NASDAQ rules, First Community's board generally has the authority, without action by or vote of the shareholders, to issue all or part of any authorized but unissued shares of stock for any corporate purpose, including issuance of equity based incentives under or outside of First Community's equity compensation plans. Additionally, First Community is not restricted from issuing additional common

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stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The market price of First Community's common stock could decline as a result of sales by First Community of a large number of shares of common stock or preferred stock or similar securities in the market or from the perception that such sales could occur. If First Community issues preferred stock that has a preference over the common stock with respect to the payment of dividends or upon liquidation, dissolution or winding-up, or if First Community issues preferred stock with voting rights that dilute the voting power of the common stock, the rights of holders of the common stock or the market price of First Community's common stock could be adversely affected. Any issuance of additional shares of stock will dilute the percentage ownership interest of First Community's shareholders and may dilute the book value per share of its common stock. Shares First Community issues in connection with any such offering will increase the total number of shares and may dilute the economic and voting ownership interest of First Community's existing shareholders.

***A failure in or breach of First Community's operational or security systems or infrastructure, or those of First Community's third party vendors and other service providers or other third parties, including as a result of cyber attacks, could disrupt First Community's businesses, result in the disclosure or misuse of confidential or proprietary information, damage its reputation, increase its costs, and cause losses.***

First Community relies heavily on communications and information systems to conduct its business. Information security risks for financial institutions such as First Community's have generally increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, and terrorists, activists, and other external parties. As customer, public, and regulatory expectations regarding operational and information security have increased, First Community's operating systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, and breakdowns. First Community's business, financial, accounting, and data processing systems, or other operating systems and facilities, may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond First Community's control. For example, there could be electrical or telecommunication outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and as described below, cyber attacks.

As noted above, First Community's business relies on its digital technologies, computer and email systems, software and networks to conduct its operations. Although First Community has information security procedures and controls in place, First Community's technologies, systems and networks and its customers' devices may become the target of cyber attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of First Community's or its customers' or other third parties' confidential information. Third parties with whom First Community does business or that facilitate First Community's business activities, including financial intermediaries, or vendors that provide service or security solutions for First Community's operations, and other unaffiliated third parties, including the South Carolina Department of Revenue, which had customer records exposed in a 2012 cyber attack, could also be sources of operational and information security risk to First Community, including from breakdowns or failures of their own systems or capacity constraints.

While First Community has disaster recovery and other policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. First Community's risk and exposure to these matters remain heightened because of the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of First Community's controls, processes, and

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practices designed to protect its systems, computers, software, data, and networks from attack, damage or unauthorized access remain a focus for First Community. As threats continue to evolve, First Community may be required to expend additional resources to continue to modify or enhance its protective measures or to investigate and remediate information security vulnerabilities. Disruptions or failures in the physical infrastructure or operating systems that support First Community's businesses and clients, or cyber attacks or security breaches of the networks, systems or devices that First Community's clients use to access First Community's products and services could result in client attrition, regulatory fines, penalties or intervention, reputation damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could have a material effect on First Community's results of operations or financial condition.

***Negative public opinion surrounding First Community and the financial institutions industry generally could damage First Community's reputation and adversely impact its earnings.***

Reputation risk, or the risk to First Community's business, earnings and capital from negative public opinion surrounding First Community and the financial institutions industry generally, is inherent in First Community's business. Negative public opinion can result from First Community's actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions, and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect First Community's ability to keep and attract clients and employees and can expose it to litigation and regulatory action. Although First Community takes steps to minimize reputation risk in dealing with its clients and communities, this risk will always be present given the nature of First Community's business.

***The change of control rules under Section 382 of the Internal Revenue Code could limit First Community's ability to use net operating loss carryforwards to reduce future taxable income, if First Community were to undergo a change of control.***

First Community has net operating loss ("NOL") carryforwards for federal and state income tax purposes which, generally, can be used to reduce future taxable income. First Community's use of its NOL carryforwards would be limited, however, under Section 382 of the Internal Revenue Code, if First Community were to undergo a change in ownership of more than 50% of its capital stock over a three-year period as measured under Section 382 of the Internal Revenue Code. These complex changes of ownership rules generally focus on ownership changes involving shareholders owning directly or indirectly 5% or more of First Community's stock, including certain public "groups" of shareholders as set forth under Section 382 of the Internal Revenue Code, including those arising from new stock issuances and other equity transactions.

Whether a change in ownership occurs in the future is largely outside of First Community's control, and there can be no assurance that such a change will not occur. If First Community experiences an ownership change, the resulting annual limit on the use of its NOL carryforwards (which generally would equal the product of the applicable federal long-term tax-exempt rate, multiplied by the value of First Community's capital stock immediately before the ownership change, then increased by certain existing gains recognized within five years after the ownership change if First Community has a net built-in gain in its assets at the time of the ownership change) could result in a meaningful increase in First Community's federal and state income tax liability in future years. Whether an ownership change occurs by reason of public trading in First Community's stock is largely outside First Community's control, and the determination of whether an ownership change has occurred is complex. No assurance can be given that First Community will not in the future undergo an ownership change that would have an adverse effect on the value of its stock.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus, including information included or incorporated by reference in this document, contains statements which constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may relate to, among other matters, the financial condition, results of operations, plans, objectives, future performance, and business of each of First Community and Savannah River, as well as certain information relating to the merger. Forward-looking statements are based on many assumptions and estimates and are not guarantees of future performance. The actual results may differ materially from those anticipated in any forward-looking statements, as they will depend on many factors about which First Community and Savannah River are unsure, including many factors that are beyond their control. The words "may," "would," "could," "should," "will," "expect," "anticipate," "predict," "project," "potential," "continue," "contemplate," "seek," "assume," "believe," "intend," "plan," "forecast," "goal," and "estimate," as well as similar expressions, are meant to identify such forward-looking statements. Potential risks and uncertainties that could cause actual results to differ materially from those anticipated in our forward-looking statements include, but are not limited to, those described under "Risk Factors" section beginning on page 33 and the following:

expected revenue synergies and cost savings from the combination may not be fully realized;

revenues following the combination may be lower than expected;

ability to obtain governmental approvals of the combination on the proposed terms and schedule;

failure of First Community's and Savannah River's shareholders to approve the merger agreement or the share issuance, as applicable;

credit losses as a result of, among other potential factors, declining real estate values, increasing interest rates, increasing unemployment, or changes in payment behavior or other factors;

the amount of First Community's loan portfolio collateralized by real estate and weaknesses in the real estate market;

restrictions or conditions imposed by First Community's regulators on its operations;

the adequacy of the level of First Community's allowance for loan losses and the amount of loan loss provisions required in future periods;

examinations by First Community's regulatory authorities, including the possibility that the regulatory authorities may, among other things, require First Community to increase its allowance for loan losses or write down assets;

reduced earnings due to higher other-than-temporary impairment charges resulting from additional decline in the value of First Community's securities portfolio, specifically as a result of increasing default rates, and loss severities on the underlying real estate collateral;

increases in competitive pressure in the banking and financial services industries;

changes in the interest rate environment which could reduce anticipated or actual margins;



changes in political conditions or the legislative or regulatory environment, including governmental initiatives affecting the financial services industry;

general economic conditions resulting in, among other things, a deterioration in credit quality;

changes occurring in business conditions and inflation;

changes in funding or increased regulatory requirements with regard to funding;

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increased cybersecurity risk, including potential business disruptions or financial losses;

changes in technology;

changes in deposit flows;

changes in monetary and tax policies;

changes in accounting policies and practices;

the rate of delinquencies and amounts of loans charged off;

the rate of loan growth in recent years and the lack of seasoning of a portion of First Community's loan portfolio;

First Community's ability to maintain appropriate levels of capital;

First Community's ability to attract and retain key personnel;

First Community's ability to retain its existing clients, including its deposit relationships;

adverse changes in asset quality and resulting credit risk-related losses and expenses;

loss of consumer confidence and economic disruptions resulting from terrorist activities; and

other risks and uncertainties detailed from time to time in First Community's filings with the SEC.

Because of these and other risks and uncertainties, First Community's or Savannah River's actual future results may be materially different from the results indicated by any forward-looking statements. In addition, First Community's and Savannah River's past results of operations do not necessarily indicate their future results. Therefore, both companies caution you not to place undue reliance on their forward-looking information and statements. Both companies undertake no obligation to update or otherwise revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

All forward-looking statements in this joint proxy statement/prospectus are based on information available to First Community and Savannah River as of the date of this joint proxy statement/prospectus. Although both companies believe that the expectations reflected in our forward-looking statements are reasonable, neither company can guarantee you that these expectations will be achieved. Both companies undertake no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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**SPECIAL SHAREHOLDERS' MEETINGS**

**General**

**Savannah River.** With respect to Savannah River shareholders, this document constitutes a proxy statement of Savannah River in connection with its solicitation of proxies from its shareholders for the vote on the merger agreement and on the authorization to adjourn the special shareholders' meeting, as well as a prospectus of First Community in connection with its issuance of shares of First Community common stock as part of the merger consideration. The proxy statement/prospectus is being mailed by Savannah River and First Community to Savannah River shareholders of record on or about December [ ], 2013, together with the notice of the special shareholders' meeting and a proxy solicited by Savannah River's board of directors for use at the special shareholders' meeting and at any adjournments or postponements of the special shareholders' meeting.

**First Community.** With respect to First Community shareholders, this document constitutes a proxy statement of First Community in connection with its solicitation of proxies from its shareholders for the vote on the share issuance as contemplated by the merger agreement and on the authorization to adjourn the special shareholders' meeting. This proxy statement is being mailed by First Community to First Community shareholders of record on or about December [ ], 2013, together with the notice of the special shareholders' meeting and a proxy solicited on behalf of First Community's board of directors for use at the special shareholders' meeting and at any adjournments or postponements of the special shareholders' meeting.

**Meeting Dates, Times, and Places and Record Dates**

**Savannah River.** The Savannah River special shareholders' meeting will be held at Augusta Country Club, 655 Milledge Road, Augusta, Georgia, at 10:00 a.m., local time, on January 29, 2014. Only holders of Savannah River common stock of record at the close of business on December 17, 2013 will be entitled to receive notice of and to vote at the special shareholders' meeting. As of the record date, there were 3,000,400 shares of Savannah River common stock outstanding and entitled to vote, with each such share entitled to one vote.

**First Community.** The First Community special shareholders' meeting will be held at First Community Bank, Administrative Building, 2nd Floor, 5455 Sunset Blvd., Lexington, South Carolina, at 10:00 a.m., local time, on January 29, 2014. Only holders of First Community common stock of record at the close of business on December 11, 2013 will be entitled to receive notice of and to vote at the special shareholders' meeting. As of the record date, there were 5,300,886 shares of First Community common stock outstanding and entitled to vote, with each such share entitled to one vote.

**Matters to be Considered**

**Savannah River.** At the Savannah River special shareholders' meeting, Savannah River shareholders will be asked to approve the merger agreement. Under the merger agreement, Savannah River will merge with SRMS, Inc., a wholly-owned subsidiary of First Community, with Savannah River surviving the merger and then merging with and into First Community. Shares of Savannah River common stock will be converted into the right to receive cash, shares of common stock of First Community, or a combination of both cash and shares of common stock of First Community, at the shareholder's election. If a shareholder elects cash, the shareholder will receive \$11.00 for each share of Savannah River common stock. If a shareholder elects stock, the shareholder will receive a number of shares of First Community common stock based on the exchange ratio for each share of Savannah River common stock. If a shareholder elects a combination, the shareholder will receive a combination of cash and First Community common stock for each share of Savannah River common stock. Elections by shareholders are limited by a requirement that 60% of the total number of outstanding non-dissenting shares of Savannah River common stock will be exchanged for cash and that 40% of the

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total number of outstanding non-dissenting shares of Savannah River common stock will be exchanged for First Community common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Savannah River shareholders. First Community will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, in an amount equal to the fraction of a share of First Community common stock otherwise issuable upon conversion multiplied by the Average FCCO Stock Price.

Savannah River shareholders will also be asked to consider a proposal to authorize the board of directors to adjourn the special shareholders' meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special shareholders' meeting, in person or by proxy, to approve the merger agreement. Finally, Savannah River shareholders may also be asked to consider any other business that properly comes before the special shareholders' meeting.

Each copy of this joint proxy statement/prospectus mailed to Savannah River shareholders is accompanied by a proxy form for use at the special shareholders' meeting.

**First Community.** At the First Community special shareholders' meeting, First Community shareholders will be asked to approve the share issuance. First Community shareholders will also be asked to consider a proposal to authorize the board of directors to adjourn the special shareholders' meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special shareholders' meeting, in person or by proxy, to approve the share issuance. Each copy of this joint proxy statement/prospectus mailed to First Community shareholders is accompanied by a proxy form for use at the special shareholders' meeting, or First Community shareholders may vote by telephone or through the Internet. If your shares are held with a broker in "street name," you should follow the broker's instructions to indicate how you wish to vote, rather than completing the proxy form.

**Vote Required**

**Savannah River.** Approval of the merger agreement requires the affirmative vote of a majority of all shares of Savannah River common stock entitled to vote at the Savannah River special shareholders' meeting. Approval of the proposal to authorize adjournment will require the affirmative vote of a majority of shares of common stock present in person or by proxy and entitled to vote on the matter.

On December 17, 2013, there were 3,000,400 outstanding shares of Savannah River common stock, each of which is entitled to one vote at the special shareholders' meeting. On that date, the directors and executive officers of Savannah River and their affiliates beneficially owned a total of approximately 28.5% of the outstanding shares of Savannah River common stock. Each of Savannah River's directors and executive officers has agreed, subject to several conditions, to vote his or her shares of Savannah River common stock in favor of the merger agreement. The presence, in person or by proxy, of shares of Savannah River common stock representing a majority of Savannah River's outstanding shares entitled to vote at the special meeting is necessary in order for there to be a quorum at the special shareholders' meeting. A quorum must be present in order for the vote on the merger agreement to occur.

**First Community.** Approval of the share issuance requires the affirmative vote of the holders of a majority of the total votes cast on the share issuance at the special shareholders' meeting. Approval of the proposal to authorize adjournment will require that the number of votes cast in favor of the proposal exceed the number of votes cast against the proposal.

On December 11, 2013, there were approximately 5,300,886 outstanding shares of First Community common stock, each of which is entitled to one vote at the special meeting. On that date, the directors and officers of First Community and their affiliates beneficially owned a total of approximately 9.9% of the outstanding shares of First Community common stock. To First Community's knowledge, each of

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First Community's directors and executive officers intends to vote his or her shares of First Community common stock in favor of the share issuance. The presence, in person or by proxy, of shares of First Community common stock representing a majority of First Community's outstanding shares entitled to vote at the special shareholders' meeting is necessary in order for there to be a quorum at the special shareholders' meeting. A quorum must be present in order for the vote on the share issuance to occur.

**Voting of Proxies**

**Savannah River.** Shares of common stock represented by properly executed proxies received at or prior to the Savannah River special shareholders' meeting will be voted at the special shareholders' meeting in the manner specified by the holders of such shares. Properly executed proxies that do not contain voting instructions will be voted **"FOR"** approval of the merger agreement and the proposal to authorize adjournment.

Any record shareholder present in person or by proxy at the special shareholders' meeting who abstains from voting will be counted for purposes of determining whether a quorum exists.

**Because approval of the merger agreement requires the affirmative vote of a majority of all shares of Savannah River common stock entitled to vote at the Savannah River special shareholders' meeting, abstentions and broker non-votes will have the same effect as negative votes. Accordingly, Savannah River's board of directors urges its shareholders to complete, date, and sign the accompanying proxy form and return it promptly in the enclosed, postage-paid envelope.**

**First Community.** Shares of common stock represented by properly executed proxies received at or prior to the First Community special shareholders' meeting will be voted at the special shareholders' meeting in the manner specified by the holders of such shares. Properly executed proxies that do not contain voting instructions will be voted **"FOR"** approval of the share issuance and the proposal to authorize adjournment.

Any record shareholder present in person or by proxy (including broker non-votes, which generally occur when a broker who holds shares in street name for a customer does not have the authority to vote on certain non-routine matters because its customer has not provided any voting instructions with respect to the matter) at the special shareholders' meeting who abstains from voting will be counted for purposes of determining whether a quorum exists.

Abstentions and broker non-votes will not be counted as a vote "for" or "against" the share issuance and will not be counted in determining the number of votes cast on the share issuance or the proposal to authorize adjournment. Nevertheless, First Community's board of directors urges its shareholders to vote by telephone, through the Internet, or by completing, dating, and signing the accompanying proxy form, or such other document as your broker instructs you to use if your shares are held in street name, and return it promptly in the enclosed, postage-paid envelope.

**Revocability of Proxies**

**Savannah River.** If you are a record shareholder, the grant of a proxy on the enclosed proxy card does not preclude you from voting in person or otherwise revoking your proxy. If you are a record shareholder, you may revoke a proxy at any time prior to its exercise by delivering to the Corporate Secretary of Savannah River either a duly executed revocation or a proxy bearing a later date. In addition, if you are a record shareholder, you may revoke a proxy prior to its exercise by voting in person at the special shareholders' meeting. All written notices of revocation and other communications with respect to the revocation of Savannah River proxies should be addressed to Savannah River Financial Corporation, 3638 Walton Way Extension, Augusta, GA 30909, Attention: Corporate Secretary. Attendance at the special shareholders' meeting will not in and of itself constitute revocation of a proxy.

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**First Community.** If you are a record shareholder, the grant of a proxy on the enclosed proxy card does not preclude you from voting in person or otherwise revoking your proxy. If you are a record shareholder, you may revoke a proxy at any time prior to its exercise by delivering to the Corporate Secretary of First Community either a duly executed revocation or a proxy bearing a later date. In addition, if you are a record shareholder, you may revoke a proxy prior to its exercise by voting in person at the special shareholders' meeting. All written notices of revocation and other communications with respect to the revocation of First Community proxies should be addressed to First Community Corporation, 5455 Sunset Blvd., Lexington, SC 29072, Attention: Corporate Secretary. Attendance at the special shareholders' meeting will not in and of itself constitute revocation of a proxy. If your shares are held in "street name" with a broker, you must follow your broker's instructions to revoke your voting instructions. Further, if your shares are held in "street name", you may not vote in person at the meeting unless your broker provides you voting authorization.

**Solicitation of Proxies**

**Savannah River.** Savannah River will pay all of the costs of soliciting proxies in connection with its special shareholders' meeting, except that First Community will pay the costs of filing the registration statement with the SEC, of which this joint proxy statement/prospectus is a part, and one-half of the costs of printing this joint proxy statement/prospectus. Solicitation of proxies may be made in person or by mail, telephone, or facsimile, or other form of communication by directors, officers, and employees of Savannah River who will not be specially compensated for such solicitation. Nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

**First Community.** First Community will pay all of the costs of soliciting proxies in connection with its special shareholders' meeting, the costs of filing the registration statement with the SEC, and one half of the costs of printing this joint proxy statement/prospectus. Solicitation of proxies may be made in person or by mail, telephone, or facsimile, or other form of communication by directors, officers, and employees of First Community who will not be specially compensated for such solicitation. First Community has also engaged Eagle Rock Proxy Advisors, a proxy soliciting firm, to assist in the solicitation of proxies for a fee of \$3,500, plus incremental expenses for telephone calls made and received in connection with the solicitation of proxies. Nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

No person is authorized to give any information or to make any representation not contained in this joint proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by Savannah River, First Community, or any other person. The delivery of this joint proxy statement/prospectus does not, under any circumstances, create any implication that there has been no change in the business or affairs of Savannah River or First Community since the date of the joint proxy statement/prospectus.

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**Recommendation of the Boards of Directors**

***Savannah River.*** Savannah River's board of directors has determined that the merger agreement and the transactions contemplated by it are in the best interests of Savannah River and its shareholders. The board of directors of Savannah River recommends that the Savannah River shareholders vote "FOR" these proposals at the special shareholders' meeting.

In the course of reaching its decision to adopt the merger agreement and the transactions contemplated in the merger agreement, Savannah River's board of directors, among other things, consulted with its legal advisors, Bryan Cave LLP, regarding the legal terms of the merger agreement, and with its financial advisor, Allen C. Ewing & Co., LLC, as to the fairness, from a financial point of view, of the consideration to be received by the holders of Savannah River common stock in the merger. For a discussion of the factors considered by Savannah River's board of directors in reaching its conclusion, see "Proposal No. 1 The Merger Background of the Merger" and "Savannah River's Reasons for the Merger; Recommendation of the Savannah River Board of Directors."

Savannah River shareholders should note that Savannah River's directors have certain interests in, and may derive benefits as a result of, the merger that are in addition to their interests as shareholders of Savannah River. See "Proposal No. 1 The Merger Interests of Employees and Directors of Savannah River in the Merger."

***First Community.*** First Community's board of directors has determined that the share issuance is in the best interests of First Community and its shareholders. The members of the First Community board of directors unanimously recommend that First Community shareholders vote "FOR" these proposals.

In the course of reaching its decision to approve the share issuance as contemplated in the merger agreement, First Community's board of directors, among other things, consulted with its legal advisors, Nelson Mullins Riley & Scarborough LLP, regarding the share issuance and the legal terms of the merger agreement, and with its financial advisor, FIG Partners LLC, as to the fairness, from a financial point of view, of the share issuance to the shareholders of First Community. For a discussion of the factors considered by First Community's board of directors in reaching its conclusion, see "Proposal No.1 The Merger Background of the Merger" and "First Community's Reasons for the Merger and the Share Issuance; Recommendation of the First Community Board of Directors."

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**PROPOSAL NO. 1 THE MERGER**

*The descriptions of the terms and conditions of the merger, the merger agreement, the share issuance and any related documents in this joint proxy statement/prospectus are qualified in their entirety by reference to the copy of the merger agreement attached as Appendix A to this joint proxy statement/prospectus, to the registration statement, of which this joint proxy statement/prospectus is a part, and to the exhibits to the registration statement.*

**General**

The First Community board of directors is using this joint proxy statement/prospectus to solicit proxies from the holders of First Community common stock for use at the First Community special shareholders' meeting. The Savannah River board of directors is using this joint proxy statement/prospectus to solicit proxies from the holders of Savannah River common stock for use at the Savannah River special shareholders' meeting.

**First Community Proposal**

At the First Community special shareholders' meeting, holders of First Community common stock are being asked to vote on the issuance of shares of First Community common stock as contemplated by the merger agreement.

The merger will not be completed unless First Community's shareholders approve the issuance of shares of First Community common stock as contemplated by the merger agreement.

**Savannah River Proposal**

At the Savannah River special shareholders' meeting, holders of Savannah River common stock will be asked to vote upon the adoption of the merger agreement.

The merger will not be completed unless Savannah River's shareholders adopt the merger agreement and, by doing so, approve the proposed merger.

**Background of the Merger**

As part of its ongoing consideration and evaluation of Savannah River's long-term prospects and strategies, Savannah River's board of directors and senior management have from time to time reviewed and assessed Savannah River's business strategies and objectives, including strategic opportunities and challenges, all with the goal of enhancing shareholder value.

Similarly, the board of directors of First Community believes that its primary responsibility is to enhance shareholder value. Since First Community's inception, its board of directors has sought to achieve this goal through profitable operations as well as growth through organic growth, de novo branching and selected acquisitions. First Community's board of directors and senior management have from time to time reviewed and assessed First Community's business strategies and objectives, including potential strategic transactions.

After ongoing analysis, in the spring of 2013, Paul S. Simon, the Chairman of the Board of Savannah River, and J. Randolph Potter, Savannah River's Chief Executive Officer, came to the conclusion that Savannah River faced significant challenges with respect to achieving attractive profitability and return on equity levels for its shareholders as a stand-alone organization. Factors contributing to these challenges included:

the financial crisis and the resulting recession and ongoing economic sluggishness affecting the nation;





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pressure placed on net interest margins by a low interest rate environment;

the high level of competition among lenders, and limited loan demand; and

increasing regulatory complexity and expense.

As a result, Mr. Simon and Mr. Potter concluded that Savannah River should explore and consider the possibility of becoming part of a larger organization through an acquisition of a community bank, a merger with a community bank or aligning with a larger, well-capitalized and well-managed institution. It was agreed that, due to the highly preliminary nature of the investigation, discreet, informal inquiries by Mr. Potter would be the most effective means of obtaining information about the potential opportunities for a business combination involving Savannah River, while minimizing the risk of inadvertent and premature disclosure to customers, employees and other constituencies that Savannah River was evaluating its strategic alternatives.

In March, April and May of 2013, Mr. Potter discussed the possibility of a business combination transaction with a number of banks that he believed might have an interest in pursuing such a transaction and were of sufficient quality to be worthy of consideration as a partner. All such inquiries and discussions were preliminary in nature, and no specific proposals were made or received by Savannah River, other than the proposals made by First Community that are described below.

In March of 2013, First Community's Chief Executive Officer, Michael C. Crapps and Mr. Potter met to discuss their respective organizations. Mr. Crapps and Mr. Potter met again on April 17, 2013 to further discuss their respective institutions, including their respective financial positions, approach to community banking and strategic vision. Mr. Crapps and Mr. Potter discussed the possibility that, among other things, their respective focus on credit quality, cultural compatibility, and contiguous market locations, together with the potential operating efficiencies associated with a larger, combined company, could result in a strategic combination that could be beneficial to both companies and their respective shareholders. At this meeting, Mr. Crapps offered to analyze and provide to Mr. Potter an outline of a potential transaction structure and consideration associated with a possible strategic combination of First Community and Savannah River.

Following the April 17, 2013 meeting, First Community engaged FIG Partners LLC to serve as First Community's financial advisor with respect to a potential business combination with Savannah River.

Mr. Crapps and Mr. Potter met on May 13, 2013. They discussed the market with respect to community bank mergers and First Community's proposal that the companies consider a strategic combination in which Savannah River's shareholders would receive merger consideration with a value of \$10.00 per share of Savannah River stock, consisting of 50% cash and 50% First Community common stock.

On May 21, 2013, at a regularly scheduled board meeting, First Community's management presented to the First Community board of directors information regarding Savannah River and an analysis of a potential strategic combination with Savannah River. The First Community board of directors directed management to continue discussions with Savannah River.

On May 23, 2013, Mr. Crapps met with Mr. Potter, Paul S. Simon, and Jeff P. Spears, the President of Savannah River. They discussed their respective companies, the community bank merger market in their region, and First Community's proposal that the companies consider a strategic combination in which Savannah River shareholders would receive merger consideration with a value of \$10.00 per share of Savannah River stock, consisting of 50% cash and 50% First Community common stock. During this meeting, Mr. Potter advised Mr. Crapps that Mr. Simon would have primary responsibility for negotiating potential merger consideration for Savannah River.

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During the last week of May 2013, Mr. Crapps had several telephonic discussions with Mr. Potter and Mr. Simon regarding the amount and form of potential merger consideration.

Since its organization, Savannah River has maintained an informal, on-going relationship with the investment banking firm of Allen C. Ewing & Co. Consequently, on May 28, 2013, Messrs. Simon, Potter and Spears held a teleconference with representatives of that firm to discuss First Community's then current indication of \$10.00 per share, payable in a mix of cash and stock, and whether it offered sufficient value for Savannah River from a financial point of view. The consensus from that discussion was that the proposal was not sufficient, but that it presented an opportunity for further discussion.

On June 10, 2013, Messrs. Simon, Potter, and Spears, Timothy N. Dangerfield, Vice Chairman of the Board of Directors of Savannah River, and Robert M. Taylor III, an independent member of the board, who together comprised a corporate opportunities committee previously established by the board, met to discuss the First Community proposal. Following that meeting, on June 11, 2013, Messrs. Simon and Potter contacted Mr. Crapps to discuss the potential for the proposed combined company, which would have the ability and financial strength to more fully and effectively serve the banking needs of the institutions' respective communities, to create greater economies of scale and operating leverage, and to enhance shareholder value for both institutions. They also discussed the fact that First Community common stock, which is listed on the NASDAQ Capital Market, would provide Savannah River shareholders with a more liquid security than the unlisted Savannah River common stock, and that First Community has historically paid a quarterly cash dividend, whereas Savannah River has not paid any dividends on its common stock.

During this call, Messrs. Simon and Potter presented a counterproposal that Savannah River shareholders receive merger consideration with a target value of \$11.00 per share of Savannah River common stock and proposed that four Savannah River directors join the First Community board of directors in connection with a combination of the two institutions. They also discussed the important role of certain Savannah River executives in the management of the Aiken and Augusta markets in connection with a combination of the two companies. In particular, Mr. Crapps indicated that First Community would expect Mr. Spears, as well as Mr. Lewis and Mr. Wahl, Savannah River Banking Company's Aiken Market President and Augusta Market President, respectively, to continue to serve in market leadership positions and to provide insight and continuity with respect to customers in the Aiken and Augusta markets.

On June 13, 2013, Mr. Crapps, Mr. Potter and Mr. Simon again discussed the possibility of a strategic combination. In this meeting, Mr. Crapps proposed that (i) Savannah River shareholders would receive merger consideration with a target value of \$10.50 per share of Savannah River stock (consisting of 60% cash and 40% First Community common stock), (ii) three Savannah River directors would join the First Community board of directors, and (iii) Savannah River's executive officers, other than its chief financial officer, would agree to continue working for the combined company in order to provide continuity and leadership in the Aiken and Augusta markets for First Community. Mr. Simon requested that First Community reconsider the \$10.50 per share target value of the merger consideration and requested a proposal with an \$11.00 per share target value for the merger consideration, which could include a different relative allocation of cash and First Community common stock. Mr. Crapps ultimately modified the proposal during that call to \$11.00 per share, payable 60% in cash and 40% in stock. Messrs. Simon and Potter responded that they would recommend consideration of that proposal to the full board.

On June 14, 2013, Savannah River engaged Allen C. Ewing & Co. to serve as Savannah River's financial advisor with respect to a potential business combination with First Community.

On June 17, 2013, Mr. Crapps delivered to the board of directors of Savannah River a non-binding expression of interest in pursuing a business combination on the terms outlined therein. It was proposed, among other things, that 60% of the consideration to Savannah River shareholders would be

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in the form of cash and 40% would be in the form of First Community common stock. The proposed price to Savannah River shareholders was \$11.00 per share, which was based on a then-recent 10-day average trading price of First Community common stock and equated to an exchange ratio of 1.1677 for the stock portion of the transaction. The proposal set forth in the letter anticipated using some form of price protection (cap/collar) mechanism for the stock portion of the consideration and also proposed a 60-day exclusivity period and binding confidentiality obligations.

On June 17, 2013, the Savannah River board of directors met with a representative of Allen C. Ewing & Co. and discussed First Community's non-binding expression of interest. After considering, among other things, Savannah River's strategies, objectives and challenges and the interests of Savannah River and its shareholders, as well as First Community's profitability, dividends, NASDAQ stock listing, balance sheet, credit quality, and its geographic, cultural and strategic compatibility with Savannah River, the Savannah River board authorized Mr. Potter, subject to clarification of the manner in which the exchange ratio would be determined, to move forward with due diligence and negotiation of definitive documents to present to the board for consideration.

On June 18, 2013 at a regular meeting of the First Community board of directors, management presented further analysis of a potential strategic combination with Savannah River and of the non-binding expression of interest that had been provided to Savannah River. The First Community board authorized management to move forward with due diligence with respect to Savannah River and to engage counsel to prepare a merger agreement for the First Community board of directors to consider.

On June 19, 2013, Mr. Crapps met with Mr. Spears to discuss the potential business combination, specifically in connection with the Aiken and Augusta markets.

In a letter dated June 20, 2013, Mr. Potter advised Mr. Crapps that the Savannah River board of directors had approved moving forward with due diligence but that Savannah River needed clarification of the manner in which the exchange ratio would be determined.

On July 1, 2013, Nelson Mullins Riley & Scarborough LLP ("Nelson Mullins"), counsel to First Community, had a telephonic meeting with Bryan Cave LLP, special counsel to Savannah River, to discuss the potential tax treatment of a business combination.

On July 2, 2013, Mr. Crapps and Joseph G. Sawyer, Chief Financial Officer of First Community, along with Nelson Mullins and FIG Partners LLC, had a telephonic meeting with Mr. Potter, along with Bryan Cave LLP and Allen C. Ewing & Co., the legal and financial advisors, respectively, to Savannah River. During the meeting, the parties discussed the method and timing for determining the exchange ratio, including potential caps and collars with respect to the exchange ratio, as well as potential timing for due diligence and the negotiation of a merger agreement.

On July 3, 2013, FIG Partners LLC sent to Allen C. Ewing & Co. a proposal with respect to the potential method and timing for determining the exchange ratio, including a potential collar with respect to the exchange ratio. After multiple discussions between FIG Partners LLC and Allen C. Ewing & Co., FIG Partners LLC sent a revised proposal for the potential method and timing for determining the exchange ratio, including a potential collar with respect to the exchange ratio, to Allen C. Ewing & Co. on July 5, 2013.

On July 5, 2013, Mr. Crapps and Mr. Potter discussed by telephone the potential retention, employment, consulting and non-competition arrangements with respect to Savannah River officers and employees. Mr. Potter advised Mr. Crapps that Mr. Potter was interested in helping the merged company succeed and that he was willing to be flexible with respect to the role in which First Community wanted him to serve after the merger. Mr. Crapps proposed that Mr. Potter enter into a consulting agreement with First Community to be in effect for a year after the merger, with compensation at Mr. Potter's existing base pay rate of \$160,000. During the consulting period,

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Mr. Potter would continue involvement in the Aiken and Augusta markets, with a focus on effecting a successful merger and the transition of customers, employees, and shareholders during the consulting engagement. Mr. Crapps proposed that Mr. Potter receive a retention payment equal to Mr. Potter's base salary upon completion of the merger. Mr. Crapps also suggested that Mr. Potter would serve as a director of First Community and First Community Bank after the merger, with the same board compensation as that provided to existing First Community directors. Mr. Potter indicated that Mr. Crapps' proposals were acceptable. Mr. Crapps and Mr. Potter discussed potential employment, retention and non-compete arrangements for other Savannah River Banking Company officers generally, but did not make firm proposals or counter-proposals.

On July 8, 2013, Savannah River advised First Community that, based on the revised proposed method, timing and collar with respect to the exchange ratio, Savannah River was willing to move forward with due diligence and negotiation of a merger agreement.

On July 8, 2013, Nelson Mullins had a telephonic meeting with Bryan Cave LLP. During the meeting the parties discussed the employment agreements with Savannah River's officers, the potential roles of each of the Savannah River officers after a business combination transaction, and potential retention, employment, consulting and noncompetition arrangements with respect to the Savannah River officers. From July 8, 2013 until August 13, 2013, First Community and Nelson Mullins engaged in discussions and exchanged draft documents with Savannah River, Bryan Cave LLP and the Savannah River officers with respect to potential retention, employment, consulting and noncompetition arrangements with respect to the Savannah River officers. During the discussions regarding potential retention, employment, consulting and noncompetition arrangements between July 8, 2013 and August 13, 2013, Mr. Spears proposed on behalf of himself and Messrs. Lewis and Wahl:

base salaries at their current level with Savannah River Banking Company, except that for Messrs. Lewis and Wahl an amount would be added to essentially offset the increased health and welfare benefit expense that they would bear personally as First Community Bank employees;

participation in a First Community Bank deferred compensation plan;

First Community restricted stock option grants in an unspecified amount to vest over three years;

a cash retention bonus in an unspecified amount;

participation in health and welfare and life and disability plans available to First Community Bank employees generally;

three-year employment contract, renewing each one year thereafter;

a payment of three times base pay in the event of a termination in connection with a First Community change in control, and a termination payment of two times base pay in the event of termination of employment otherwise; and

generally preserving certain of their other benefits as Savannah River Banking Company employees, including an automobile allowances for Mr. Spears and, with respect to Mr. Spears and Mr. Lewis, continuation of bank-owned life insurance currently in place, with some increase in coverage.

First Community accepted the base salary proposal above, except that First Community proposed eliminating Mr. Spears \$6,000 automobile allowances and increasing his base salary by a commensurate amount. First Community also counter-proposed the terms set forth below. The First Community proposals were accepted by Messrs. Spears, Lewis and Wahl.

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consistent with First Community's employment agreements for similarly situated employees, a payment of two times base pay in the event of a First Community change in control, and a termination payment of one times base pay in the event of termination of employment without cause;

since First Community Bank did not currently have a deferred compensation plan for similarly situated employees, there would be no specific offer of deferred compensation plan participation, only the general right to participate in benefit plans and programs applicable generally to employees of First Community Bank or to a class of employees that includes similarly situated employees;

specified restricted stock grants that would vest over three years;

no cash retention bonus;

with respect to Mr. Spears and Mr. Lewis, continuation of bank-owned life insurance currently in place; and

otherwise, participation in First Community Bank's benefit plans and programs applicable to similarly situated employees, rather than preserving Savannah River Banking Company plans or programs.

With respect to Savannah River chief financial officer Gerry Owen, First Community proposed a two year post-merger non-solicitation of employees and customers and a one year post-merger non-competition agreement. First Community and Mr. Owen ultimately agreed to a fifteen month post-merger non-solicitation agreement with respect to employees and customers and a ten month post-merger non-competition agreement. First Community also requested that Mr. Owen provide consulting services, primarily with respect to financial reporting, administration and merger integration, for three months after the merger. Mr. Owen agreed to provide such services at his existing base pay rate. First Community and Savannah River agreed that Savannah River would enter into a retention agreement with Mr. Owen with respect to the period prior to the closing of the merger.

On July 9, 2013, Nelson Mullins distributed a draft merger agreement to Savannah River and Bryan Cave LLP.

On the weekend of July 13 and 14, 2013, Savannah River made documents available in an on-site data room which First Community and Nelson Mullins reviewed. First Community, Nelson Mullins and FIG Partners LLC engaged in documentary due diligence and performed telephonic, interview and other due diligence, with respect to Savannah River's operations, financial condition, tax matters, employee agreements and benefits, regulatory standing and other matters, from July 13, 2013 until August 13, 2013.

Bryan Cave LLP provided a revised draft of the merger agreement to Nelson Mullins and First Community on July 25, 2013. Thereafter, Bryan Cave LLP and Nelson Mullins discussed legal issues with respect to the potential transaction on multiple occasions, and several drafts of the merger agreement were exchanged between the parties. During this time, the parties, with the assistance of counsel and their respective financial advisors, negotiated the terms of a definitive agreement and plan of merger for presentation to and approval of the parties' respective boards of directors. The negotiations revealed various areas of disagreement and resulted in compromises by both sides to reach an agreement acceptable to both parties to present to their respective boards of directors to consider. Such areas included the size of the termination fee and the time period following a merger agreement termination during which the termination fee could be triggered, as well as certain mechanisms for effectuating the merger, including the timing of the mailing of cash/stock election forms and the timing of the funding of the merger consideration to the exchange agent.

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On July 16, 2013, at a regularly scheduled board meeting, the First Community board of directors reviewed and discussed the potential merger with Savannah River. Mr. Crapps presented the board with due diligence findings and summarized the proposal then under discussion.

The Savannah River board of directors met on August 13, 2013 with counsel and its financial advisor to review the obligations of directors when considering a merger of the company, the proposed terms of the merger agreement, and an analysis of the fairness of the proposed transaction from a financial point of view to the shareholders of Savannah River. Allen C. Ewing & Co. rendered its oral opinion to the Savannah River board of directors (subsequently confirmed in writing) that, as of August 13, 2013, and based upon and subject to the assumptions, qualifications and limitations set forth in such opinion, the proposed merger consideration was fair, from a financial point of view, to the Savannah River shareholders.

At a special meeting on August 13, 2013, the Savannah River board of directors, by unanimous vote of all directors present, with Messrs. Potter and Spears abstaining on advice of counsel, which comprised two-thirds of the incumbent directors, (i) approved the merger agreement and the transactions contemplated by such agreement, (ii) determined to recommend the merger agreement to the shareholders of Savannah River for their approval and (iii) authorized the executive officers of Savannah River to execute the merger agreement and to take such additional actions as may be necessary to effect the foregoing.

The First Community board of directors met on August 13, 2013 with counsel and its investment advisor to review the obligations of directors when considering the proposed merger, the proposed terms of the merger agreement, and an analysis of the fairness of the proposed transaction to First Community from a financial point of view. FIG Partners LLC rendered its oral opinion to the First Community board of directors (subsequently confirmed in writing) that, as of August 13, 2013, and based upon and subject to the assumptions, qualifications and limitations set forth in such opinion, the proposed merger consideration was fair, from a financial point of view, to First Community.

At their August 13, 2013 meeting, the First Community board of directors, by unanimous vote of all directors, approved the merger agreement and the transactions contemplated by such agreement. The board of directors also voted to recommend to the shareholders of First Community that they approve the issuance of First Community stock pursuant to the merger agreement and authorized Mr. Crapps to execute the agreement on behalf of First Community.

On the evening of August 13, 2013, First Community and Savannah River executed the merger agreement. Prior to market open on August 14, 2013, the proposed merger was publicly announced.

**Savannah River's Reasons for the Merger; Recommendation of the Savannah River Board of Directors**

After careful consideration, Savannah River's board of directors, at a meeting held on August 13, 2013, adopted the merger agreement, determined that the merger agreement and the transactions contemplated thereby to be fair and in the best interests of Savannah River and its shareholders, and resolved to recommend that the shareholders approve the merger agreement. In reaching its decision to adopt the merger agreement, the merger and the other transactions contemplated thereby, and to recommend that the shareholders approve the merger agreement, the Savannah River board of directors consulted with Savannah River management, as well as its financial and legal advisors, and considered a number of factors, including the following:

the business strategy and strategic plan of Savannah River, its prospects for the future, projected financial results, and expectations relating to the proposed merger with First Community;

a review of the risks and prospects of Savannah River remaining independent, including the challenges of the current financial and regulatory climate versus aligning Savannah River with a well-capitalized, well-managed and larger organization;

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a review of the historical financial statements and condition of Savannah River and certain other internal information, primarily financial in nature, relating to the businesses, earnings and balance sheet of Savannah River;

the fact that the merger would combine two established banking franchises to create a bank with over \$700 million in assets;

the consistency of the merger with Savannah River's long-term strategic vision to seek profitable future expansion, providing the foundation for future expansion of its geographic footprint, leading to continued growth in overall shareholder value;

the complementary nature of the businesses of Savannah River and First Community and the anticipated improved stability of the combined company's business and earnings in varying economic and market climates;

the opportunity to build greater brand recognition and awareness;

the familiarity of Savannah River's senior management team with First Community's management team and the belief of Savannah River's senior management that the managements and employees of Savannah River and First Community possess complementary skills and expertise and the potential advantages of a larger institution when pursuing, or seeking to retain, production and management talent;

the financial strength of First Community based on First Community's historical revenues and revenue expectations over the near and long term;

the strength and recent performance of First Community's common stock;

the form and amount of the merger consideration, including the potential tax effects of the stock component of the consideration;

the ability of Savannah River's shareholders to benefit from First Community's potential growth and stock appreciation since it is more likely that the combined entity will have superior future earnings and prospects compared to Savannah River's earnings and prospects on an independent basis as the result of greater operating efficiencies and better penetration of commercial and consumer banking markets;

the ability of First Community to complete a merger transaction from a financial and regulatory perspective;

the geographic fit and increased customer convenience of the branch networks of the combined entity;

the potential continued representation of Savannah River's management on the management team and board of directors of the combined entity;

the anticipated effect of the acquisition on Savannah River's retained employees and the terms of severance for employees who would not be retained;



the effect on Savannah River's customers and the communities served by Savannah River;

the increased legal lending limit available to borrowers by reason of the merger;

the belief that, while no assurances could be given, the business and financial advantages contemplated in connection with the merger were likely to be achieved within a reasonable time frame;

the long-term and short-term interests of Savannah River and its shareholders, the interests of the employees, customers, creditors and suppliers of Savannah River, and community and

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societal considerations including those of the communities in which Savannah River maintains offices; and

the opinion of Allen C. Ewing & Co., delivered to the Savannah River board of directors on August 13, 2013, that as of that date, the merger consideration was fair from a financial point of view to Savannah River's shareholders.

Based on the factors described above, the board of directors of Savannah River determined that the merger with First Community and the merger of Savannah River Banking Company with First Community Bank would be advisable and in the best interests of Savannah River and its shareholders and other constituencies the board was authorized by the articles of incorporation to consider, and adopted the merger agreement and resolved to recommend its approval to the shareholders of Savannah River.

The foregoing discussion of the information and factors considered by Savannah River's board of directors is not intended to be exhaustive but includes the material factors considered by Savannah River's board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, Savannah River's board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of Savannah River's board of directors may have given different weight to different factors. Savannah River's board of directors conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, Savannah River management and Savannah River's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

**Opinion of Savannah River's Financial Advisor**

Allen C. Ewing & Co. is a nationally recognized investment banking firm with a significant focus on financial institutions headquartered in the southeastern United States. In the ordinary course of its investment banking activities, Allen C. Ewing & Co. is regularly engaged in the valuation of financial institutions and their securities in connection with mergers, acquisitions and divestitures and with other corporate finance transactions. By letter dated June 14, 2013, Savannah River retained Allen C. Ewing & Co. to act as its financial advisor in connection with a possible sale or merger transaction involving Savannah River.

At the August 13, 2013 meeting of the board of directors of Savannah River, Allen C. Ewing & Co. presented its financial analysis of the merger and delivered its written opinion that, as of that date, the merger consideration was fair, from a financial point of view, to the shareholders of Savannah River.

**The full text of Allen C. Ewing & Co.'s August 13, 2013 opinion is attached as *Appendix C* to this proxy statement. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Allen C. Ewing & Co. in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. We urge Savannah River shareholders to read the entire opinion carefully in connection with their consideration of the merger. *Allen C. Ewing & Co. has approved the inclusion and summary of its opinion in this joint proxy statement/prospectus.***

**Allen C. Ewing & Co.'s opinion is directed to the Savannah River board of directors and relates only to the fairness of the merger consideration to be received by Savannah River shareholders, from a financial point of view. Allen C. Ewing & Co.'s opinion does not address any other aspect of the merger and is not a recommendation to any Savannah River shareholder as to how such shareholder should vote at the meeting of Savannah River shareholders.**

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***Information and Material Considered with Respect to the Merger.*** In arriving at its August 13, 2013 opinion, Allen C. Ewing & Co., among other things:

reviewed the merger agreement;

held discussions with members of senior management of Savannah River regarding the current business, financial condition, results of operations and business outlook of Savannah River;

reviewed current and historical consolidated financial statements and other historical financial and operating information of Savannah River that Allen C. Ewing & Co. deemed relevant;

reviewed and discussed with Savannah River's senior management the internally prepared financial projections of Savannah River for the year ending December 31, 2013;

reviewed and analyzed financial and market information relating to publicly traded commercial banking companies considered by Allen C. Ewing & Co. to be reasonably similar to Savannah River;

reviewed and analyzed the pricing ratios and other financial terms of recent business combinations in the commercial banking industry considered by Allen C. Ewing & Co. to be reasonably similar to those contemplated by the merger;

held discussions with members of senior management of First Community regarding First Community's current business, its business outlook and the expected benefits to be derived from the merger;

reviewed current and historical consolidated financial statements of First Community and reviewed and analyzed other financial information relating to First Community that Allen C. Ewing & Co. deemed relevant, including detailed information relating to First Community's credit quality;

reviewed First Community's strategic plan for the three-year period beginning January 1, 2013 and ending December 31, 2015;

reviewed First Community's cash dividend policy and history of dividend payments;

reviewed recently published equity research reports relating to First Community;

reviewed publicly available information with respect to current and historical market prices and trading activity of the common stock of First Community;

reviewed pro forma financial information showing the effect of the merger;

made an assessment of the current financial market environment in general and the commercial banking sector environment in particular; and

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conducted other due diligence, financial and market studies, analyses and inquiries, and considered other information that Allen C. Ewing & Co. deemed relevant.

In performing its reviews and analyses and in rendering its opinion, Allen C. Ewing & Co. assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information that was publicly available or otherwise furnished to, reviewed by or discussed with Allen C. Ewing & Co., and further relied on the assurances of members of senior management of both Savannah River and First Community that they were not aware of any facts or circumstances that would make such information inaccurate or misleading.

With respect to the financial projections of Savannah River provided to or discussed with it, Allen C. Ewing & Co. has assumed, without independent verification or investigation, that such projections were reasonably prepared on a basis reflecting the best currently available, at the time that

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such projections were created, information, estimates and judgments of Savannah River's senior management as to the future financial performance of Savannah River.

In arriving at its opinion, Allen C. Ewing & Co. did not conduct a physical inspection of the properties and facilities of Savannah River and did not make nor obtain any evaluations or appraisals of the assets or liabilities (including, without limitation, any potential environmental liabilities), contingent or otherwise, of Savannah River, nor did it examine any individual credit files.

The Allen C. Ewing & Co. opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated, and the information made available to Allen C. Ewing & Co., as of the date of its opinion. The financial markets in general and the market for the common stock of First Community, in particular, are subject to volatility, and Allen C. Ewing & Co.'s opinion did not address potential developments in the financial markets or the market for the common stock of First Community after the date of its opinion. Allen C. Ewing & Co.'s opinion did not address the relative merits of the merger as compared to any alternative business strategies that might exist for Savannah River, nor did it address the effect of any other business combination in which Savannah River might engage. For purposes of its opinion, Allen C. Ewing & Co. assumed that the merger would be consummated substantially in accordance with the terms of the merger agreement.

Subsequent developments may affect Allen C. Ewing & Co.'s opinion although Allen C. Ewing & Co. does not have any obligation to update, revise or reaffirm its opinion after the date of this proxy statement.

In preparing its opinion, Allen C. Ewing & Co. performed a variety of financial and comparative analyses, a summary of which are described below. The summary is not a complete description of the analyses underlying Allen C. Ewing & Co.'s opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Accordingly, Allen C. Ewing & Co. believes that its analyses must be considered as an integrated whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying such analyses and Allen C. Ewing & Co.'s opinion.

In performing its analyses, Allen C. Ewing & Co. made numerous assumptions with respect to Savannah River, First Community, industry performance and general business, economic, market and financial conditions, many of which are beyond the control of Savannah River and First Community. The estimates contained in these analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by such analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

Allen C. Ewing & Co.'s opinion was only one of many factors considered by the Savannah River board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the Savannah River's board of directors with respect to the merger or the merger consideration to be received by Savannah River's shareholders. The merger consideration was determined on the basis of negotiations between Savannah River and First Community. Savannah River's decision to enter into the merger was made solely by the Savannah River's board of directors.

The following is a summary of the material financial and comparative analyses presented to Savannah River's board of directors by Allen C. Ewing & Co. on August 13, 2013, in connection with its opinion.

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**Summary of Proposal.** Allen C. Ewing & Co. reviewed the financial terms of the merger which provides that each share of Savannah River common stock shall be converted into the right to receive at the election of the holder either (i) cash in the amount of \$11.00, (ii) a number of shares of First Community common stock equal to the exchange ratio, as defined in the merger agreement, or (iii) a combination of cash and First Community common stock in such proportions as requested by a Savannah River shareholder to the extent available after proration of the merger consideration to 60% cash and 40% First Community common stock.

For purposes of its presentation to Savannah River's board of directors on August 13, 2013, Allen C. Ewing & Co. calculated the merger consideration to be \$33,575,290. Based upon financial information for Savannah River as of and for the twelve-month period ended June 30, 2013, Allen C. Ewing & Co. calculated the following transaction ratios:

**Transaction Ratios**

Transaction price/Earnings	52.44x
Transaction price/Book value	1.15x
Transaction price/Tangible book value	1.15x
Transaction price/Assets	20.96%
Transaction price/Deposits	26.96%

**Analysis of Selected Publicly-Traded Comparable Companies.** Allen C. Ewing & Co. identified certain publicly-traded financial institutions which it determined to be generally similar to Savannah River (the "Savannah River Peer Group"). The Savannah River Peer Group consisted of the following 30 publicly-traded banks and bank holding companies headquartered in the southeastern United States with total assets between \$100 million and \$500 million and with a ratio of nonperforming assets-to-assets of less than 2.5% as of March 31, 2013:

**Savannah River Peer Group**

Aquesta Bank	Oconee Federal Financial Corp. (MHC)
Bank of McKenney	Pinnacle Bankshares Corporation
Bank of South Carolina Corporation	Poage Bankshares, Inc.
Bank of the James Financial Group, Inc.	Premara Financial, Inc.
Benchmark Bankshares, Inc.	Security Bancorp, Inc.
CBC Holding Company	Sound Banking Company
Commerce Union Bancshares, Inc.	Southwest Georgia Financial Corp.
Community Nat'l Bank of the Lakeway Area	Surrey Bancorp
Community Southern Bank	Truxton Corporation
Farmers Bank of Appomattox	United Financial Banking Companies
Freedom Bank of Virginia	United Tennessee Bankshares, Inc.
Little Bank, Inc.	Virginia Bank Bankshares, Incorporated
MainStreet Bank	Virginia Company Bank
MainStreet BankShares, Inc.	Virginia National Bank
Oak View National Bank	Wake Forest Bancshares, Inc. (MHC)

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Source: SNL Financial

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Allen C. Ewing & Co. reviewed selected financial data of each institution within the Savannah River Peer Group, calculated the mean and median amounts of such data and compared the mean and median amounts to the corresponding data of Savannah River as set forth in the table below.

**Savannah River Peer Group Analysis**

	<b>Savannah River as of 6/30/2013</b>	<b>Peer Group Mean</b>	<b>Peer Group Median</b>
Total Assets ( <i>in thousands</i> )	\$160,168	\$ 252,421	\$ 234,605
Net Loans ( <i>in thousands</i> )	\$108,613	\$ 168,300	\$ 168,734
Total Deposits ( <i>in thousands</i> )	\$124,535	\$ 214,400	\$ 194,485
LTM Net Income ( <i>in thousands</i> )	640	1,846	1,552
Equity/Assets	18.28%	11.46%	10.56%
LTM Net Income ( <i>in thousands</i> )	640	1,846	1,552
Net interest margin	3.69%*	3.72%	3.69%
LTM Return on average assets	0.48%*	0.70%	0.71%
LTM Return on average equity	3.42%*	5.84%	7.49%
Nonperforming assets/Total assets	0.62%*	1.30%	1.29%
Loan loss reserve/Gross loans	1.88%	1.45%	1.42%
Price/LTM earnings	Not publicly traded	14.95x	14.44x
Price/Book value	Not publicly traded	83.76%	86.58%

\*

Bank level

*Source: SNL Financial*

Allen C. Ewing & Co. applied the average and median price multiples (using pricing data as of August 9, 2013) from the table above to Savannah River's earnings and book value as of and for the twelve months ended June 30, 2013. This analysis produced implied values of Savannah River's common stock ranging from \$9,245,484 to \$25,353,175. Allen C. Ewing & Co. noted that the merger consideration of \$33,575,290 (used for purposes of its presentation to Savannah River's board of directors) exceeded this range.

Subsequent to its meeting on August 13, 2013 with the board of directors of Savannah River, Allen C. Ewing & Co. continued to track the financial reporting of the individual banks and bank holding companies comprising the Savannah River Peer Group in order to update, as of the quarter ended June 30, 2013, the financial data used in its analysis. At such time as substantially all of this data became available, Allen C. Ewing & Co. calculated the mean and median price multiples (using pricing data as of August 9, 2013) to be as follows: Price/LTM earnings 14.78 (mean) and 12.72 (median) and Price/book value 82.41 (mean) and 86.54 (median). Allen C. Ewing & Co. then applied such multiples to Savannah River's earnings and book value as of and for the twelve months ended June 30, 2013. This analysis produced implied values of Savannah River's common stock ranging from \$8,144,222 to \$25,341,461, all of which values were exceeded by the merger consideration.

Allen C. Ewing & Co. recognized that not any of the companies in the Savannah River Peer Group were identical to Savannah River. Consequently, the analysis necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the peer group companies and other factors that would affect their market values.

***Analysis of Selected Merger and Acquisition Transactions.*** Allen C. Ewing & Co. reviewed and analyzed the financial terms, to the extent publicly available, of 28 merger and acquisition transactions involving the following banks and bank holding companies headquartered in the southeastern United

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States with total assets of \$100 million to \$500 million and announced between August 1, 2010 and July 31, 2013:

**Comparable Transactions**

<b>Buyer</b>	<b>Target</b>
Stonegate Bank	Southwest Capital Bancshares
Piedmont Community Bank Hldgs. Inc.	Community Bank of Rowan
First Prestonsburg Bancshares Inc.	Short Holding Co.
CBM Florida Holding Co.	First Community Bank of America
City Holding Co.	Virginia Savings Bancorp Inc.
1st United Bancorp Inc.	Anderen Financial Inc.
Trustmark Corp.	Bay B&TC
Kentucky First Federal (MHC)	CKF Bancorp Inc.
BNC Bancorp	KeySource Financial Inc.
First Volunteer Corp.	Gateway Bancshares Inc.
CapStar Bank	American Security B&TC
First Community Bancshares Inc.	Peoples Bank of Virginia
IBERIABANK Corp.	Florida Gulf Bancorp Inc.
BNC Bancorp	First Trust Bank
Drummond Banking Co.	Williston Holding Co.
Educational Services of America Inc.	SouthEast Bancshares Inc.
Cordia Bancorp Inc.	Bank of Virginia
CapStone Bank	Patriot State Bank
Bank of the Ozarks Inc.	Genala Banc Inc.
Old Florida Bancshares Inc.	New Traditions National Bank
First Bancshares Inc.	First National Bank of Baldwin County
S.Y. Bancorp Inc.	Bancorp Inc.
HopFed Bancorp Inc.	Sumner Bank & Trust
Southern BancShares (NC)	Heritage Bancshares Inc.
1st United Bancorp Inc.	Enterprise Bancorp Inc.
BNC Bancorp	Randolph Bank & Trust Company
HomeTrust Bancshares Inc.	BankGreenville Financial Corp.
C&F Financial Corp.	Central Virginia Bankshares

*Source: SNL Financial*

For the selected transactions, Allen C. Ewing & Co. analyzed, among other things, the transaction price as a multiple of earnings and as a percentage of book value, tangible book value, assets and deposits. All multiples and percentages for the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. The following table sets forth the mean and median transaction price multiples and percentages indicated by this analysis:

**Comparable Transactions Analysis**

	<b>Mean Multiple/%</b>	<b>Median Multiple/%</b>
<i>All Targets</i>		
Transaction Price/LTM Earnings	24.17x	18.78x
Transaction Price/Book Value	86.90%	87.69%
Transaction Price/Tangible Book Value	87.48%	90.88%
Transaction Price/Assets	9.28%	8.36%
Transaction Price/Deposits	10.80%	9.62%
<i>Targets with NPAs/Assets less than 2.5%</i>		
Transaction Price/LTM Earnings	20.06%	18.78%
Transaction Price/Book Value	99.83%	100.66%
Transaction Price/Tangible Book Value	99.83%	100.66%
Transaction Price/Assets	12.02%	12.08%



Transaction Price/Deposits

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14.08%

14.72%

*Source: SNL Financial*

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Allen C. Ewing & Co. applied the mean and median multiples and percentages resulting from the analysis above to Savannah River's earnings, book value, tangible book value, assets and deposits as of and for the twelve months ended June 30, 2013. This analysis produced implied values of Savannah River's common stock ranging from \$11,980,225 to \$26,612,341. Allen C. Ewing & Co. noted that the merger consideration of \$33,575,290 (used for purposes of its presentation to Savannah River's board of directors) exceeded this range.

Allen C. Ewing & Co. further refined its comparable transactions analysis by identifying those banks and bank holding companies within the above universe of targets that ranked highest in asset quality. Allen C. Ewing & Co. identified seven such banks and bank holding companies with a ratio of nonperforming assets-to-assets of less than 2.5%. Allen C. Ewing & Co. calculated the mean and median transaction price multiples and percentages shown in the table above and applied them to the corresponding financial data of Savannah River. This analysis produced implied values of Savannah River's common stock ranging from \$12,024,252 to \$29,476,213. Allen C. Ewing & Co. noted that the merger consideration of \$33,575,290 (used for purposes of its presentation to Savannah River's board of directors) exceeded this range as well.

Allen C. Ewing & Co. recognized that no transaction considered in the analysis of selected merger and acquisition transactions is identical to the proposed merger. All multiples and percentages for the selected transactions were based on public information available at the time of announcement of such transaction, without taking into account differing market and other conditions during the periods in which the selected transactions occurred.

**Fees of Financial Advisor and Indemnification.** Savannah River paid Allen C. Ewing & Co. a fee of \$25,000 for advisory services in connection with its preparation and delivery of its fairness opinion. In addition, Savannah River has agreed to pay Allen C. Ewing & Co. a transaction fee equal to 0.5% of the merger consideration. Assuming an estimated merger consideration of \$33,575,290, such transaction fee would be \$167,876.

In connection with its engagement of Allen C. Ewing, & Co., Savannah River agreed to indemnify and to hold harmless Allen C. Ewing & Co. and its affiliates to the full extent allowed by law, from and against any losses related to or arising out of its performance under the engagement agreement and any untrue statement of material fact contained in any disclosure materials prepared by Savannah River for use by Allen C. Ewing & Co or any actual or threatened litigation or proceeding. Upon request, Savannah River must reimburse Allen C. Ewing & Co. or certain of its affiliates for legal and other costs in defending a claim as they are incurred; provided, however, that no such indemnification is required to the extent that a claim is finally determined by a court to have resulted solely from any untrue statement or omission in the disclosure materials provided by or based upon the advice of Allen C. Ewing & Co., any omission or alleged omission of material information in the Disclosure Materials or its gross negligence or willful misconduct. Allen C. Ewing & Co. likewise agreed to indemnify Savannah River in a similar fashion. The indemnification agreement does not address issues relating to conflict of interest.

**Disclosure.** Ewing Financial Institution Fund I, LP was organized on October 31, 2005 with the objective of generating long-term capital appreciation by the acquisition of equity securities in de novo banks, emerging banks and established banks. The general partner of the fund is Ewing Emerging Financial Institution Fund GP, LLC, organized on October 31, 2005 for the sole purpose of acting as general partner of the fund and managing its affairs. The sole member of the general partner is Allen C. Ewing & Co. In exchange for its advisory and administrative services to the fund, Allen C. Ewing & Co. currently receives an annual fee equal to 0.97% of the fund's assets under management. Neither the general partner nor Allen C. Ewing & Co. has any ownership in the Fund.

On December 6, 2006, the fund purchased 50,000 shares of common stock of Savannah River as part of Savannah River's initial offering of common stock pursuant to a Private Placement

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Memorandum dated October 6, 2006. Such shares represented 8.6% of the fund's total assets. The fund held these shares continuously until October 21, 2013, on which date the shares were surrendered to Savannah River for reissuance and distribution to the fund's individual unit holders.

**First Community's Reasons for the Merger and the Share Issuance; Recommendation of the First Community Board of Directors**

In the course of reaching its recommendation to the First Community shareholders to vote in favor of the share issuance pursuant to the merger, the First Community board of directors considered many factors, including the positive and negative factors described elsewhere in this joint proxy statement/prospectus, and concluded that the adoption of the merger agreement, and the consummation of the merger and the share issuance described therein, is advisable and in the best interests of First Community and First Community's shareholders.

In reaching their conclusion and making their recommendation, the members of the First Community board of directors relied on, among other things, their personal knowledge of First Community, Savannah River, and the banking industry, on information provided by executive officers of First Community, and on advice and information provided by First Community's legal and financial advisors.

The First Community board of directors considered numerous factors, including, among other things, the following, which are not intended to be exhaustive and are not presented in any relative order of importance:

the business, earnings, operations, financial condition, management, prospects, capital levels, and asset quality of both First Community and Savannah River;

the board's understanding of the current and prospective environment in which First Community and Savannah River operate, including national, regional and local economic conditions, the competitive and regulatory environment for financial institutions generally, and the likely effect of these factors on First Community in the context of the proposed merger;

the board's review and discussions with First Community's management concerning the due diligence examination of Savannah River, including First Community's due diligence review of the composition and quality of Savannah River's loan portfolio and First Community's use of a third party loan review firm;

the markets served by Savannah River are contiguous and in many respects similar to the existing markets of First Community, without any overlap in their existing branch facilities;

the directors' beliefs with respect to the compatibility of the business cultures of First Community and Savannah River, including the strategic focus of each company on local businesses and professionals;

the belief of the board of directors that combining the two companies presented opportunities to realize economies of scale, including cost savings, operational, marketing and other synergies, and the board's consideration of the risks that anticipated cost savings and synergies would not be achieved;

the views of the First Community board of directors as to the anticipated pro forma impact of the merger on the profitability, earnings per share, tangible book value per share, capital ratios, and loan to deposit ratio of First Community;

the costs associated with the merger and integrating the operations of First Community and Savannah River;

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the board's belief that the greater scale that will be achieved by the merger will better position the combined company for further growth and profitability;

the belief of the board of directors that the pro forma increased market capitalization of First Community could result in higher visibility and exposure in the capital markets, which could have positive valuation implications;

the structure of the merger and the terms of the merger agreement, including the manner in which the exchange ratio would be determined;

the views of the board of directors as to the likelihood that the regulatory approvals necessary to complete the transaction would be obtained; and

the financial analysis prepared by FIG Partners LLC, First Community's financial advisor, and the opinion delivered to the First Community board of directors by FIG Partners, LLC to the effect that, as of August 13, 2013, the exchange ratio was fair, from a financial point of view, to First Community.

The foregoing information and factors considered by First Community's board of directors is not exhaustive, but includes material factors that First Community's board of directors considered and discussed in approving and recommending the merger. In view of the wide variety of factors considered and discussed by First Community's board of directors in connection with its evaluation of the merger and the complexity of these factors, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank, or otherwise assign any specific or relative weights to the specific factors that it considered in reaching its decision; rather it considered all of the factors as a whole. The board of directors discussed the foregoing factors internally and with First Community's management and legal and financial advisors and reached the general consensus that the merger was in the best interests of First Community and its shareholders. First Community's board of directors also relied on the experience and expertise of First Community's financial advisor for quantitative analysis of the financial terms of the merger. See "The Merger Opinion of First Community's Financial Advisor" below. In considering the foregoing factors, individual directors may have assigned different weights to different factors. It should be noted that this explanation of the reasoning of First Community's board of directors and other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under "Cautionary Statement Regarding Forward-Looking Statements" on page 50.

#### **Opinion of First Community's Financial Advisor**

FIG Partners LLC ("FIG") has delivered to the board of directors of First Community its opinion that, based upon and subject to the various considerations set forth in its written opinion dated August 13, 2013, the total merger consideration to be paid to the shareholders of Savannah River is fair to First Community from a financial point of view as of such date. In requesting FIG's advice and opinion, no limitations were imposed by First Community upon FIG with respect to the investigations made or procedures followed by it in rendering its opinion. **The full text of the opinion of FIG, dated August 13, 2013, which describes the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached hereto as Appendix D. First Community shareholders should read this opinion in its entirety.**

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FIG is a nationally recognized investment banking firm and, as part of its investment banking business, is continually engaged in the valuation of financial institutions in connection with mergers and acquisitions, private placements and valuations for other purposes. As a specialist in securities of financial institutions, FIG has experience in, and knowledge of, banks, thrifts and bank and thrift holding companies. First Community selected FIG to act as its financial advisor in connection with the merger on the basis of the firm's reputation and expertise in transactions such as the merger.

First Community has agreed to pay FIG a fee of \$200,000 for performing its financial advisory services in connection with the merger and rendering a written opinion to the board of directors of First Community as to the fairness, from a financial point of view, of the merger to First Community. FIG has received \$25,000, which was payable by First Community upon delivery of the fairness opinion to the board of directors of First Community, and the remainder of FIG's fee is payable upon the closing of the merger. First Community has also agreed to reimburse FIG reasonable out-of-pocket expenses, not to exceed \$10,000. Further, First Community has agreed to indemnify FIG against any claims or liabilities arising out of FIG's engagement by First Community. FIG has not had a material relationship with First Community or Savannah River for which FIG has received compensation during the prior two years. FIG may in the future provide investment banking and financial advisory services to First Community and receive compensation for such services.

**FIG's opinion is directed only to the fairness, from a financial point of view, of the total merger consideration, and, as such, does not constitute a recommendation to any First Community shareholder as to how the shareholder should vote at the First Community shareholder meeting. The summary of the opinion of FIG set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

The following is a summary of the analyses performed by FIG in connection with its fairness opinion. Certain analyses were confirmed in a presentation to the board of directors of First Community by FIG. The summary set forth below does not purport to be a complete description of either the analyses performed by FIG in rendering its opinion or the presentation delivered by FIG to the board of directors of First Community, but it does summarize all of the material analyses performed and presented by FIG.

The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances. In arriving at its opinion, FIG did not attribute any particular weight to any analysis and factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. FIG may have given various analyses more or less weight than other analyses. Accordingly, FIG believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, without considering all factors could create an incomplete view of the process underlying the analyses set forth in its report to the board of directors of First Community and its fairness opinion.

In performing its analyses, FIG made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of First Community. The analyses performed by FIG are not necessarily indicative of actual value or actual future results, which may be significantly more or less favorable than suggested by such analyses. Such analyses were prepared solely as part of FIG's analysis of the fairness of the transaction consideration, from a financial point of view, to First Community. The analyses do not purport to be an appraisal or to reflect the prices at which a company might actually be sold or the prices at which any securities may trade at the present time or at any time in the future. FIG's opinion does not address the relative merits of the merger as compared to any other business combination in which First Community might engage. In addition, as described above, FIG's opinion to the board of directors of

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First Community was one of many factors taken into consideration by the board of directors of First Community in making its determination to approve the merger agreement.

During the course of its engagement, and as a basis for arriving at its opinion, FIG reviewed and analyzed material bearing upon the financial and operating conditions of First Community and Savannah River and material prepared in connection with the merger, including, among other things, the following:

reviewed the merger agreement;

reviewed certain historical publicly available business and financial information concerning First Community along with its banking subsidiary First Community Bank and Savannah River along with its banking subsidiary Savannah River Banking Company, including, among other things, quarterly and annual reports filed by the parties with the FDIC and the Federal Reserve;

reviewed certain financial estimates, particularly those related to credit marks and cost savings, which cost savings were estimated to be \$867 thousand, \$911 thousand, \$956 thousand, \$1,004 thousand and \$1,054 thousand in 2014, 2015, 2016, 2017 and 2018, respectively, on an after-tax basis, which were prepared by the management of First Community along with its banking subsidiary First Community Bank and Savannah River along with its banking subsidiary Savannah River Banking Company;

held discussions with members of the senior management of First Community for the purpose of reviewing future prospects of First Community and Savannah River, including financial estimates related to the respective businesses, earnings, assets, liabilities and the amount of and timing of cost savings expected to be achieved as a result of the merger;

reviewed the terms of recent merger and acquisition transactions, to the extent publicly available, involving banks, thrifts and bank and thrift holding companies that we considered relevant; and

performed such other analyses and considered such other factors as we have deemed appropriate.

In rendering its opinion, FIG assumed, without independent verification, the accuracy and completeness of the publicly and non-publicly available financial and other information furnished to FIG by First Community and Savannah River and relied upon the accuracy of the representations and warranties of the parties contained in the merger agreement. FIG also assumed that the financial estimates furnished to or discussed with FIG by First Community were reasonably prepared and reflected the best currently available estimates and judgments of senior management of First Community as to the future financial performance of First Community resulting from or following the merger. FIG has not made any independent evaluation or appraisal of any properties, assets or liabilities of First Community or Savannah River.

**Contribution Analysis.** FIG prepared a contribution analysis showing percentages of total assets, total loans, total deposits, and net income at June 30, 2013 for First Community and Savannah River to

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be contributed to the combined company on a pro forma basis. Savannah River shareholders will receive a merger consideration of 60% cash and 40% stock (a total deal value of \$11.00 per share).

	<b>Savannah River Contribution To First Community</b>
Total assets	20.2%
Total loans	24.2%
Total deposits	20.4%
LTM pre-tax, pre-provision income	19.5%
LTM net income	14.2%

**Comparable Transaction Analysis.** As part of its analysis, FIG reviewed two groups of comparable merger transactions. The first peer group included transactions which have occurred since January 1, 2012, that involved target banks located throughout the United States that had total assets of \$100 million to \$300 million with NPA/Assets < 2.5% (the "Comparable Transactions National"), which financial measures FIG deemed to be comparable to Savannah River's financial condition and appropriate for selecting national peers. All consideration types were included. The group was also limited to bank holding companies and commercial banks and transactions where pricing was disclosed. This group consisted of the following transactions:

<b>Data Announced</b>	<b>Buyer</b>	<b>St.</b>	<b>Seller</b>	<b>City</b>	<b>St.</b>
07/26/13	HomeStreet Inc.	WA	YNB Financial Services Corp.	Yakima	WA
07/18/13	Independent Bk Group Inc.	TX	Collin Bank	Plano	TX
06/08/13	Wilshire Bancorp Inc.	CA	BankAsiana	Palisades Park	NJ
06/05/13	Haven Bancorp MHC	NJ	Hilltop Community Bancorp Inc.	Summit	NJ
05/23/13	Pvt invr Jacob M. Safra		T Rowe Price SB	Baltimore	MD
05/15/13	Commerce Bancshares Inc.	MO	Summit Bancshares Inc.	Tulsa	OK
05/14/13	Independent Bank Corp.	MA	Mayflower Bancorp Inc.	Middleboro	MA
05/02/13	Sterling Financial Corp.	WA	Commerce National Bk	Newport Beach	CA
04/30/13	Croghan Bancshares Inc.	OH	Indebancorp	Oak Harbor	OH
03/27/13	Bryn Mawr Bank Corp.	PA	MidCoast Community Bncp Inc	Wilmington	DE
03/17/13	CBTCO Bancorp	NE	Bradley Bancorp	Columbus	NE
03/11/13	Heritage Financial Corp.	WA	Valley Community Bcshs Inc	Puyallup	WA
02/25/13	Glacier Bancorp Inc.	MT	Wheatland Bankshares Inc.	Wheatland	WY
02/14/13	Southern BancShares (NC)	NC	Heritage Bancshares Inc.	Lucama	NC
01/28/13	Pacific Premier Bancorp	CA	San Diego Trust Bank	San Diego	CA
12/28/12	TF Financial Corp.	PA	Roebbling Financial Corp.	Roebbling	NJ
12/19/12	S.Y. Bancorp Inc.	KY	Bancorp Inc.	La Grange	KY
11/26/12	Coronado First Bank	CA	San Diego Private Bank	La Jolla	CA
11/16/12	QCR Holdings Inc.	IL	Community National Bancorp.	Waterloo	IA
10/12/12	Jeff Davis Bancshares Inc.	LA	Guaranty Capital Corp.	Mamou	LA
10/09/12	LCNB Corp.	OH	First Capital Bancshares Inc.	Chillicothe	OH
10/04/12	Bank of the Ozarks Inc.	AR	Genala Banc Inc.	Geneva	AL
08/02/12	Overton Financial Corporation	TX	First National Bank of Canton	Canton	TX
08/01/12	New Hampshire Thrift Bncshrs	NH	Nashua Bank	Nashua	NH
07/31/12	Heartland Financial USA Inc.	IA	First Shares Inc.	Platteville	WI
07/27/12	American Bancorp Inc.	OK	Osage Bancshares Inc.	Pawhuska	OK
07/23/12	Mission Bancorp	CA	Mojave Desert Bank NA	Mojave	CA
07/02/12	Independent Bk Group Inc.	TX	Community Group Inc.	Highland Village	TX
06/14/12	HaleCo Bancshares Inc.	TX	LubCo Bancshares Inc.	Slaton	TX
05/23/12	First Priority Financial Corp.	PA	Affinity Bancorp Inc.	Wyomissing	PA

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04/30/12	PacWest Bancorp	CA	American Perspective Bank	San Luis Obispo	CA
04/04/12	FVNB Corp.	TX	First State Bank	New Braunfels	TX
03/29/12	S&T Bancorp Inc.	PA	Gateway Bank of Pennsylvania	McMurray	PA
03/23/12	SKBHC Holdings LLC	WA	Security Business Bancorp	San Diego	CA
03/21/12	Commerce Bancshares Corp.	MA	Mercantile Capital Corp	Boston	MA
03/15/12	PSB Holdings Inc.	WI	Marathon State Bank	Marathon	WI
03/01/12	First Community Bancshares Inc	VA	Peoples Bank of Virginia	Richmond	VA
02/01/12	Center Bancorp Inc.	NJ	Saddle River Valley Bank	Saddle River	NJ

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The second peer group included transactions, which have occurred since January 1, 2010, that involved target banks located in Southeastern U.S. Region (AL, AR, FL, GA, LA, MS, NC, SC, TN) that had total assets from \$100 million to \$500 million and NPA/Assets < 5.0% (the "Comparable Transactions Southeast"), which financial measures FIG deemed comparable to Savannah River's financial condition and appropriate for selecting regional peers. All consideration types were included. The group was also limited to bank holding companies and commercial banks and transactions where pricing was disclosed. This group consisted of the following eight transactions:

Data Announced	Buyer	St.	Seller	City	St.
07/01/13	First Federal Bancshares of AR	AR	First National Security Co.	Hot Springs	AR
02/14/13	Southern BancShares (NC)	NC	Heritage Bancshares Inc.	Lucama	NC
11/05/12	Old Florida Bancshares Inc.	FL	New Traditions National Bank	Orlando	FL
10/12/12	Jeff Davis Bancshares Inc.	LA	Guaranty Capital Corp.	Mamou	LA
10/04/12	Bank of the Ozarks Inc.	AR	Genala Banc Inc.	Geneva	AL
08/03/12	MidSouth Bancorp Inc.	LA	PSB Financial Corporation	Many	LA
08/29/11	MidSouth Bancorp Inc.	LA	First Louisiana National Bank	Breaux Bridge	LA
03/10/11	IBERIABANK Corp.	LA	Cameron Bancshares Inc.	Lake Charles	LA

FIG calculated the medians and averages of the following relevant transaction ratios in the Comparable Transactions National and the Comparable Transactions Southeast: the percentage of the offer value to the acquired company's total assets, the multiple of the offer value to the acquired company's tangible book value; the multiple of the offer value to the acquired company's fully leveraged book value; the multiple of the offer value to the acquired company's total assets; and the tangible book value premium to core deposits. FIG compared these multiples with the corresponding multiples for the merger, valuing the total consideration that would be received pursuant to the merger agreement at approximately \$33.6 million, or \$11.00 per Savannah River share. In calculating the multiples for the merger, FIG used Savannah River's tangible book value, fully leveraged tangible book value, total assets, and total core deposits as of June 30, 2013. The results of this analysis are as follows:

	Tangible Book Value (%)	Offer Value to Fully Leveraged Book Value (%)	Total Assets (%)	Core Deposit Premium (%)
Savannah River	114.7	131.5	21.0	3.8
Transaction National Median	129.9	134.5	14.8	3.5
Transactions National Average	125.8	127.9	14.0	3.4
Transactions Southeast Median	123.8	128.6	13.8	2.8
Transaction Southeast Average	122.1	127.9	13.4	3.0

**Discounted Cash Flow Analysis.** FIG estimated the present value of all shares of Savannah River common stock by estimating the value of Savannah River estimated future earnings stream beginning in 2013. Reflecting FIG projections and estimates based upon discussion with Savannah River, and cost savings estimates prepared by First Community and Savannah River, FIG assumed net income for 2013, 2014, 2015, 2016, and 2017 of \$849 thousand, \$1.8 million, \$2.4 million, \$2.7 million, and \$2.8 million, respectively. The present value of these earnings was calculated based on a range of discount rates of 12.0%, 13.0%, and 14.0%, respectively. In order to derive the terminal value of Savannah River earnings stream beyond 2017, FIG performed two separate analyses: 1) an acquisition in 2017 at 20.0 times estimated earnings in the terminal year; and 2) an acquisition in 2017 at 1.50 times estimated tangible book value in the terminal year. The present value of these terminal amounts was then calculated based on the range of discount rates mentioned above. These rates and values were chosen to reflect different assumptions regarding the required rates of return of holders or prospective

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buyers of Savannah River's common stock. The two analyses and the underlying assumptions yielded a range of value for all the shares of Savannah River's stock of approximately 1) \$9.47 per share to \$13.40 per share; and 2) \$9.24 per share to \$12.23 per share compared to the merger consideration of \$11.00 per share.

**Franchise Valuation.** FIG estimated the value of Savannah River franchise through a build up methodology based on a deposit premium, credit mark and capital mark based analysis. The methodology begins with First Community's tier 1 tangible common capital of \$29.2 million. From the tier 1 common capital number, a credit mark is subtracted which is based on a loan credit mark of 1.9% and an OREO credit mark of 25%, offset by reserves, which resulted in no net total credit mark because reserves fully offset the loan and OREO credit mark. A capital mark is also subtracted from the tier 1 common capital figure if tier 1 common capital is less than 8.0%. This was not the case for Savannah River and therefore, no subtraction was made for the capital mark. After a credit mark and capital mark has been applied to tier 1 common capital, a deposit premium is applied based on deposit premiums for noninterest bearing deposits of 7.5%, NOW accounts of 5.0% and MMDA and savings accounts of 3.0%. The total deposit premium calculated was \$4.3 million. Therefore, the total indicated franchise valuation was \$33.6 million, which indicated a value of \$11.20 per share.

**Based upon the foregoing analyses and other investigations and assumptions set forth in its opinion, without giving specific weightings to any one factor or comparison, FIG determined that the merger consideration was fair, from a financial point of view, to First Community shareholders.**

**Certain Budgets and Projections That Were Not Prepared for Use In Connection with the Merger**

During the course of due diligence during July of 2013, Savannah River provided to First Community, FIG and Allen C. Ewing & Co., copies of 2012, 2013 and 2014 projections that had been prepared by Savannah River in 2011, as well as a 2013 Savannah River internal budget that had been prepared by Savannah River by applying budget assumptions approved in December of 2012 to Savannah River's year-end 2012 financial information.

These Savannah River projections prepared in 2011 had not been prepared in connection with the proposed merger and had not been updated to reflect actual performance, internal Savannah River developments, or external market developments (including, for example, changes in Savannah River loan and deposit balances, changes in the interest rate markets and interest rates applicable to Savannah River loans and deposits, and changes to other material factors). The Savannah River projections that had been created in 2011 were viewed by Savannah River, Ewing, First Community and FIG as being out of date and, therefore, out of line with actual performance.

A comparison of projected and actual performance for selected items in 2012 and the first six months of 2013 is shown below.

**Savannah River**  
**2012 Projections Created in 2011, Compared to Actual Performance**

	2012 Projected	2012 Actual	Difference Between Actual and Projected
Net Interest Income After Provision for Loan Losses	\$ 4,571,841	\$ 4,502,877	-1.5%
Net Income	\$ 463,808	238,531	-48.6%
Net Income Per Share	\$ 0.15	\$ 0.08	-48.6%

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**Savannah River**  
**First Six Months of 2013 Projections Created in 2011, Compared to Actual Performance**

	June 30, 2013 Projected	June 30, 2013 Actual	Difference Between Actual and Projected
Net Interest Income After Provision for Loan Losses	\$ 2,341,526	\$ 2,571,569	9.8%
Net Income	\$ 294,619	\$ 412,438	40.0%
Net Income Per Share	\$ 0.10	\$ 0.14	40.0%

For the full year of 2013 and for 2014, the Savannah River projections created in 2011 for selected items are presented below.

**Savannah River**  
**2013 and 2014 Projections Created in 2011**

	2013 Projected	2014 Projected
Net Interest Income After Provision for Loan Losses	\$ 4,791,264	\$ 5,083,573
Net Income	\$ 659,210	\$ 722,978
Net Income Per Share	\$ 0.22	\$ 0.24

Information with respect to the Savannah River projections created in 2011 is included in this proxy statement/prospectus for informational purposes only because such projections were provided to First Community, FIG and Allen C. Ewing & Co. during the due diligence process. Neither FIG nor Allen C. Ewing & Co. included the Savannah River projections created in 2011 in their fairness opinion analysis. *Readers are cautioned not to place reliance on the Savannah River projections created in 2011 because, among other things, they were not prepared in connection with the merger, were out of date, and were not updated to reflect actual results, information or developments.*

The Savannah River 2013 internal budget was also viewed by First Community and FIG as being stale. The Savannah River 2013 internal budget had not been prepared in connection with the proposed merger and had not been updated to reflect actual performance, internal Savannah River developments, or external market developments (including, for example, changes in Savannah River loan and deposit balances, changes in the interest rate markets and interest rates applicable to Savannah River loans and deposits, and changes to other material factors).

For the six months ended June 30, 2013, Savannah River's actual net interest income after provision for loan losses, net income and net income per share varied from the amounts reflected in the Savannah River 2013 internal budget as reflected in the following table.

**Savannah River 2013 Internal Budget, Full Year and Through June 30, 2013, and June 30, 2013 Actual Performance**

	Six Months Ended		Difference Between Actual and Budgeted, through June 30, 2013	Full Year 2013 Budget
	June 30, 2013 Budgeted	June 30, 2013 Actual		
Net Interest Income After Provision for Loan Losses	\$ 2,526,261	\$ 2,571,569	1.8%	\$ 5,256,573
Net Income	\$ 310,835	\$ 412,438	32.7%	\$ 745,522
Net Income Per Share	\$ 0.10	\$ 0.14		