

FIRST COMMUNITY CORP /SC/
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PROXY STATEMENT/PROSPECTUS

Prospectus of First Community Corporation Proxy Statement of Cornerstone Bancorp

PROPOSED MERGER OF

FIRST COMMUNITY CORPORATION

AND CORNERSTONE BANCORP – YOUR VOTE IS VERY IMPORTANT

To the Shareholders of Cornerstone Bancorp:

On behalf of the boards of directors of First Community Corporation (“First Community”) and Cornerstone Bancorp (“Cornerstone”), we are pleased to deliver our proxy statement/prospectus for a merger involving First Community and Cornerstone, with First Community as the surviving corporation.

Cornerstone will hold a special meeting of Cornerstone shareholders on September 19, 2017 at 4:00 p.m., at the main office of Cornerstone at 1670 East Main Street, Easley, South Carolina 29640. At the special meeting, you will be asked to vote on (1) the merger of Cornerstone with and into First Community described in more detail herein, and (2) the approval of a proposal to adjourn the special meeting, if necessary or appropriate, to allow time to solicit additional proxies to approve the merger agreement.

If the merger is completed, each outstanding share of Cornerstone common stock will be exchanged for either \$11.00 in cash or 0.54 shares of First Community common stock or a combination of cash and shares. Each shareholder of Cornerstone 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 Cornerstone shares. Elections by Cornerstone shareholders will, however, be prorated if necessary so that in the aggregate 70% of Cornerstone’s non-dissenting shares of common stock will be converted into the right to receive shares of First Community common stock and 30% will be converted into the right to receive the cash consideration.

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”.

Based on the \$20.30 closing price per share of First Community common stock on The NASDAQ Capital Market on July 7, 2017, the latest practicable date before mailing out this proxy statement/prospectus, the equivalent value of the merger consideration per share of Cornerstone common stock (assuming a 70/30 stock-cash mixed election) was approximately \$10.97, and the aggregate merger consideration was approximately \$25,469,163. **We urge you to obtain current market quotations for First Community common stock because the value of the First Community shares to be issued in the merger will fluctuate.**

As of July 14, 2017, the record date for the Cornerstone special meeting of shareholders, there were 2,320,991 shares of Cornerstone common stock outstanding and entitled to vote at the special meeting. Based on such outstanding Cornerstone common stock, if the merger is approved, First Community will issue an aggregate of 877,334 shares of its common stock to holders of Cornerstone common stock upon completion of the merger.

We cannot complete the merger unless we obtain approval of shareholders of Cornerstone common stock at the special meeting and the necessary regulatory agency approvals. **Your vote is important.** Whether or not you plan to attend the special shareholders' meeting, please take the time to vote as soon as possible.

This document serves as the proxy statement for the special meeting of Cornerstone shareholders and a prospectus for the offering and issuance of approximately 877,334 shares of First Community common stock to be issued to holders of Cornerstone common stock in the merger, and it includes important information about the proposed merger, the companies participating in the merger, and the agreement and plan of merger. **We encourage you to read this entire document carefully, including the "Risk Factors" section beginning on page 20.**

Cornerstone's board of directors has determined that the merger is in the best interests of Cornerstone and its shareholders, has approved the merger agreement and the transactions contemplated thereby, and recommends that Cornerstone common shareholders vote "FOR" the merger and "FOR" the motion to adjourn the special meeting if necessary or appropriate to do so.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this 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 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 proxy statement/prospectus is dated July 14, 2017, and is first being mailed to shareholders of Cornerstone on or about July 31, 2017.

CORNERSTONE BANCORP

1670 E. Main Street

Easley, South Carolina 29640

(864) 306-1444

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON SEPTEMBER 19, 2017

To the shareholders of Cornerstone Bancorp:

A special meeting of shareholders of Cornerstone Bancorp (“Cornerstone”) will be held at the main office of Cornerstone, 1670 E. Main Street, Easley, South Carolina, 29640 on Tuesday, September 19, 2017 at 4:00 p.m., local time, for the following purposes:

To consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of April 11, 2017, by and between First Community Corporation and Cornerstone under which Cornerstone will be merged with and into First Community Corporation. A copy of the merger agreement is attached to the accompanying proxy statement/prospectus as Appendix A.

To consider and vote on a proposal to authorize the board of directors to adjourn the special meeting, if necessary or appropriate, 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. To transact any other business as may properly come before the meeting or any adjournment or postponement.

Only shareholders of record of Cornerstone common stock at the close of business on July 14, 2017 will be entitled to notice of and to vote at the special meeting and at any adjournment or postponement at the special meeting. A complete list of these shareholders will be available at Cornerstone’s offices prior to the meeting. Although holders of Cornerstone Series A Preferred Stock are being given notice of the special meeting as required by the South Carolina Business Corporation Act, holders of the preferred stock are not entitled to vote at the meeting.

Holders of Cornerstone common stock who comply with the provisions of South Carolina law relating to dissenters’ rights applicable to the merger are entitled to assert dissenters’ rights under the South Carolina dissenters’ rights law, a

copy of which is attached as Appendix B to the attached proxy statement/prospectus.

Your vote is very important. Whether or not you plan to attend the special meeting, we encourage you to vote as soon as possible. If you hold your shares of record in your name, you can vote by telephone, through the Internet, or by signing, dating and mailing your proxy card in the envelope enclosed. Telephone and Internet voting permits you to vote at your convenience, 24 hours a day, seven days a week. Detailed voting instructions are included on your proxy card. If you hold your shares of record in your name, you may also attend the special meeting and vote in person. If your shares are held in "street name," please follow the instructions provided by your broker or other nominee to vote your shares. If your shares are held in street name and you wish to attend the special meeting and vote in person, you must present proof of ownership and appropriate voting documents from your broker or other nominee. If you hold your shares of record in your name, you may change or revoke your proxy at any time before it is voted by giving written notice of revocation to Cornerstone's Corporate Secretary, or by filing a properly executed proxy of a later date with Cornerstone's Corporate Secretary, at or before the meeting, or by attending and voting your shares in person at the meeting. If your shares are held in street name, you may change or revoke your voting instructions by submitting new voting instructions to your broker or other nominee as specified in your broker or other nominee's instructions.

Cornerstone's Board of Directors has approved and adopted the merger agreement and the transactions it contemplates, and has determined that the merger is in the best interests of Cornerstone and its shareholders. **CORNERSTONE'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CORNERSTONE 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.

By Order of the Board of Directors

/s/ J. Rodger Anthony
J. Rodger Anthony
President and Chief Executive Officer

Easley, South Carolina
July 14, 2017

WHERE YOU CAN FIND MORE INFORMATION

First Community is subject to the information requirements of the Securities Exchange Act of 1934 (the “Exchange Act”), which means that it is required to file certain reports, proxy statements, and other business and financial information with the Securities and Exchange Commission (“SEC”). You may read and copy any materials that First Community files with the SEC at the Public Reference Room of the SEC at 100 F. Street N.E., Washington, D.C. 20549. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at <http://www.sec.gov> where you can access reports, proxy, information and registration statements, and other information regarding registrants that file electronically with the SEC. Such filings are also available free of charge at First Community’s website at <https://www.firstcommunitysc.com/> under the “Investors” heading. Except as specifically incorporated by reference into this document, information on First Community’s website or filed with the SEC is not part of this document.

First Community has filed a registration statement on Form S-4, of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that First Community has previously filed, and that it may file through the date of the special meeting of Cornerstone shareholders, with the SEC. They contain important information about the company and its financial condition. For further information, please see the section entitled “Incorporation of Certain Documents by Reference.” These documents are available without charge to you upon written or oral request to First Community’s principal executive offices. The address and telephone numbers of such principal executive office are listed below.

First Community Corporation

5455 Sunset Blvd.

Lexington, South Carolina 29072

Attention: Joseph G. Sawyer

Executive Vice President and Chief Financial Officer

To obtain timely delivery of these documents, you must request the information no later than September 11, 2017, in order to receive them before Cornerstone’s special meeting of shareholders.

First Community common stock is traded on The NASDAQ Capital Market under the symbol “FCCO.”

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APPENDIX A Agreement and Plan of Merger

APPENDIX B South Carolina Statutes for Dissenters’ Rights

APPENDIX C Fairness Opinion of Raymond James & Associates, Inc.

APPENDIX D Unaudited Consolidated Financial Information of First Community Corporation

APPENDIX E Cornerstone Bancorp Consolidated Financial Statements

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you may have regarding the merger and the special shareholders' meeting, and brief answers to those questions. We urge you to carefully read the remainder of this proxy statement/prospectus and the appendices and documents incorporated herein by reference 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' meeting.

Q: Why am I receiving this proxy statement/prospectus?

First Community and Cornerstone have agreed to the merger of Cornerstone with and into First Community, pursuant to the terms of the merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is included as Appendix A to these materials. Cornerstone Bank will be merged with and into **A:** First Community Bank as soon as practicable following the merger. The mergers cannot be completed unless, among other things, two-thirds of the outstanding shares of Cornerstone's common stock vote in favor of the proposal to approve the merger agreement. Accordingly, Cornerstone shareholders are being asked to vote at the special meeting on approval of the merger agreement.

Cornerstone shareholders will also be asked to vote on a proposal to adjourn the Cornerstone special meeting, if necessary or appropriate, to allow time to solicit additional proxies in favor of the proposal to approve the merger agreement, if there are insufficient votes at the time of such adjournment to approve such proposal.

We are sending you this proxy statement/prospectus because the Cornerstone board is soliciting your proxy to vote your shares at the special meeting. It also serves as First Community's prospectus with respect to the shares of First Community common stock First Community will issue to Cornerstone shareholders in connection with the merger. This document contains important information about the merger and the other proposal being voted on at the Cornerstone special meeting, and you should carefully read it, together with the appendices and the information incorporated by reference.

Q: When and where will the special meeting be held?

A: The special meeting of shareholders of Cornerstone shareholders will be held on Tuesday, September 19, 2017, at 4:00 p.m., at the main office of Cornerstone, 1670 East Main Street, Easley, South Carolina 29640.

Q: Who is entitled to vote at the special meeting?

A:

Only Cornerstone common shareholders of record at the close of business on July 14, 2017, the record date, are entitled to notice of and to vote at the special meeting and any adjournment thereof.

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

Holders of Cornerstone common stock are being asked to vote “**FOR**” the approval of the merger agreement that provides for the merger of Cornerstone with and into First Community. The board of directors of Cornerstone unanimously adopted the merger agreement, determined that the merger is in the best interests of the Cornerstone shareholders, and recommends that Cornerstone shareholders vote “**FOR**” approval of the merger agreement. In

A: addition, Cornerstone shareholders are being asked to grant authority to Cornerstone’s 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. Cornerstone shareholders are being asked to vote “**FOR**” approval of the adjournment proposal.

Q: What vote is required to approve each proposal?

Approval of the merger agreement requires the affirmative vote of two-thirds of the outstanding shares of Cornerstone common stock entitled to vote at the special meeting. Approval of the adjournment proposal requires that the number of shares voted at the special meeting, in person or by proxy, in favor of the proposal exceed the number of shares voted against the proposal.

Q: Why is my vote important?

The merger agreement must be approved by the affirmative vote of the holders of two-thirds of the outstanding shares of Cornerstone common stock. Accordingly, if a Cornerstone shareholder fails to vote on the merger agreement, or does not instruct his or her broker how to vote any shares held for him or her in “street name,” it will have the same effect as a vote against the merger agreement.

Q: Why is Cornerstone merging with First Community?

Cornerstone 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 an increased presence in the upstate A: region of South Carolina. A detailed discussion of the background of and reasons for the proposed merger is contained under the headings “Background of the Merger,” “Cornerstone’s Reasons for the Merger; Recommendation of the Cornerstone Board of Directors,” and “First Community’s Reasons for the Merger,” under “Proposal No. 1—The Merger.”

Q: What will I receive in the merger?

Each share of Cornerstone common stock can be exchanged for either: (i) \$11.00 in cash; (ii) 0.54 shares of First A: Community common stock; or (iii) a combination of cash and shares of First Community common stock.

However, a shareholder’s receipt of the exact form of consideration he or she elects is subject to the limitation that in total, 30% of Cornerstone’s non-dissenting shares of common stock outstanding will be exchanged for cash, and 70% of Cornerstone’s non-dissenting shares of common stock outstanding will be exchanged for shares of First Community common stock. If the cash or stock consideration elected by all shareholders exceeds either the 30% cash or 70% stock limitation, the exchange agent will prorate the cash and stock consideration shareholders receive.

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 47 of this 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 Cornerstone 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 Cornerstone common stock, subject to the limitations on total stock and cash consideration explained in the answer, immediately above. Please pay special attention to these election and transmittal 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 Cornerstone common stock.

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

No. In total, 30% of Cornerstone's non-dissenting shares of common stock outstanding will be exchanged for cash and 70% of Cornerstone's non-dissenting shares of common stock 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 Cornerstone shareholders so that 30% of Cornerstone's non-dissenting shares of common stock outstanding will be exchanged for cash and 70% of the total outstanding non-dissenting shares of Cornerstone 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 Cornerstone common stock. If the elections of all Cornerstone 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 49.

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?

The custodian of your IRA will vote your shares on the proposal to approve the merger agreement 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 the value of the merger consideration change between the date of this proxy statement/ prospectus and the time the merger is completed?

YES. The value of the merger consideration to be issued in First Community common stock will fluctuate between the date of this proxy statement/prospectus and the completion of the merger based upon the market value of First Community common stock. Any fluctuation in the market price of First Community common stock after the date of this document may change the value of the shares of First Community common stock that Cornerstone shareholders will receive. Cornerstone shareholders should obtain current market quotations for First Community common stock, which is traded under the symbol "FCCO" on The NASDAQ Capital Market.

The value of the merger consideration to be paid in cash will not fluctuate.

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

A: We expect that the exchange of shares of Cornerstone common stock for First Community common stock by Cornerstone shareholders generally will be tax-free to you for federal income tax purposes. However, you will have to pay taxes at either capital gains or ordinary income rates, depending upon individual circumstances and on the cash received in exchange for your shares of Cornerstone common stock, including cash received in lieu of

fractional shares of First Community common stock. To review the tax consequences to Cornerstone shareholders in greater detail, see “Proposal No. 1—The Merger—Material U.S. Federal Income Tax Consequences and Opinion of Tax Counsel” beginning on page 54.

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

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 Cornerstone common stock. The type of consideration you will receive will be determined by the type of consideration other Cornerstone shareholders elect to receive so that, in total, 30% of the outstanding non-dissenting shares of Cornerstone common stock will be exchanged for cash and 70% of the total outstanding non-dissenting shares of Cornerstone 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 49.

Q: What should I do now?

A: After you have carefully read this proxy statement/prospectus and decided how you wish to vote your shares, please vote your shares promptly so that your shares will be represented and voted at the special meeting.

If you are a record holder and hold your shares in your name: You do not have to attend the special meeting to vote. The Cornerstone board of directors is soliciting proxies so that you can vote before the special meeting. Even if you currently plan to attend the special meeting, we recommend that you vote by proxy before the special meeting so that your vote will be counted if you later decide not to attend. There are three ways a record holder can vote by proxy:

·By Internet: You may vote over the Internet by going to the website shown on your proxy card and following the instructions when prompted;

·By Telephone: You may vote by telephone by calling the toll free number shown on your proxy card; or

·By Mail: You may vote by completing, signing, dating and returning the enclosed proxy card.

If you vote over the Internet or by telephone, please do **NOT** return a proxy card through the mail unless you intend to revoke your Internet or telephone vote.

If you vote using one of the methods described above, you will be designating J. Rodger Anthony and Jennifer M. Champagne as your proxies to vote your shares as you instruct. If you vote over the Internet or by telephone or by signing and returning your proxy card without giving specific instructions, these individuals will vote your shares by following the recommendations of the Cornerstone board of directors. If any other business properly comes before the special meeting, these individuals will vote on those matters in a manner they consider appropriate.

If your shares are held in "street name" by a broker or other nominee: You may vote your shares before the special meeting by mail, by completing, signing and returning the voting instruction form you received from your broker or other nominee. You should check your voting instruction form to see if any alternative method, such as Internet or telephone voting, is available to you.

Q: If my shares are held in “street name” by my broker or other nominee, will my broker or other nominee vote my shares for me?

A: NO. Your broker or other nominee will NOT vote your shares on the proposal to approve the merger agreement unless you provide instructions on how to vote. You should instruct your broker or other nominee how to vote your shares following the directions your broker or other nominee provides. Please note that you may not vote shares held in street name by returning a proxy card directly to Cornerstone or by voting in person at the special meeting unless you provide a “legal proxy,” which you must obtain from your broker or other nominee, and provide it to Cornerstone, together with proof of your share ownership.

Q: What if I abstain from voting or fail to instruct my broker or other nominee?

A: With respect to the merger agreement proposal, if you (1) fail to submit a proxy or vote in person at the special meeting, (2) mark “Abstain” on your proxy card, or (3) fail to instruct your broker or other nominee how to vote, it will have the same effect as a vote “Against” the merger proposal. If you fail to submit a proxy or vote in person at the special meeting or fail to instruct your broker or other nominee how to vote, or mark “Abstain” on your proxy card with respect to the adjournment proposal, it will have no effect on the adjournment proposal.

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

A: YES. If you hold your shares of record in your name, there are three ways you can change your vote after you have submitted your proxy:

First, you may send a written notice to Cornerstone’s Corporate Secretary 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 Cornerstone prior to the special shareholders’ meeting will be your vote. Any earlier votes will be revoked.

Third, you may attend the special shareholders’ meeting and vote in person. Any earlier votes will be revoked. Simply attending the meeting without voting, however, will not revoke your proxy.

If your shares are held in street name by a broker or other nominee and you have instructed your broker or other nominee to vote your shares, you must follow the directions you receive from your broker to change or revoke your proxy.

Q: Can I attend the special meeting and vote my shares in person?

A: YES. All Cornerstone shareholders, including shareholders of record and shareholders who hold their shares through brokers or other nominees, are invited to attend the special meeting. Record holders of Cornerstone

common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker or other nominee, and present proof of Cornerstone share ownership to be able to vote in person at the special meeting.

Q: Will my ownership percentage and voting interest be reduced after the merger?

YES. Cornerstone shareholders currently have the right to vote in the election of the Cornerstone board of directors and on other matters affecting Cornerstone. Upon the completion of the merger, each Cornerstone shareholder who receives First Community common stock in the merger will be a shareholder of First Community with a percentage ownership of First Community that is much smaller than such shareholder's current percentage ownership of

A: Cornerstone. It is currently expected that the former shareholders of Cornerstone as a group will receive shares in the merger constituting approximately 11.6% of the outstanding shares of First Community's common stock immediately after the merger. Accordingly, former Cornerstone shareholders will have significantly less influence on the management and policies of First Community than they now have on the management and policies of Cornerstone.

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

YES. South Carolina law permits you to dissent from the merger and to obtain payment in cash of the "fair value" of your shares of Cornerstone common stock. To do this, you must follow specific procedures, including, among others, delivering written notice to Cornerstone before the shareholder vote on the merger agreement is taken of your intent to demand payment for your shares if the merger is completed and not voting your shares in favor of the merger agreement. If you follow the required procedures, your only right will be to receive the "fair value" of your

A: common stock in cash. Copies of the applicable South Carolina statutes are attached to this proxy statement/prospectus as Appendix B. See "Proposal No. 1—The Merger—Dissenters' Rights" beginning on page 52. Because of the complexity of the procedures for exercising dissenters' rights, if you are considering exercising dissenters' rights, you are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable South Carolina law provisions will result in the loss of your right to dissent.

Q: Should I send in my stock certificates now?

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

Q: When do you expect to complete the merger?

We intend to complete the merger on October 20, 2017. However, we cannot assure you when or if the merger will **A:** occur. We must first obtain the approval of the Cornerstone shareholders at the special shareholders' meeting and the necessary regulatory approvals.

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

Cornerstone shareholders should call J. Rodger Anthony, President and Chief Executive Officer, at (864) 306-1444. **A:** First Community shareholders should call Michael C. Crapps, President and Chief Executive Officer, at (803) 951-2265.

SUMMARY

This summary highlights material information about the merger and the special shareholders' meeting contained later in this 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, including the exhibits and appendices, 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 79 for First Community and page 88 for Cornerstone)

First Community Corporation

5455 Sunset Blvd.

Lexington, South Carolina 29072

(803) 951-2265

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

First Community, a bank holding company registered under the Bank Holding Company Act of 1956 (the "BHCA"), was incorporated under the laws of South Carolina in 1994 primarily to own and control all of the capital stock of First Community Bank ("First Community Bank"), which commenced operations in August 1995. First Community Bank's primary federal regulator is the Federal Deposit Insurance Corporation (the "FDIC"). First Community Bank is also regulated and examined by the South Carolina Board of Financial Institutions (the "SCBFI").

First Community Bank engages in a commercial banking business from its main office in Lexington, South Carolina and its 15 full-service offices located in the Midlands of South Carolina to include: Lexington County (6), Richland County (4), Newberry County (2) and Kershaw County (1); and the Central Savannah River area to include: Aiken County (1) and Augusta (1), which is located in Richmond County, Georgia. In addition, First Community Bank conducts business from a loan production office located in Greenville County, South Carolina and a mortgage loan production office in Richland County, South Carolina. First Community Bank offers a wide-range of traditional banking products and services for professionals and small-to medium-sized businesses, including consumer and commercial, mortgage, brokerage and investment, and insurance services. First Community Bank also offers online banking to its customers.

Cornerstone Bancorp

1670 E. Main Street

Easley, South Carolina 29640

(864) 306-1444

Attention: J. Rodger Anthony, President and Chief Executive Officer

Cornerstone is a South Carolina corporation incorporated in 1999. Cornerstone is a bank holding company registered under the BHCA with no operations other than those carried on by its wholly owned subsidiary, Cornerstone National Bank (“Cornerstone Bank”). Cornerstone Bank was organized in 1999 and conducts a general banking business under a national bank charter granted by the Office of the Comptroller of the Currency of the United States (the “OCC”) pursuant to the National Bank Act. Cornerstone Bank conducts its activities from its main office in the City of Easley in Pickens County, South Carolina, which opened in September, 1999, and from a branch office located in the Berea area of Greenville County, South Carolina, which opened in August, 2002, and from a branch office in the Powdersville/Piedmont area of Anderson County, South Carolina, which opened in July 2005. In 2004, Cornerstone established a wholly owned subsidiary, Crescent Financial Services, Inc. (“Crescent”), which is an insurance agency.

Cornerstone Bank’s primary market areas are the city of Easley, South Carolina and the immediately surrounding areas of Pickens County, the Berea area of Greenville County, and the Powdersville and Piedmont areas of Anderson County, and contiguous areas.

The Merger (page 30)

Under the terms of the merger agreement, Cornerstone will merge with and into First Community, with First Community as the surviving entity. Simultaneously with the merger or immediately thereafter, Cornerstone Bank will merge with and into First Community Bank, and First Community Bank will be the surviving bank (we refer to this merger as the “bank merger”). Both First Community and First Community Bank will continue their existence under South Carolina law, while Cornerstone and Cornerstone Bank will cease to exist. The merger agreement is attached as Appendix A and is incorporated into this proxy statement/prospectus by reference. We encourage you to read the merger agreement carefully as it is the legal document that governs the merger.

What Cornerstone Shareholders Will Receive in the Merger (page 47)

If the merger is completed, each outstanding share of Cornerstone common stock will be exchanged for either: (i) \$11.00 in cash, (ii) 0.54 shares of First Community common stock, or (iii) a combination of cash and shares of First Community common stock. Each shareholder of Cornerstone will have the opportunity to elect the form of merger consideration that he or she prefers. If a shareholder does not choose a preference, 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 Cornerstone shareholders who make an express election. Elections by Cornerstone shareholders are limited by the requirement that 30% of the total number of outstanding non-dissenting shares of Cornerstone common stock will be exchanged for cash and 70% of the outstanding non-dissenting shares of Cornerstone common stock will be exchanged for shares of First Community common stock. If the elections made by Cornerstone 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 Cornerstone shareholders as necessary to satisfy this requirement. Therefore, the form of consideration that a Cornerstone shareholder receives will depend in part on the elections of other Cornerstone shareholders. Cornerstone shareholders will not receive any fractional shares of First Community common stock. 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 in an amount equal to such fractional part of a share of First Community common stock multiplied by the volume weighted average price (rounded up to the nearest cent) of First Community common stock on The NASDAQ Capital Market during the 10 consecutive trading days ending on the fifth trading day immediately prior to the date on which the effective time of the merger occurs.

After the merger, First Community’s existing shareholders will own approximately 88.4% of First Community’s total outstanding shares, on a fully diluted basis, and Cornerstone’s shareholders will own approximately 11.6% of First Community’s outstanding shares, on a fully diluted basis.

Merger Consideration Election (page 47)

Shortly after the effective time of the merger, First Community will cause the exchange agent to deliver or mail to Cornerstone 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 49. 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 Cornerstone shareholders. If a Cornerstone 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 Cornerstone shareholders may be adjusted as necessary to ensure that First Community pays cash in exchange for 30% of the outstanding non-dissenting shares of Cornerstone common stock and First Community common stock in exchange for 70% of the outstanding non-dissenting shares of Cornerstone 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 49, for allocating shares of First Community common stock and cash to be received for the shares of Cornerstone common stock, based on the elections made. Accordingly, a Cornerstone 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.

Effect of the Merger on Cornerstone Preferred Stock

Unless redeemed before the effective time of the merger, each of the shares of Cornerstone's 8% cumulative perpetual preferred stock, series A, no par value (the "Cornerstone Series A Preferred Stock") outstanding at the effective time of the merger will automatically be converted into the right to receive one share of the First Community preferred stock to be designated, prior to the effective time, as 8% cumulative perpetual preferred stock, series A (the "First Community Series A Preferred Stock"), and the shares of First Community Series A Preferred Stock will otherwise have the same rights, preferences, privileges and voting powers, and limitations and restrictions thereof, as the Cornerstone Series A Preferred Stock immediately prior to the conversion.

Effect of the Merger on Cornerstone Stock Options

As of the date of this proxy statement/prospectus, there were outstanding options to purchase 30,525 shares of Cornerstone common stock, with a weighted average exercise price of \$9.72 per share. All of these outstanding options were held by directors or executive officers. At the effective time of the merger, all rights with respect to the Cornerstone common stock pursuant to the stock options granted by Cornerstone, which are outstanding immediately prior to the effective time of the merger, whether or not exercisable, will convert into an obligation of First Community to pay and a right of the holder to receive a cash payment equal to the product obtained by multiplying (1) the number of shares of Cornerstone common stock underlying such holder's options by (2) the excess, if any, of the fair market value per share (as defined below) minus the exercise price per share under such option (provided, that if the fair market value per share does not exceed the exercise price per share of a particular option, then by \$0.01). The fair market value per share for purposes of this calculation is the sum of (x) \$11.00 multiplied by 0.30, plus (y) the product of the volume weighted average price (rounded up to the nearest cent) of First Community common stock on The NASDAQ Capital Market during the 10 consecutive trading days ending on the fifth trading day immediately prior to the date on which the effective time of the merger occurs, multiplied by the exchange ratio (0.54), multiplied by 0.70.

Regulatory Approvals (page 64)

First Community believes that 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"), and that 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. For the merger of Cornerstone Bank with and into First Community Bank, we must obtain approval from the FDIC and the SCBFI. As of the date of this proxy statement/prospectus, we have not received the required regulatory approvals from the FDIC or the SCBFI; however, 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.

Cornerstone's Special Shareholders' Meeting (page 27)

Cornerstone will hold its special shareholders' meeting on Tuesday, September 19, 2017, at 4:00 p.m., local time at its main offices, 1670 E. Main Street, Easley, South Carolina 29640.

Cornerstone's Record Date and Voting (page 27)

If you owned shares of Cornerstone common stock at the close of business on July 14, 2017, the record date for the Cornerstone special shareholders' meeting, you are entitled to vote on the merger agreement and the adjournment proposal as well as any other matters considered at the special shareholders' meeting. On the record date, there were 2,320,911 shares of Cornerstone 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 the holders of two-thirds of Cornerstone's outstanding shares of common stock is required to approve the merger agreement. Abstentions and broker non-votes will have the same effect as votes against the merger agreement. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to allow time for further solicitation of proxies to approve the merger agreement, requires that more shares vote in favor of the proposal than vote against the proposal. Abstentions and broker non-votes will have no effect on the results of the vote on the adjournment proposal. As of July 14, 2017, Cornerstone's directors and executive officers and their affiliates beneficially owned approximately 24.9% of the outstanding shares of Cornerstone common stock. Each of Cornerstone's directors and executive officers has agreed, subject to several conditions, to vote his or her shares of Cornerstone common stock in favor of the merger agreement.

Cornerstone's Board of Directors Recommends that Cornerstone Shareholders Vote "FOR" the Approval of the Merger Agreement (page 29) and "FOR" the Approval of the Adjournment Proposal

Cornerstone'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 Cornerstone and its shareholders and has adopted the merger agreement. Cornerstone's board of directors recommends that Cornerstone shareholders vote "FOR" the approval of the merger agreement. For the factors considered by Cornerstone's board of directors in reaching its decision to adopt the merger agreement, see "Proposal No. 1—The Merger—Cornerstone's Reasons for the Merger; Recommendation of the Cornerstone Board of Directors." Cornerstone's board of directors also recommends that Cornerstone shareholders vote "FOR" approval of the proposal to adjourn the special meeting, if necessary or appropriate, to allow time for further solicitation of proxies to approve the merger agreement.

Interests of Executive Officers, Employees and Directors of Cornerstone that Differ from Your Interests (page 58)

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

- Following the merger, First Community will generally indemnify and provide liability insurance to the present directors and officers of Cornerstone, subject to certain exceptions;
- Each incumbent director of Cornerstone will be invited to join an upstate advisory board of First Community Bank and will receive certain advisory fees for their service;
- J. Rodger Anthony, President and Chief Executive Officer, Jennifer M. Champagne, Chief Financial Officer, and Susan S. Jolly, Senior Lender, will receive lump-sum cash payments pursuant to their change in control agreements with Cornerstone following the effectuation of the merger;

After the closing of the merger, J. Rodger Anthony, President and Chief Executive Officer of Cornerstone, will serve as a consultant with First Community for six months pursuant to a Consulting Agreement;
After closing of the merger, Susan S. Jolly, Cornerstone's Senior Vice President and Senior Lender and a director, will be employed by First Community Bank as a Senior Commercial Banker.

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 55)

Cornerstone's shareholders generally will not recognize gain or loss for U.S. federal income tax purposes on the receipt of shares of First Community common stock in the merger in exchange for the shares of Cornerstone common stock surrendered. Cornerstone shareholders will be taxed, however, on any cash consideration they receive in the merger, including any cash they receive in lieu of fractional shares of First Community common stock. First Community shareholders will have no direct tax consequences as a result of the merger. Tax matters are complicated, and the tax consequences of the merger may vary among Cornerstone shareholders. We urge each Cornerstone shareholder to contact his, her or its own tax advisor to fully understand the tax implications of the merger.

Opinion of Cornerstone's Financial Advisor (page 37)

At the request of Cornerstone's board of directors on April 11, 2017, Raymond James & Associates, Inc. ("Raymond James") rendered its opinion (the "Opinion"), as to the fairness, as of such date, from a financial point of view, to the holders of Cornerstone's outstanding common stock of the merger consideration to be received by such holders in the merger, based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written Opinion of Raymond James, dated April 11, 2017, which sets forth, among other things, the various qualifications, assumptions and limitations on the scope of the review undertaken, is attached as [Appendix C](#) to this document. Raymond James provided its Opinion for the information and assistance of the Cornerstone board of directors (solely in each director's capacity as such) in connection with, and for purposes of, its consideration of the merger and its Opinion only addresses whether the merger consideration to be received by the holders of the common stock in the transaction pursuant to the merger agreement is fair, from a financial point of view, to such holders. The Opinion of Raymond James does not address any other term or aspect of the merger agreement or the transaction contemplated thereby. The Opinion does not constitute a recommendation to the Cornerstone board or any holder of Cornerstone common stock as to how the Cornerstone board, such shareholder or any other person should vote or otherwise act with respect to the merger or any other matter.

Comparative Rights of Shareholders (page 70)

The rights of Cornerstone's shareholders are currently governed by South Carolina corporate law and Cornerstone's articles 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 Cornerstone who receive stock consideration 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 Cornerstone.

Conditions to Consummation (page 63)

The obligations of Cornerstone and First Community to consummate the merger are subject to the satisfaction or waiver (to the extent permitted) of several conditions, including, among others:

- Cornerstone shareholders must have approved the merger agreement;

- The required regulatory approvals and any other required consents must have been received;

The registration statement registering the shares of First Community common stock to be received by Cornerstone shareholders, of which this proxy statement/prospectus is a part, must have been declared effective by the SEC; and

First Community must have filed with The NASDAQ Capital Market a notification form for the listing of the shares of First Community common stock to be received by Cornerstone shareholders, and the NASDAQ must not have objected to such listing.

No assurances can be provided as to when or if all of the conditions precedent to the merger can or will be satisfied or waived by the appropriate party. As of the date of this proxy statement/prospectus, the parties know of no reason to believe that any of the conditions set forth above will not be satisfied. The conditions to consummation of the merger may be waived, in whole or in part, to the extent permissible under applicable law, by the party for whose benefit the condition has been imposed, without the approval of such party's shareholders.

Termination of the Merger Agreement and Termination Fee (page 65)

Notwithstanding the approval of the merger agreement by Cornerstone shareholders, the parties can mutually agree at any time to terminate the merger agreement before completing the merger.

Either First Community or Cornerstone can also terminate the merger agreement:

If the other party materially 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;

If any regulatory authority whose approval is required for consummation of the merger makes a final decision not to approve the merger, or if any final law or order permanently restrains, enjoins, or otherwise prohibits consummation of the merger; or

If the merger is not completed by February 28, 2018.

First Community can terminate the merger agreement if Cornerstone's board of directors (i) withdraws or modifies its recommendation that the Cornerstone 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 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 Cornerstone. In this event, Cornerstone must pay a \$950,000 termination fee to First Community.

Cornerstone 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 and financial 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. Cornerstone would pay a \$950,000 termination fee to First Community if it were to terminate the merger agreement for this reason.

Termination Fee (page 69)

In addition to the circumstances set forth above under which Cornerstone 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 Cornerstone, and if within one year after the termination of the merger agreement, Cornerstone consummates an acquisition transaction or enters into an acquisition agreement that is ultimately consummated, then Cornerstone must also pay the \$950,000 termination fee to First Community.

Accounting Treatment (page 69)

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 Cornerstone 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 \$27.0 million and utilizing information as of March 31, 2017, estimated goodwill and other intangibles would total approximately \$10.6 million. First Community's reported income would include the operations of Cornerstone after the merger. Financial statements of First Community after completion of the merger would reflect the impact of the acquisition of Cornerstone. Financial statements of First Community issued before completion of the merger would not be restated retroactively to reflect Cornerstone'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". Cornerstone's common stock is not listed on an exchange but is quoted on the OTC Bulletin Board under the symbol "CTOT".

As of July 7, 2017, there were approximately 1,412 holders of record of common stock of First Community. As of July 7, 2017, there were 515 holders of record of Cornerstone common stock. The following table presents the closing sale prices per share of First Community common stock and Cornerstone common stock on April 11, 2017, the last trading day before we publicly announced the merger agreement, and the closing sale prices per share for First Community common stock and Cornerstone common stock on July 7, 2017, the last practicable trading day prior to mailing this proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of Cornerstone common stock on those dates, calculated by multiplying the closing price of First Community common stock on those dates by the exchange ratio.

Date	First Community Closing Price	Cornerstone Closing Price	Equivalent Cornerstone Per Share Value
April 11, 2017	\$ 20.70	\$ 9.00	\$ 11.18
July 7, 2017	\$ 20.30	\$ 10.46	\$ 10.96

The following table sets forth, for the periods indicated, the high and low sales prices per share of First Community's and Cornerstone's common stock as quoted on NASDAQ and the OTC Markets, respectively. First Community paid quarterly dividends as shown below. There is no established trading market for shares of Cornerstone common stock. Cornerstone has paid a cash dividend on its common stock only once, on May 9, 2008. In January 2016, Cornerstone declared a 5% stock dividend on its common stock.

	First Community Common Stock			Cornerstone Common Stock ⁽¹⁾		
	High	Low	Dividend	High	Low	Dividend
2017						
Third Quarter (through July 7, 2017)	\$ 21.00	20.30	—	\$ 10.83	10.46	—
Second Quarter	22.45	18.50	0.09	11.20	6.74	—
First Quarter	23.55	16.10	0.09	6.60	5.98	—
2016						
Fourth Quarter	18.95	14.80	0.08	6.00	5.75	—
Third Quarter	15.75	13.74	0.08	5.80	5.51	—
Second Quarter	14.94	13.56	0.08	5.46	5.06	—
First Quarter	14.98	12.66	0.08	5.67	4.85	—
2015						
Fourth Quarter	15.59	12.03	0.07	4.81	4.81	—
Third Quarter	12.75	11.53	0.07	4.76	3.95	—
Second Quarter	12.97	11.15	0.07	4.19	3.67	—
First Quarter	12.03	10.72	0.07	4.05	3.57	—

(1) Adjusted for 5% stock dividend paid in second quarter of 2016.

The closing sales price of First Community common stock as of April 11, 2017, the last trading day before the merger agreement was announced, was \$20.70. The closing sales price of First Community's common stock as of July 7, 2017, the most recent date feasible for inclusion in these materials, was \$20.30. The closing sales price of Cornerstone's common stock as of April 11, 2017, the last trading day before the merger agreement was announced, was \$9.00. The closing sales price of Cornerstone's common stock as of July 7, 2017, the most recent date feasible for inclusion in these materials, was \$10.46.

Because the exchange ratio is fixed 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 Cornerstone shareholders may receive in the merger may increase or decrease prior to and following the merger. Cornerstone shareholders are urged to obtain current market quotations for First Community common stock, which are available at www.nasdaq.com.

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.

NASDAQ Listing

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

Resale of First Community Common Stock (page 52)

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

Dissenters' Rights (page 52 and Appendix B)

Under South Carolina law, a holder of Cornerstone common stock will be entitled to dissent from the merger and obtain payment in cash of the fair value of his or her shares of Cornerstone common stock. If you wish to assert dissenters' rights, (i) you must deliver to Cornerstone before the vote is taken on the merger written notice of your intent to demand payment for your shares if the merger is effectuated, and (ii) you must not vote your shares in favor of the merger agreement. If you do not satisfy these requirements and the other detailed requirements of the South Carolina dissenters' rights statutes, you will not be entitled to payment for your shares under those statutes. The text of the South Carolina dissenters' rights statutes is attached to this proxy statement/prospectus as Appendix B, and this summary is qualified in its entirety by the text of the South Carolina statutes. As long as you do not vote in favor of the merger, your failure to vote against the merger will not constitute a waiver of your appraisal rights. A vote against the merger will not satisfy the notice requirement under the South Carolina dissenters' rights statutes.

Because of the complexity of the procedures for exercising dissenters' rights, if you are considering exercising dissenters' rights, you are encouraged to seek the advice of legal counsel. Failure strictly to comply with the applicable South Carolina law provisions will result in the loss of your right to dissent.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF FIRST COMMUNITY

First Community's summary consolidated financial data is presented below as of and for the three months ended March 31, 2017 and 2016 and as of and for the years ended December 31, 2012 through December 31, 2016. The summary consolidated financial data presented below as of or for the years ended December 31, 2012 through 2016 is derived from First Community's audited consolidated financial statements, which were audited by Elliott Davis Decosimo, LLC. First Community's audited consolidated balance sheets as of December 31, 2016 and 2015 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, 2016 are incorporated by reference into this proxy statement/prospectus from First Community's Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC. First Community's selected consolidated financial data as of and for the three months ended March 31, 2017 and 2016 has not been audited but, in the opinion of management, contains 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 three months ended March 31, 2017, are not necessarily indicative of First Community's results of operations that may be expected for the year ending December 31, 2017. The following summary consolidated financial data should be read in conjunction with First Community's consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is incorporated by reference into this proxy/prospectus from First Community's Annual Report on Form 10-K for the year ended December 31, 2016.

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(Dollars in thousands except per share amounts)	As of or For the Three Months Ended March 31,		As of or For the Years Ended December 31,							
	2017	2016	2016	2015	2014	2013				
Balance Sheet Data:										
Total assets	\$914,913	\$870,409	\$914,793	\$862,734	\$812,363	\$633,300				
Loans held for sale	4,191	2,545	5,707	2,962	4,124	3,790				
Loans, net	555,298	494,021	546,709	489,191	443,844	347,590				
Deposits	775,611	722,236	766,622	716,151	669,583	497,070				
Total common shareholders' equity	83,131	81,611	81,861	79,038	74,528	52,671				
Total shareholders' equity	83,131	81,611	81,861	79,038	74,528	52,671				
Average shares outstanding, basic	6,688	6,573	6,617	6,558	6,538	5,285				
Average shares outstanding, diluted	6,813	6,751	6,787	6,719	6,607	5,334				
Results of Operations:										
Interest income	\$7,773	\$7,137	\$29,506	\$28,649	\$27,298	\$21,783				
Interest expense	712	800	3,047	3,396	3,567	3,734				
Net interest income	7,061	6,337	26,459	25,253	23,731	18,049				
Provision for loan losses	116	140	774	1,138	881	528				
Net interest income after provision for loan losses	6,945	6,197	25,685	24,115	22,850	17,521				
Non-interest income (1)	1,978	2,089	8,339	8,611	8,031	8,118				
Securities gains (1)	54	59	601	355	182	73				
Non-interest expenses	6,720	6,342	25,776	24,678	23,960	20,422				
Income before taxes	2,203	1,944	8,849	8,403	7,103	5,290				
Income tax expense	447	476	2,167	2,276	1,982	1,153				
Net income	1,756	1,468	6,682	6,127	5,121	4,137				
Amortization of warrants	—	—	—	—	—	—				
Preferred stock dividends, including discount accretion and redemption costs	—	—	—	—	—	—				
Net income available to common shareholders	1,756	1,468	6,682	6,127	5,121	4,137				
Per Share Data:										
Basic earnings per common share	\$0.27	\$0.22	\$1.01	\$0.93	\$0.78	\$0.78				
Diluted earnings per common share	0.26	0.22	0.98	0.91	0.78	0.78				
Book value at period end	12.41	12.19	12.24	11.81	11.18	9.93				
Tangible book value at period end	11.50	11.24	11.31	10.84	10.25	9.83				
Dividends per common share	\$0.09	\$0.08	0.32	0.28	0.24	0.22				
Asset Quality Ratios:										
Non-performing assets to total assets (3)	0.52	% 0.86	% 0.57	% 0.85	% 1.17	% 1.39				
Non-performing loans to period end loans	0.64	% 1.22	% 0.75	% 0.99	% 1.48	% 1.56				
Net charge-offs to average loans	—	0.01	% 0.03	% 0.14	% 0.22	% 0.27				
Allowance for loan losses to period-end total loans	0.97	% 0.95	% 0.94	% 0.94	% 0.93	% 1.21				
Allowance for loan losses to non-performing assets	113.51	% 62.25	% 99.35	% 62.98	% 43.37	% 48.07				
Selected Ratios:										
Return on average assets:										
GAAP earnings	0.78	% 0.68	% 0.75	% 0.73	% 0.73	% 0.66				
Return on average common equity:										
GAAP earnings	8.63	% 7.35	% 8.08	% 7.94	% 8.13	% 7.68				
Return on average tangible common equity:										

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GAAP earnings	9.32	%	7.99	%	8.76	%	8.68	%	8.88	%	7.78
Efficiency Ratio (1)	74.31	%	73.86	%	72.27	%	71.25	%	74.14	%	76.69
Noninterest income to operating revenue (2)	21.88	%	24.79	%	25.26	%	26.20	%	25.71	%	31.22
Net interest margin (tax equivalent)	3.52	%	3.33	%	3.35	%	3.38	%	3.40	%	3.18
Equity to assets	9.09	%	9.38	%	8.95	%	9.16	%	9.17	%	8.32
Tangible common shareholders' equity to tangible assets	8.48	%	8.70	%	8.33	%	8.47	%	8.48	%	8.23
Tier 1 risk-based capital	14.66	%	15.41	%	14.46	%	15.40	%	16.12	%	17.60
Total risk-based capital	15.51	%	16.24	%	15.28	%	16.21	%	16.94	%	18.68
Leverage	10.21	%	10.23	%	10.23	%	10.19	%	10.02	%	10.77
Average loans to average deposits (4)	73.61	%	68.68	%	69.62	%	68.75	%	69.14	%	69.17

(1) The efficiency ratio is a key performance indicator in our industry. The ratio is computed by dividing non-interest expense by the sum of net interest income on a tax equivalent basis and non-interest income, net of any securities gains or losses. Non-interest income for the calculation of efficiency ratio excludes OTTI on securities of \$200 thousand in 2012. The efficiency ratio is a measure of the relationship between operating expenses and earnings.

(2) Operating revenue is defined as net interest income plus noninterest income.

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

(4) Includes loans held for sale.

Reconciliations

Certain financial information presented above is determined by methods other than in accordance with GAAP. These non-GAAP financial measures include “efficiency ratio,” “tangible book value at period end,” “return on average tangible common equity” and “tangible common shareholders’ equity to tangible assets.” The “efficiency ratio” is defined as non-interest expense, divided by the sum of net interest income on a tax equivalent basis and non-interest income, net of any securities gains or losses and OTTI on securities. Non-interest income for the calculation of efficiency ratio excludes OTTI on securities of \$200 thousand in 2012. The efficiency ratio is a measure of the relationship between operating expenses and earnings. “Tangible book value at period end” is defined as total equity reduced by recorded intangible assets divided by total common shares outstanding. “Tangible common shareholders’ equity to tangible assets” is defined as total common equity reduced by recorded intangible assets divided by total assets reduced by recorded intangible assets. Our management believes that these non-GAAP measures are useful because they enhance the ability of investors and management to evaluate and compare our operating results from period-to-period in a meaningful manner. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company’s results as reported under GAAP.

The table below provides a reconciliation of non-GAAP measures to GAAP:

	March, 31		December 31,				
	2017	2016	2016	2015	2014	2013	2012
Tangible book value per common share							
Tangible common equity per common share (non-GAAP)	\$ 11.50	11.24	\$ 11.28	10.84	10.25	9.83	10.23
Effect to adjust for intangible assets	0.91	0.95	0.92	0.97	0.93	0.10	0.14
Book value per common share (GAAP)	\$ 12.41	12.19	\$ 12.20	11.81	11.18	9.93	10.37
Return on average tangible common equity							
Return on average tangible common equity (non-GAAP)	9.32 %	7.99 %	8.79 %	8.68 %	8.88 %	7.78 %	7.55 %
Effect to adjust for intangible assets	(0.69)%	(0.64)%	(0.73)%	(0.74)%	(0.75)%	(0.10)%	(0.15)%
Return on average common equity (GAAP)	8.63 %	7.35 %	8.06 %	7.94 %	8.13 %	7.68 %	7.40 %
Tangible common shareholders’ equity to tangible assets							
Tangible common equity to tangible assets (non-GAAP)	8.48 %	8.70 %	8.33 %	8.47 %	8.48 %	8.23 %	8.88 %
Effect to adjust for intangible assets	0.61 %	0.68 %	0.62 %	0.69 %	0.69 %	0.09 %	0.11 %
Common equity to assets (GAAP)	9.09 %	9.38 %	8.95 %	9.16 %	9.17 %	8.32 %	8.99 %

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF CORNERSTONE

Cornerstone's summary consolidated financial data is presented below as of and for the three months ended March 31, 2017 and as of and for the years ended December 31, 2012 through December 31, 2016. The summary consolidated financial data presented below as of or for the years ended December 31, 2012 through 2016 is derived from Cornerstone's audited consolidated financial statements, which were audited by Elliott Davis Decosimo, LLC. Cornerstone's audited consolidated balance sheets as of December 31, 2016 and 2015 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, 2016 are included as Appendix E to this proxy statement/prospectus. Cornerstone's selected consolidated financial data as of and for the three months ended March 31, 2017 has not been audited but, in the opinion of management, contains 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. Cornerstone's results for the three months ended March 31, 2017, are not necessarily indicative of Cornerstone's results of operations that may be expected for the year ending December 31, 2017. The following summary consolidated financial data should be read in conjunction with Cornerstone's consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Appendix E to in this proxy/prospectus and under "Information about Cornerstone."

Dollars in thousands, except per share amounts

	3/31/2017⁽³⁾	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Balance Sheet Data						
Total Assets	\$ 152,864	\$ 145,954	\$ 143,690	\$ 142,978	\$ 146,331	\$ 151,353
Loans held for sale	—	—	—	—	—	—
Loans, net	66,857	71,478	75,369	76,904	75,496	84,870
Deposits	131,751	125,881	121,723	118,929	124,189	126,012
Total common shareholders' equity (1)	18,781	18,502	18,189	17,386	15,420	16,445
Total shareholders' equity	19,819	19,540	19,227	18,424	16,458	17,483
Average shares outstanding- basic	2,321	2,321	2,321	2,321	2,321	2,321
Average shares outstanding- diluted	2,321	2,321	2,321	2,321	2,321	2,321
Results of Operations						
Interest income	\$ 1,149	\$ 4,932	\$ 5,154	\$ 5,377	\$ 5,606	\$ 6,024
Interest expense	98	408	460	636	876	1,192
Net interest income	1,051	4,524	4,694	4,741	4,730	4,832
Provision (negative provision) for loan losses	—	(200)	(300)	—	(250)	470
Net interest income after provision for loan losses	1,051	4,724	4,994	4,741	4,980	4,362
Noninterest income	204	774	718	854	900	847
Securities gains	—	113	181	178	—	308
Noninterest expenses	1,018	4,518	5,224	4,742	5,723	5,496
Income before taxes	237	1,093	669	1,031	157	21
Income tax expense (benefit)	81	362	(756)	—	—	—
Net income	156	731	1,425	1,031	157	21
Preferred stock dividends	(21)	(83)	(83)	(112)	(103)	(95)
Net income (loss) available to common shareholders	135	648	1,342	919	54	(74)

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Per Share Data:

Basic earnings per common share	\$.06	\$ 0.28	\$ 0.58	\$ 0.40	\$ 0.02	\$ (0.03)
Diluted earnings per common share	.06	0.28	0.58	0.40	0.02	(0.03)
Book value (per common share) at period end	8.09	7.97	7.84	7.49	6.64	7.09
Tangible book value (per common share) at period end	8.09	7.97	7.84	7.49	6.64	7.09
Dividends per common share	—	—	—	—	—	—

Dollars in thousands, except per share amounts

	3/31/2017 ⁽³⁾	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Asset quality ratios:						
Non-performing assets to total assets (2)	1.7 %	1.8 %	2.7 %	5.1 %	7.0 %	11.3 %
Non-performing loans to total loans	.04 %	0.1 %	0.0 %	1.0 %	0.0 %	1.3 %
Net charge-offs (recoveries) to average loans	— %	(.002) %	(.009) %	.033 %	.131 %	.664 %
Allowance for loan losses to period-end total loans	1.52 %	1.42 %	1.60 %	1.94 %	2.01 %	2.19 %
Allowance for loan losses to non-performing assets	40 %	39 %	32 %	21 %	15 %	11 %
Selected ratios:						
Return on Average assets (3)	.42 %	.49 %	1.00 %	.71 %	.11 %	.01 %
Return on average common equity (3)	2.9 %	3.4 %	7.7 %	5.6 %	.34 %	(.45) %
Return on average tangible common equity (3)	2.9 %	3.4 %	7.7 %	5.6 %	.34 %	(.45) %
Efficiency ratio (4)	81.1 %	85.2 %	96.0 %	83.6 %	100.1 %	95.1 %
Noninterest income to operating revenue (5)	19.4 %	19.6 %	19.2 %	21.8 %	19.0 %	23.9 %
Net interest margin (tax equivalent)	3.08 %	3.33 %	3.63 %	3.69 %	3.72 %	3.61 %
Equity to assets	13.0 %	13.4 %	13.4 %	12.9 %	11.2 %	11.6 %
Tangible common shareholders equity to tangible assets	12.3 %	12.7 %	12.7 %	12.2 %	10.5 %	10.9 %
Tier 1 risk-based capital	23.2 %	21.7 %	19.4 %	18.4 %	16.80 %	14.9 %
Total risk-based capital	24.4 %	22.8 %	20.7 %	19.7 %	18.1 %	16.2 %
Leverage (Tier 1 capital to average assets)	13.1 %	13.3 %	12.9 %	12.5 %	11.4 %	10.8 %
Average loans to average deposits	53.1 %	59.3 %	64.2 %	62.6 %	64.3 %	68.9 %

(1) Excludes \$1,038 of preferred stock outstanding.

(2) Non-performing assets includes non-accrual loans and OREO. There were no loans over 90 days delinquent and still accruing interest.

(3) Annualized, where applicable.

The Efficiency ratio is a key performance indicator in our industry. The ratio is computed by dividing noninterest (4) expense by the sum of interest income (tax equivalent basis) and noninterest income, net of any securities gains or losses.

(5) Operating revenue is defined as net interest income plus noninterest income.

UNAUDITED COMPARATIVE PER COMMON SHARE DATA

The following summary presents per share information for First Community and Cornerstone 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 proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus. The pro forma information should not be relied upon as being

indicative of the historical results First Community and Cornerstone 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 Cornerstone. The merger equivalent income per diluted share of Cornerstone is based on the number of shares of First Community common stock into which each share of Cornerstone 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 March 31, 2017. The merger equivalent book value per share of Cornerstone is based on the 877,334 shares of First Community common stock into which the 1,624,693 shares of Cornerstone common stock outstanding as of March 31, 2017 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 \$20.30 per share, the closing price per share of First Community common stock as of July 7, 2017 and that 30% of the outstanding non-dissenting shares of Cornerstone 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 three months ended March 31, 2017	As of and for the year ended December 31, 2016
Net Income Per Common Share:		
Earnings per diluted share:		
First Community	\$ 0.26	\$ 0.98
Cornerstone	0.06	0.28
Pro Forma Combined	0.25	0.98
First Community merger equivalent ⁽¹⁾	0.14	0.53
Net Book Value Per Common Share (at period end)		
First Community	\$ 12.41	\$ 12.20
Cornerstone	8.54	8.42
Pro Forma Combined	13.47	13.29
First Community merger equivalent ⁽¹⁾	7.27	7.18
Cash Dividends Declared⁽²⁾		
First Community	\$ 0.09	\$ 0.32
Cornerstone	—	—
Pro Forma Combined	0.09	0.32
First Community merger equivalent ⁽¹⁾	0.0486	0.1728

(1) Calculated by multiplying the pro forma combined amounts by 0.54.

(2) First Community pro forma combined cash dividends and merger equivalent cash dividends are based only upon First Community's historical amounts.

RISK FACTORS

If the merger is consummated and you are a Cornerstone common stock shareholder, you may receive shares of First Community common stock in exchange for your shares of Cornerstone 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 Cornerstone common stock. Risks and uncertainties relating to general economic conditions are not summarized below. Those risks, among others, are highlighted on page 25 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. In addition to the other information, including risk factors, incorporated by reference herein from First Community's Annual Reports on Form 10-K for the year ended December 31, 2016, you should carefully read and consider the following factors in evaluating the merger and in deciding whether to elect to receive cash, shares of First Community common stock or some combination thereof in the merger.

Risks Related to the Merger

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

First Community shareholders and Cornerstone shareholders will experience a reduction in their respective percentage ownership interests and effective voting power relative to their respective percentage ownership interests in First Community and Cornerstone compared to their ownership interests and voting power prior to the merger. If the merger is consummated, current First Community shareholders will own approximately 88.4% of First Community's outstanding common stock, on a fully diluted basis, and current Cornerstone shareholders will own approximately 11.6% of First Community's outstanding common stock, on a fully diluted basis. Accordingly, former Cornerstone 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, Cornerstone shareholders cannot be sure of the exact value of shares of First Community common stock they will receive.

Upon completion of the merger, each outstanding share of Cornerstone 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 Cornerstone shareholder receives only cash as merger consideration, the value of the merger consideration that such Cornerstone shareholder receives will be independent of any fluctuations in the market price of First Community common stock. If a Cornerstone shareholder receives First Community common stock as part or all of the merger consideration, the value of such shares of First Community common stock received for each share of Cornerstone common stock will depend on the price per share of First Community common stock at the time the shares are actually received by a Cornerstone 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 closing price of First Community stock on the date on which the effective time of the merger occurs 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 Cornerstone announced the merger, on the date that this proxy statement/prospectus is being mailed to First Community and Cornerstone 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 First Community. Accordingly, at the time of the Cornerstone special shareholders' meeting, because of the above timing differences, Cornerstone 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.

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

All Cornerstone shareholders will be permitted to make an election as to the form of consideration to receive. However, 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 Cornerstone shareholder will receive in order to ensure that 30% of the outstanding non-dissenting shares of Cornerstone common stock are converted into cash and 70% of the outstanding non-dissenting shares of Cornerstone common stock are converted into shares of First Community common stock. Consequently, if either the stock consideration or the cash consideration is oversubscribed, Cornerstone 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 Cornerstone 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 Cornerstone. However, to realize these anticipated benefits and cost savings, we must successfully combine the businesses of First Community and Cornerstone. 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 Cornerstone 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 Cornerstone during that transition period.

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

First Community and Cornerstone expect to incur significant costs associated with completing the merger and integrating the operations of the two companies. First Community and Cornerstone are continuing to assess the impact of these costs. Although First Community and Cornerstone 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 Easley, Berea and Piedmont, South Carolina.

Cornerstone's service areas include Easley, Berea and Piedmont, South Carolina. The banking business in these areas is 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 opinion obtained by Cornerstone from its financial advisors will not reflect changes in circumstances between the date of the signing of the merger agreement and the completion of the merger.

Cornerstone has obtained a fairness opinion dated April 11, 2017 from Raymond James, and such opinion has not been updated as of the date of this proxy statement/prospectus and will not be updated at the time of the completion of the merger. Changes in the operations and prospects of Cornerstone or First Community, general market and economic conditions and other factors that may be beyond the control of Cornerstone and First Community, and on which the fairness opinion was based, may alter the value of Cornerstone or First Community or the prices of shares of Cornerstone common stock or First Community common stock by the time the merger is completed. The fairness opinion does 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 opinion. The fairness opinion that Cornerstone received from its financial advisor is attached as Appendix C to this proxy statement/prospectus. For a description of the opinion, see “Proposal No. 1 – The Merger—Opinion of Cornerstone’s Financial Advisor.” For a description of the other factors considered by Cornerstone’s board of directors in determining to approve the merger, see “Proposal No. 1—The Merger—Cornerstone’s Reasons for the Merger; Recommendation of the Cornerstone Board of Directors.”

First Community and Cornerstone may not receive regulatory approvals or such approvals may take longer than expected or impose conditions First Community and Cornerstone do not presently anticipate.

The merger of the two banks must be approved by the FDIC and the SCBFI. These regulatory agencies will consider, among other things, the competitive impact of the bank merger, each of First Community and Cornerstone's financial and managerial resources, and the convenience and needs of the communities to be served. As part of that consideration, First Community and Cornerstone expect that the FDIC will review the capital position, safety and soundness, and legal and regulatory compliance matters and Community Reinvestment Act matters. There can be no assurance as to whether the necessary regulatory approvals will be received, the timing of such approvals, or whether any conditions will be imposed that might limit the combined company's ability to do business after the bank merger as presently anticipated.

The merger agreement limits Cornerstone's ability to pursue alternatives to the merger.

The merger agreement contains provisions that limit Cornerstone's ability to discuss competing third party proposals to acquire all or a significant part of Cornerstone. In addition, Cornerstone has agreed to pay First Community a termination fee of \$950,000 if the transaction is terminated because Cornerstone 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 Cornerstone 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 Cornerstone than it might otherwise have proposed to pay.

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

Executive officers of Cornerstone negotiated certain terms of the merger agreement with their counterparts at First Community, and Cornerstone's board of directors adopted the merger agreement and by a unanimous vote of the directors recommended that Cornerstone 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 proxy statement/prospectus, Cornerstone shareholders should be aware that Cornerstone's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of Cornerstone shareholders. For example, each of the Cornerstone directors will be provided with indemnification and liability insurance, and will be invited to participate on an upstate advisory board of First Community Bank following the merger and will receive certain advisory fees for their service. J. Rodger Anthony, Cornerstone's President and Chief Executive Officer, Jennifer M. Champagne, Cornerstone's Chief Financial Officer, and Susan S. Jolly, Cornerstone's Senior Lender, will receive lump-sum cash payments pursuant to their change in control agreements with Cornerstone following the effectuation of the merger. In addition, at the closing of the merger, J. Rodger Anthony, President and Chief Executive Officer of Cornerstone, will continue as a consultant with First Community pursuant to a Consulting Agreement, and Susan S. Jolly, Cornerstone's Senior Vice President and Senior Lender and a director, will be employed by First Community Bank as a Senior Commercial Banker. These and some other additional interests of Cornerstone directors and executive officers may create potential conflicts of interest and cause some of these persons

to view the proposed transaction differently than Cornerstone shareholders may view it. See “Proposal No.1 — The Merger—Interests of Executive Officers, Employees and Directors of Cornerstone in the Merger” for information about these financial interests.

If the merger is not completed, First Community common stock and Cornerstone common stock could be materially adversely affected.

The merger is subject to customary conditions to closing, including the approval of the holders of Cornerstone common stock. In addition, First Community and Cornerstone may terminate the merger agreement under certain circumstances. If First Community and Cornerstone do not complete the merger, the market price of First Community common stock or Cornerstone common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Further, whether or not the merger is completed, First Community and Cornerstone will also be obligated to pay certain investment banking, legal and accounting fees, and related expenses in connection with the merger, which could negatively impact results of operations when incurred. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed, First Community and Cornerstone cannot assure their respective shareholders that additional risks will not materialize or not materially adversely affect the business, results of operations and stock prices of First Community and Cornerstone.

The merger may fail to qualify as a reorganization for federal income tax purposes, resulting in a Cornerstone shareholder's recognition of taxable gain or loss in respect of all of his or her shares of Cornerstone common stock.

First Community and Cornerstone intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). We will not ask the Internal Revenue Service ("IRS") to provide a ruling on the matter. First Community and Cornerstone will, as a condition to closing, each obtain an opinion from their respective counsel that the merger will constitute a reorganization for federal income tax purposes. However, these opinions do not bind the IRS or prevent the IRS from adopting a contrary position. If the merger fails to qualify as a reorganization, Cornerstone shareholders generally would recognize gain or loss on all shares of Cornerstone common stock surrendered in the merger, regardless of whether surrendered for cash consideration or stock consideration. For each share, the gain or loss recognized would be an amount equal to the difference between the shareholder's adjusted tax basis in that share and the amount of cash or the fair market value of the First Community common stock received in exchange for that share upon completion of the merger. If the merger qualifies as a reorganization, Cornerstone shareholders may still recognize taxable gain with respect to the amount of cash received upon completion of the merger in exchange for their shares of Cornerstone common stock.

There are certain risks relating to First Community's business.

You should read and consider risk factors specific to First Community's business that will also affect the combined company after the merger. These risks are described in the section entitled "Risk Factors" in First Community's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other documents incorporated by reference into this document. See "Where You Can Find More Information" for the location of information incorporated by reference into this document.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This 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 Exchange Act. 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 Cornerstone, 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 Cornerstone 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,” “intend,” “plan,” “forecast,” “goal,” “indicate,” “point to,” “target,” and “estimate,” as well as similar expressions, are meant to describe 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 20 and the following:

- expected revenue synergies and cost savings from the merger may not be fully realized;
- revenues following the merger may be lower than expected;
 - ability to obtain governmental approvals of the merger on the proposed terms and schedule;
- failure of Cornerstone’s shareholders to approve the merger agreement;
- First Community’s ability to maintain appropriate levels of capital and to comply with its capital ratio requirements; 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 or otherwise impose restrictions or conditions on its operations, including, but not limited to, its ability to acquire or be acquired;
- changes in economic conditions, either nationally or regionally and especially in First Community’s primary market areas, resulting in, among other things, a deterioration in credit quality;
- changes in interest rates, including an impact on First Community’s margin or a decline in its mortgage production and a decrease in the profitability of its mortgage banking operations;
- greater than expected losses due to higher credit losses generally and specifically because losses in the sectors of First Community’s loan portfolio secured by real estate are greater than expected due to economic factors, including, but not limited to, declining real estate values, increasing interest rates, increasing unemployment, or changes in payment behavior or other factors;
- changes in the amount of First Community’s loan portfolio collateralized by real estate and weaknesses in the South Carolina and national real estate markets;
- the adequacy of the level of First Community’s allowance for loan losses and the amount of loan loss provisions required in future periods;
- the rate of loan growth in recent or future years;
- First Community’s ability to retain its existing customers, including its deposit relationships;
 - significant increases in competitive pressure in the banking and financial services industries;
- changes in political conditions or the legislative or regulatory environment, including, but not limited to, the interpretation and enforcement of consumer protection laws and regulations, changes in federal or state tax laws or interpretations thereof by taxing authorities and other governmental initiatives affecting the banking and financial service industries;

- changes occurring in business conditions and inflation;
- increased funding costs due to market illiquidity, increased competition for funding, or increased regulatory requirements with regard to funding;

- First Community's business continuity plans or data security systems could prove to be inadequate, resulting in a material interruption in, or disruption to, business and a negative impact on results of operations;
- changes in deposit flows;
- changes in technology;
- changes in monetary and tax policies;
- changes in accounting policies, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board and the Financial Accounting Standards Board;
- loss of consumer confidence and economic disruptions resulting from terrorist activities or other military actions;
- First Community's expectations regarding its operating revenues, expenses, effective tax rates and other results of operations;
- First Community's anticipated capital expenditures and estimates regarding its capital requirements;
- First Community's liquidity and working capital requirements;
- the growth rates of the markets in which First Community competes;
- First Community's anticipated strategies for growth and sources of new operating revenues;
- First Community's current and future products, services, applications and functionality and plans to promote them;
- anticipated trends and challenges in First Community's business and in the markets in which it operates;
- the evolution of technology affecting our products, services and markets;
- acquisition integration risks, including potential deposit attrition, higher than expected costs, customer loss and business disruption, including, without limitation, potential difficulties in maintaining relationships with key personnel and other integration related- matters, and the inability to identify and successfully negotiate and complete additional combinations with potential merger or acquisition partners or to successfully integrate such businesses, including the ability to realize the benefits and cost savings from, and limit any unexpected liabilities associated with, any such business combinations;
- First Community's ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to it business;
- estimates and estimate methodologies used in preparing First Community's consolidated financial statements and determining option exercise prices; 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 Cornerstone's actual future results may be materially different from the results indicated by any forward-looking statements. In addition, First Community's and Cornerstone'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 proxy statement/prospectus are based on information available to First Community and Cornerstone as of the date of this 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.

SPECIAL SHAREHOLDERS' MEETING

General

This document constitutes a proxy statement of Cornerstone 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 Cornerstone and First Community to Cornerstone shareholders of record on or about July 31, 2017, together with the notice of the special shareholders' meeting and a proxy solicited by Cornerstone's board of directors for use at the special shareholders' meeting and at any adjournments or postponements of the special shareholders' meeting.

Meeting Date, Time, and Place and Record Date

The Cornerstone special shareholders' meeting will be held at the main office of Cornerstone, 1670 East Main Street, Easley, South Carolina, 29640, at 4:00 p.m., local time, on Tuesday, September 19, 2017. Only holders of Cornerstone common stock of record at the close of business on July 14, 2017 will be entitled to receive notice of and to vote at the special shareholders' meeting. As of the record date, there were 2,320,991 shares of Cornerstone common stock outstanding and entitled to vote, with each such share entitled to one vote.

Matters to be Considered

At the Cornerstone special shareholders' meeting, Cornerstone shareholders will be asked to approve the merger agreement. Under the merger agreement, Cornerstone will merge with and into First Community. Shares of Cornerstone 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 Cornerstone common stock. If a shareholder elects stock, the shareholder will receive a 0.54 shares of First Community 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 Cornerstone common stock. Elections by shareholders are limited by a requirement that 30% of the total number of outstanding non-dissenting shares of Cornerstone common stock will be exchanged for cash and that 70% of the total number of outstanding non-dissenting shares of Cornerstone common stock will be exchanged for First Community common stock. If the elections made by Cornerstone shareholders would result in elections for either cash or stock that exceed these limitations, then the exchange agent will prorate the amount of cash and stock to be issued to Cornerstone shareholders as necessary to satisfy this requirement. Therefore, the form of consideration you receive will depend in part on the elections of other Cornerstone shareholders. 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 in an amount equal to

such fractional part of a share of First Community common stock multiplied by the volume weighted average price (rounded up to the nearest cent) of First Community common stock on The NASDAQ Capital Market during the 10 consecutive trading days ending on the fifth trading day immediately prior to the date on which the effective time of the merger occurs (referred to in the merger agreement as the “Average Parent Stock Price.”)

Cornerstone 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, Cornerstone shareholders may also be asked to consider any other business that properly comes before the special shareholders’ meeting.

Each copy of this proxy statement/prospectus mailed to Cornerstone shareholders is accompanied by a proxy form for use at the special shareholders’ meeting.

Vote Required

Approval of the merger agreement requires the affirmative vote of the holders of two-thirds of all shares of Cornerstone common stock entitled to vote at the Cornerstone special shareholders' meeting. Approval of the proposal to authorize adjournment will require that more shares of common stock present in person or by proxy and entitled to vote on the matter vote in favor of the matter than vote against.

On the record date, there were 2,320,991 outstanding shares of Cornerstone common stock, each of which is entitled to one vote at the special shareholders' meeting. On that date, the directors and executive officers of Cornerstone and their affiliates beneficially owned a total of approximately 24.9% of the outstanding shares of Cornerstone common stock. Each of Cornerstone's directors and executive officers has agreed, subject to several conditions, to vote his or her shares of Cornerstone common stock in favor of the merger agreement. The presence, in person or by proxy, of shares of Cornerstone common stock representing a majority of Cornerstone'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.

Voting of Proxies

Shares of common stock represented by properly executed proxies received at or prior to the Cornerstone 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 "**FOR**" 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 the holders of two-thirds of all shares of Cornerstone common stock entitled to vote at the Cornerstone special shareholders' meeting, abstentions and broker non-votes will have the same effect as votes against the proposal. Accordingly, Cornerstone'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. Abstentions and broker non-votes will have no effect on the results of the vote on the proposal to authorize adjournment.

Revocability of Proxies

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 change or revoke your proxy at any time prior to its exercise by delivering to the Corporate Secretary of Cornerstone 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 Cornerstone proxies should be addressed to Cornerstone Bancorp, 1670 E. Main Street, Easley, South Carolina 29640, 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 by a broker or other nominee, you may change or revoke your voting instructions by submitting new voting instructions to your broker or other nominee as specified in your broker or other nominee's instructions.

Solicitation of Proxies

Cornerstone 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 proxy statement/prospectus is a part, and one-half of the costs of printing this 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 Cornerstone 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.

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

Recommendation of the Cornerstone Board of Directors

Cornerstone's board of directors has determined that the merger agreement and the transactions contemplated by it are in the best interests of Cornerstone and its shareholders. The board of directors of Cornerstone recommends that the Cornerstone shareholders vote "FOR" the merger proposal and "FOR" the proposal to adjourn the special meeting to solicit additional proxies, if necessary or appropriate.

In the course of reaching its decision to adopt the merger agreement and the transactions contemplated in the merger agreement, Cornerstone's board of directors, among other things, consulted with its legal advisors, Haynsworth Sinkler Boyd, P.A., regarding the legal terms of the merger agreement, and with its financial advisor, Raymond James & Associates, Inc., as to the fairness, from a financial point of view, of the consideration to be received by the holders of Cornerstone common stock in the merger. For a discussion of the factors considered by Cornerstone's board of directors in reaching its conclusion, see "Proposal No. 1—The Merger—Background of the Merger" and "—Cornerstone's Reasons for the Merger; Recommendation of the Cornerstone Board of Directors."

Cornerstone shareholders should note that Cornerstone'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 Cornerstone. See "Proposal No. 1—The Merger—Interests of Executive Officers, Employees and Directors of Cornerstone in the Merger."

PROPOSAL NO. 1 - THE MERGER

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

General

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

Cornerstone Proposal

At the Cornerstone special shareholders' meeting, holders of Cornerstone common stock will be asked to vote upon the adoption of the merger agreement. The merger will not be completed unless Cornerstone's shareholders adopt the merger agreement and, by doing so, approve the proposed merger.

Background of the Merger

The financial crisis that began in 2008, the related recession and the slow recovery brought with them a significant increase in the regulatory burdens on community banks without corresponding benefits. The costs of maintaining competitive information technology and cyber-services increased even as reduced interest rates reduced the opportunities to profit from lending activities. Cornerstone Bank also found it difficult to obtain qualified, experienced commercial lenders and compliance managers at reasonable costs. Although Cornerstone has the benefit of being in a desirable, growing market, it became increasingly apparent to Cornerstone's management and board of directors that, if Cornerstone were to remain independent, it would need to grow substantially in order to achieve economies of scale and results of operations comparable to those of larger financial institutions in the southeastern United States. Substantial growth in a short period of time typically involves heightened risks, and Cornerstone's management noted that the benefits of such growth for shareholders might be better achieved through a merger with a larger financial institution on favorable terms.

At the end of April, 2015, the OCC terminated its Formal Agreement with Cornerstone Bank, marking the Bank's completion of a nearly five-year effort to improve the quality of its loan portfolio and its policies and procedures to

reduce the risk of experiencing significant losses during any future economic downturns. During 2015 and 2016, Cornerstone received unsolicited, informal indications of interest from several other financial institutions that were interested in exploring a business combination transaction. In each case, Cornerstone management met with representatives of the interested parties and explored the possibilities. Using publicly available information about bank merger transactions in the Southeastern United States, management concluded it would not feel comfortable recommending a transaction to the Cornerstone board of directors that had a value of less than approximately \$10.00 per share of Cornerstone common stock. Management also identified as important considerations for a merger transaction that the merger partner's policies and approach to business be compatible with Cornerstone's in order to limit any disruption to customers and provide a reasonable continuing employment opportunity for many Cornerstone employees, and that the transaction enhance the liquidity of the Cornerstone shareholders' investment. Management communicated its price target and other considerations to the interested parties and provided requested information about Cornerstone. Ultimately, only the contact by First Community, which is discussed below, resulted in a formal proposal for a transaction.

During some of the informal discussions, management sought the advice of a representative of Raymond James & Associates, Inc., ("Raymond James") regarding the current state of the Southeastern bank merger market and the identity of potential merger partners that might have an interest in Cornerstone. On October 6, 2016, management met with Raymond James and reviewed a list of eighteen potential business combination partners, including all of the institutions referred to above. The discussion included the profile of each company and the liquidity and pricing ratios for each company.

Shortly after, but unrelated to, the October 6 meeting, the Cornerstone CEO was contacted by Hovde Group, LLC, First Community's financial advisor, seeking to set up a meeting between the CEOs of First Community and Cornerstone.

On October 11, 2016 the Cornerstone board of directors met informally and received a briefing by the Cornerstone CEO regarding the challenges facing Cornerstone and informal contacts by investment bankers and other banks inquiring as to Cornerstone's appetite for a business combination transaction. The Cornerstone CEO solicited the board's views regarding remaining independent versus consideration of a business combination transaction. The Cornerstone directors agreed that the Cornerstone CEO should continue to talk to interested parties.

A meeting with the First Community CEO was held on October 20, 2016. The First Community CEO explained that he had reviewed Cornerstone's publicly available data and believed that the two companies were compatible in their business models and customer profiles. He explained that First Community had recently opened a loan production office in Greenville and was looking to expand its presence in the Upstate region of South Carolina. The Cornerstone CEO indicated that Cornerstone was willing to explore a possible transaction, and the meeting concluded with an agreement that the First Community CEO would contact the Cornerstone CEO the following week.

The First Community CEO telephoned the Cornerstone CEO during the week of October 24, 2016, and said that he was interested in having further discussions, but that he needed to consult with the First Community board of directors before doing so.

In late October 2016, the Cornerstone CEO requested that Raymond James submit a proposal to provide financial advisory services to Cornerstone with respect to a potential merger transaction. Raymond James submitted the proposal on November 1, 2016.

The Cornerstone board of directors met on November 8, 2016, and received a report from management outlining its prior informal discussions with potential business combination parties, its criteria for evaluating a proposal and its recommendation to engage Raymond James as a financial adviser. Raymond James is a nationally recognized investment banking firm that is regularly engaged as a financial adviser to community banks in connection with mergers and other corporate transactions. The board of directors authorized management to engage Raymond James and to continue to explore the opportunity for a merger. Also present at the meeting was a representative of Haynsworth Sinkler Boyd, P.A. ("Haynsworth"), legal counsel to Cornerstone, who reviewed with Cornerstone's board of directors their legal obligations in connection with any transaction that would result in the sale of Cornerstone. Haynsworth has represented Cornerstone since its inception as corporate, securities, and bank regulatory counsel. Haynsworth has extensive experience with bank mergers and acquisitions, and it was, therefore, natural for Cornerstone to use Haynsworth in connection with a proposed transaction.

During December 2016 and January 2017, with the assistance of the management of Cornerstone, Raymond James reviewed due diligence materials provided by Cornerstone and placed relevant due diligence materials into a virtual data room for potential transaction partners to review.

On December 1, 2016, First Community and Cornerstone entered into a confidentiality agreement and First Community began conducting due diligence on Cornerstone shortly thereafter.

At its meeting on December 13, 2016, the Cornerstone board received an update on developments since the previous meeting of the board.

On January 10, 2017 a representative of Raymond James met with the Cornerstone board to discuss possible terms of a transaction with First Community and the board's interest in continuing discussion with First Community. Items discussed included consideration for a potential business combination transaction, stock/cash mix of consideration, the potential for employee retention, treatment of in-the-money options outstanding, time frames for a transaction and the potential for volatility in the value of any stock consideration received in a transaction. The board expressed a willingness to move forward with discussions with First Community.

On January 26, 2017, First Community submitted a non-binding expression of interest to Cornerstone containing the proposed terms of a merger transaction pursuant to which Cornerstone would merge into First Community for merger consideration of \$10.50 per share of Cornerstone common stock (based on a recent 30-day volume weighted average price of First Community common stock of \$18.50). The proposed merger consideration was 30% cash and 70% in First Community stock (at an exchange ratio of 0.5676 shares of First Community common stock per share of Cornerstone common stock that would be converted into First Community stock).

On January 30, 2017, the Cornerstone board held a telephonic meeting with Haynsworth and Raymond James to review the January 26, 2017 non-binding expression of interest. The Cornerstone board authorized the Cornerstone CEO to agree to the non-binding expression of interest subject to clarification of the period for exclusive negotiations and non-compete agreements for the employee directors.

Between January 31, 2017 and Friday, February 24, 2017 Cornerstone and First Community, acting through their financial advisers and CEOs, held a number of discussions regarding Cornerstone and the terms of a non-binding expression of interest, including with respect to the exclusivity period, non-competition and non-solicitation requirements for employee directors, Cornerstone's change in control payment obligations to employee directors, the effect of the increasing price of First Community stock on the consideration for a merger and the amount of the merger consideration. Members of the First Community management team also conducted an on-site due diligence visit to Cornerstone's offices on February 11 and 12, 2017 to review loan files and other data that had not been placed in the virtual data room.

Between January 26, 2017 and Friday, February 24, 2017, First Community's common stock traded at notably higher average prices than the 30-day volume weighted average price of First Community common stock of \$18.50 that had been used as the basis for the non-binding expression of interest submitted by First Community on January 26, 2017.

First Community revised its merger consideration proposal and on Monday, February 27, 2017, First Community presented a revised non-binding expression of interest to Cornerstone. The terms of the February 27 letter included cash merger consideration of \$11.00 per share of Cornerstone common stock that would be converted into cash in the merger and an exchange ratio of 0.54 shares of First Community common stock per share of Cornerstone common stock that would be converted into First Community stock (which, based on the 30-day volume weighted average price of First Community common stock of \$20.41 as of Friday, February 24, 2017, implied a value of \$11.02 per share of Cornerstone common stock that would be converted into First Community stock). The CEO of Cornerstone spoke to the CEO of First Community regarding the terms of the proposed non-compete terms for Cornerstone's senior

lender and reached an understanding regarding the proposed terms.

The Cornerstone board held a telephonic meeting on February 27, 2017 and discussed the revised non-binding expression of interest. The Cornerstone board determined that Cornerstone should continue moving forward with merger discussions with First Community.

On February 28, 2017 Cornerstone's CEO notified First Community's CEO that the terms of the February 27, 2017 non-binding expression of interest were an acceptable basis for the negotiation of a binding definitive merger agreement for presentation to the Cornerstone board of directors.

On March 3, 2017, First Community submitted a proposed definitive merger agreement to Cornerstone. Over the next several weeks, Cornerstone, First Community and their respective legal counsel and financial advisers negotiated the terms and conditions of the merger agreement, including the termination provisions, and related agreements. During this time, representatives of Cornerstone and representatives of First Community engaged in a number of additional due diligence conversations.

On March 20, 2017, First Community and Cornerstone entered into a confidentiality agreement with respect to non-public due diligence information regarding First Community. Cornerstone thereafter conducted additional due diligence of First Community.

On April 4, 2017, the Cornerstone board of directors met with Raymond James and Haynsworth to consider the First Community proposal and draft merger agreement. Haynsworth reviewed with Cornerstone's board of directors their obligations to Cornerstone and its shareholders and reminded them that the acceptance of the non-binding expression of interest from First Community did not obligate Cornerstone to enter into the merger agreement. Haynsworth then reviewed in detail the terms of the most recent draft of the merger agreement. Raymond James made a presentation that summarized the financial matters associated with the proposed transaction and included comparisons to certain publicly traded companies similar to First Community and Cornerstone, an analysis of recently completed mergers and acquisitions similar to the proposed merger, an analysis of estimated future earnings and terminal value of Cornerstone and other analyses relevant to the financial terms of the merger. The presentation also described the estimated impact of the proposed transaction on First Community. Raymond James reviewed with the Cornerstone board of directors its preliminary analysis of the merger consideration. Raymond James advised the board that its analysis was as of such date and based upon and subject to various qualifications and assumptions described in the meeting, including and subject to further review of transaction terms and negotiation. At this meeting the board did not request and Raymond James did not provide a fairness opinion. Haynsworth then presented to Cornerstone's board of directors draft resolutions to approve and authorize the signing of the merger agreement and the submission of the merger agreement to Cornerstone's shareholders for approval with the recommendation of Cornerstone's board of directors that Cornerstone's shareholders vote for approval of the merger agreement. After discussion, Cornerstone's board of directors voted to adopt the resolutions and approve the signing of the merger agreement, subject to their decision being ratified at a telephonic meeting of the board of directors to be held two days later and to Raymond James' written fairness opinion being delivered on April 11, 2017.

On April 6, 2017, the Cornerstone board of directors held a telephonic meeting, also attended telephonically by Haynsworth and Raymond James, and ratified their previous decision to approve the merger agreement and authorize the Cornerstone CEO to sign the merger agreement on April 11, 2017 after receipt of Raymond James' written fairness opinion.

On April 11, 2017, Raymond James delivered its written fairness opinion to the Cornerstone board of directors. Thereafter, the merger agreement was executed by officers of First Community and Cornerstone, and, before the market opened on April 12, 2017, First Community and Cornerstone issued a joint press release announcing the execution of the merger agreement and the terms of the proposed acquisition of Cornerstone by First Community.

Cornerstone's Reasons for the Merger; Recommendation of the Cornerstone Board of Directors

After careful consideration at its meetings on October 11, 2016, November 8, 2016, December 13, 2016, January 10, 2017, February 7, 2017, February 27