

FIRST COMMUNITY CORP /SC/

Form DEF 14A

April 06, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

☒ Filed by the Registrant ☐ Filed by a Party other than the Registrant

**Check the appropriate box:**

☐ Preliminary Proxy Statement

☐ CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

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**First Community Corporation**

*(Name of Registrant as Specified In Its Charter)*

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(3) Filing Party:

(4) Date Filed:

5455 Sunset Boulevard  
Lexington, South Carolina 29072

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**April 6, 2018**

Dear Fellow Shareholder:

We cordially invite you to attend the 2018 Annual Meeting of Shareholders of First Community Corporation, the holding company for First Community Bank. At the meeting, we will report on our performance in 2017 and answer your questions. We look forward to discussing both our accomplishments and our plans with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that we will hold the meeting on May 16, 2018 at 11:00 a.m. local time, at the Marion Hatcher Center, 519 Greene Street, Augusta, Georgia, 30901 for the following purposes:

1. To elect as directors the four nominees named in the accompanying proxy statement;
  2. To approve the compensation of our named executive officers as disclosed in the accompanying proxy statement (this is a non-binding, advisory vote) (“Say-on-Pay”);
  3. To ratify the appointment of Elliott Davis, LLC as our independent registered public accountants; and
  4. To transact any other business that may properly come before the meeting or any adjournment of the meeting.
- Shareholders owning shares of our common stock at the close of business on March 21, 2018 are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at the company’s offices prior to the meeting.

Please use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. Even if you plan to attend the meeting, we encourage you to vote as soon as possible 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. However, if your shares are held in “street name,” you will need to obtain a proxy form from the institution that holds your shares in order to vote at our annual meeting.

By order of the Board of Directors,

Mitchell M. Willoughby   Michael C. Crapps  
*Chairman of the Board   President and Chief Executive Officer*

5455 Sunset Boulevard, Lexington, South Carolina 29072  
Telephone: (803) 951-2265 / Fax: (803) 358-6900

**5455 Sunset Boulevard  
Lexington, South Carolina 29072**

**Proxy Statement for Annual Meeting of Shareholders to be Held on May 16, 2018**

The board of directors of First Community Corporation (the “company”) is soliciting proxies for the 2018 Annual Meeting of Shareholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. We encourage you to read it carefully. We are distributing this proxy statement on or about April 6, 2018.

**Voting Information**

The board of directors set March 21, 2018 as the record date for the meeting. Shareholders owning shares of our common stock at the close of business on that date are entitled to attend and vote at the meeting, with each share entitled to one vote. There were 7,602,926 shares of common stock outstanding on the record date. A majority of the outstanding shares of common stock entitled to vote at the meeting will constitute a quorum. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists.

Many of our shareholders hold their shares through a stockbroker, bank, or other nominee rather than directly in their own name. If you hold our shares in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and your broker or nominee, who is considered the shareholder of record with respect to those shares, is forwarding these materials to you. As the beneficial owner, you have the right to direct your broker, bank, or other nominee how to vote and are also invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the shareholder of record giving you the right to vote the shares. Your broker, bank, or other nominee has enclosed or provided a voting instruction card for you to use to direct your broker, bank, or other nominee how to vote these shares.

If a share is represented for any purpose at the annual meeting by the presence of the registered owner or a person holding a valid proxy for the registered owner, it is deemed to be present for the purpose of establishing a quorum. Therefore, valid proxies which are marked “Abstain” or “Withhold” or as to which no vote is marked, including broker non-votes (which are described below), will be included in determining the number of votes present or represented at the annual meeting.

When you sign the proxy card, you appoint David K. Proctor and Joseph G. Sawyer as your representatives at the meeting. Messrs. Proctor and Sawyer will vote your proxy as you have instructed them on the proxy card. If you submit a proxy but do not specify how you would like it to be voted, Messrs. Proctor and Sawyer will vote your proxy for the election to the board of directors of all nominees listed below under “Election of Directors,” for the approval of the compensation of our named executive officers as disclosed in this proxy statement (this is a non-binding, advisory

vote) and for the ratification of the appointment of our independent registered public accountants for the year ending December 31, 2018. We are not aware of any other matters to be considered at the meeting. However, if any other matters come before the meeting, Messrs. Proctor and Sawyer will vote your proxy on such matters in accordance with their judgment.

Assuming that a quorum is present:

With respect to Proposal No. 1, the directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. This means that the individuals who receive the highest number of votes are selected as directors up to the maximum number of directors to be elected at the meeting. We will not count abstentions, broker non-votes or the failure to return a signed proxy as either for or against a director, so abstentions, broker non-votes and the failure to return a signed proxy will have no impact on the election of a director.

With respect to Proposal No. 2, the proposal will be approved if the number of shares of common stock voted in favor of the matter exceeds the number of shares of common stock voted against the matter. *This vote is advisory and will not be binding upon our board of directors.* However, the human resources/compensation committee (which we refer to in this proxy statement as the “compensation committee”) and the board of directors will take into account the outcome of the vote when considering future executive compensation arrangements. If a shareholder submits a proxy but does not specify how he or she would like it to be voted, then the proxy will be voted “FOR” the approval of the compensation of the company’s named executive officers. We will not count abstentions, broker non-votes or the failure to return a signed proxy as either for or against this proposal, so abstentions, broker non-votes and the failure to return a signed proxy will not affect the approval of the non-binding resolution to approve the compensation of the company’s named executive officers.

With respect to Proposal No. 3, the proposal will be approved if the number of shares of common stock voted in favor of the matter exceeds the number of shares of common stock voted against the matter. If a shareholder submits a proxy but does not specify how he or she would like it to be voted, then the proxy will be voted “FOR” the ratification of the appointment of our independent registered public accountants for the year ending December 31, 2018. We will not count abstentions, broker non-votes or the failure to return a signed proxy as either for or against this proposal, so abstentions, broker non-votes and the failure to return a signed proxy will have no impact on the ratification of the appointment of our independent registered public accountants.

You may revoke your proxy and change your vote at any time before the polls close at the meeting. If you are the record holder of the shares, you may do this by (a) signing and delivering another proxy with a later date, (b) by voting in person at the meeting, or (c) by voting again over the Internet or by telephone prior to 3:00 a.m., Eastern Daylight Time, on May 16, 2018.

Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proposals that brokers do not vote on are referred to as “broker non-votes.” A broker non-vote does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. In addition, if a shareholder abstains from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.

**If you hold your shares in street name through a broker, bank, or other nominee, it is critical that you instruct your broker how to vote at the meeting if you want your shares voted with respect to the election of our director nominees or the Say-on-Pay proposal.** Regulations prohibit your broker, bank, or other nominee from voting uninstructed shares on a discretionary basis on proposals one and two at the annual meeting. Thus, if you hold your shares in street name and you do not instruct your broker how to vote at the meeting, no votes will be cast on your behalf for proposals one or two. Further, if you abstain from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.



Solicitations of proxies may be made in person or by mail, telephone, or other means. We are paying for the costs of preparing and mailing the proxy materials and of reimbursing brokers and others for their expenses of forwarding copies of the proxy materials to our shareholders. Upon written or oral request, we will promptly deliver a separate copy of our annual report on Form 10-K or this proxy statement to our shareholders at a shared address to which a single copy of the document was delivered. Alternatively, if you are sharing an address with other shareholders and are receiving multiple copies of our Annual Report on Form 10-K or this proxy statement, you may request a single copy be sent to your shared address, if you prefer. Please contact us at (803) 951-0500 for any such request. Our directors, officers, and employees may assist in soliciting proxies but will not receive additional compensation for doing so.

***Important Notice of Internet Availability.*** This proxy statement and the accompanying 2017 Annual Report on Form 10-K are available to the public for viewing on the Internet at [www.proxyvote.com](http://www.proxyvote.com). Directions to the meeting are available on our website at: [www.firstcommunitysc.com](http://www.firstcommunitysc.com).

Proposal No. 1: Election of Directors

The board of directors currently has 14 members divided into three classes with staggered terms, so that the terms of only approximately one-third of the board members expire at each annual meeting. The current terms of the Class III directors will expire at the 2018 annual meeting. The terms of the Class I directors will expire at the 2019 annual meeting of shareholders, and the terms of the Class II directors will expire at the 2020 annual meeting of shareholders.

Our current directors and their classes are:

<b>Class I</b>	<b>Class II</b>	<b>Class III</b>
Richard K. Bogan, M.D.	Thomas C. Brown	C. Jimmy Chao*
Michael C. Crapps	W. James Kitchens, Jr.	J. Thomas Johnson*
Anita B. Easter	Edward J. Tarver	E. Leland Reynolds*
George H. Fann, Jr., D.M.D.	Roderick M. Todd, Jr.	Alexander Snipe, Jr *
J. Randolph Potter	Mitchell M. Willoughby	

\* Standing for election by the shareholders at the meeting.

C. Jimmy Chao, J. Thomas Johnson, E. Leland Reynolds and Alexander Snipe, Jr., current directors whose terms expire at the meeting, have also been nominated by the board of directors to be elected at the meeting to serve a three-year term expiring at the 2021 annual meeting of shareholders. The board of directors recommends that you elect Mr. Chao, Mr. Johnson, Mr. Reynolds, and Mr. Snipe as Class III directors. If a quorum is present, the directors will be elected by a plurality of the votes cast at the meeting. This means that the four nominees receiving the highest number of votes will be elected directors. Abstentions, broker non-votes, and the failure to return a signed proxy will have no effect on the outcome of the vote on this matter. If you submit a proxy but do not specify how you would like it to be voted, Messrs. Proctor and Sawyer will vote your proxy to elect Mr. Chao, Mr. Johnson, Mr. Reynolds and Mr. Snipe. If any of these nominees is unable or fails to accept nomination or election (which we do not anticipate), Messrs. Proctor and Sawyer will vote instead for a replacement to be recommended by the board of directors, unless you specifically instruct otherwise in the proxy.

Information Regarding Nominees for Directors

All of our directors bring to the board of directors leadership experience, derived from their business, professional, and board experiences. Eight of our fourteen directors have served as directors of the company since its inception in 1994 and one director has served as a director of the company since 2004. Four directors were directors on the board of three companies that we acquired, one in 2004, one in 2006, and two in 2014. One director has previously served on a non-related bank holding company board. Certain individual qualifications and skills of our directors that

contribute to the board of directors' effectiveness as a whole are described in the information provided below.

Set forth below is certain information about the Class III nominees, each of whom is also a director of First Community Bank (the "bank"):

*C. Jimmy Chao*, 62, Class III director, has served as a director of the company since its formation in 1994. Mr. Chao lives in Lexington, South Carolina, and, since 1987, he has been president of the engineering firm, Chao and Associates, Inc., located in Columbia, South Carolina. He received a M.S. degree in Structural Engineering at the University of South Carolina and completed all of the course requirements for his PhD. Mr. Chao is a member of the American Society of Engineers, the National Society of Professional Engineers and the Society of American Military Engineers. In 2009, he was selected as SC Civil Engineer of the Year by the American Society of Engineers. He holds a Professional Engineer license in South Carolina, North Carolina, Georgia, Alabama, Florida and many other states. He is past chair of the Educational Foundation of Lexington School District One and a committee member of the University of South Carolina's Design Review Committee. He serves as an adjunct professor at the University of South Carolina Department of Civil & Environmental Engineering. In 2017, he was appointed by the Governor to the Board of Registration for Engineers and Surveyors.

Mr. Chao has a strong knowledge of the issues facing small business professionals, which are a target market segment for our company. He has extensive knowledge of the business environment and the markets we serve.

*J. Thomas Johnson*, 71, Class III director, has served as vice chair of the board since our merger with DutchFork BancShares in October 2004. From October 2004 until October 2007, he served as executive vice president of the company and the bank. From 1984 until October 2004, Mr. Johnson served as chair and chief executive officer of DutchFork BancShares and Newberry Federal Savings Bank. From 2009 to 2017, Mr. Johnson was President and Chief Executive Officer of Citizens Building and Loan, SSB, in Greer, South Carolina. He is currently retired and serves as consultant to the board of directors of that institution. Mr. Johnson has been in banking since 1968. He has served as chair of the Community Financial Institutions of South Carolina and formerly served on the board of directors of the South Carolina Bankers Association. He served for 12 years as a member of the board of directors of the Federal Home Loan Bank of Atlanta, representing South Carolina member banks. He is Chair of Palmetto State Growth Fund, which was established to aid economic development in South Carolina. He received a B.S. in Marketing in 1968 from the University of South Carolina. He formerly served on the boards of the Newberry Opera House Foundation, the Central Carolina Alliance, the Central Carolina Community Foundation, and SC Independent Colleges and Universities.

Mr. Johnson has extensive experience as a director, chairman, and chief executive officer of a community bank for 20 years prior to its acquisition by our company. This experience in community banking, along with serving as a Federal Home Loan Bank of Atlanta director, brings substantial insight to our board as it relates to challenges and issues facing the community banking industry.

*E. Leland Reynolds*, 63, Class III director, has served as a director since our merger with Savannah River Financial Corporation in February 2014. He is the Co-Owner and Vice President, since 1986, of H. G. Reynolds Co, Inc., a regional general contractor specializing in governmental and educational construction. Mr. Reynolds is a graduate of Clemson University, where he received his degree in Building Science. His civic and professional associations include Clemson University, Aiken Edgefield Economic Development Partnership, and USC Aiken.

Mr. Reynold's experience and background as a co-owner and executive of a regional business allows him to bring significant management and leadership skills to our board. He has strong community ties to the Aiken, South Carolina and surrounding markets.

*Alexander Snipe, Jr.*, 66, has served as a Class III director of our company since May 2005. Mr. Snipe has been the president and chief executive officer of Glory Communications, Inc. since September 1992. Glory Communications, Inc., headquartered in Columbia, operates radio stations in Columbia, Orangeburg, Sumter, Florence, and Moncks Corner, South Carolina. Prior to forming Glory Communications, Inc., Mr. Snipe was general sales manager at one of Columbia's top radio stations for 10 years. He has over 30 years of broadcasting experience, serves on the South Carolina Broadcasters Association board of directors, and was a past President of the Association. He is a former board member of the Columbia Urban League, the William L. Bonner Bible College, The Gospel Heritage Foundation, and the National Association of Broadcasters Radio Board.

Mr. Snipe has significant experience operating a small business since 1992. He is an active community leader and serves several other associations and foundations. He has strong ties to the Midlands of South Carolina and has extensive knowledge of the business environment and the markets we serve.

### Information Regarding Continuing Directors

Set forth below is also information about each of the company's other directors. Each of the following directors is also a director of our bank.

*Richard K Bogan*, 72, Class I director, has served as a director of the company since its formation in 1994. Dr. Bogan has practiced medicine in Columbia, South Carolina, since he started Pulmonary Associates of Carolina in 1978. He graduated with a B.S. degree from Wofford College in Spartanburg in 1966 and earned an M.D. degree from the Medical College of South Carolina in Charleston in 1970. Dr. Bogan has been president of Bogan Consulting, Inc., a medical consulting company, since December 1992 and holds memberships in numerous medical organizations. He currently serves on the board of directors of the National Sleep Foundation and Watermark Holdings, Inc. Since 1999, he has served as the chief medical officer, and he is the former chairman, of SleepMed, Inc.

Dr. Bogan's experience and background as chair, founder, and executive of several medical related companies allows him to bring significant management and leadership skills to our board. He has strong community ties to the Midlands of South Carolina.

*Michael C. Crapps*, 59, Class I director, has served as our president and chief executive officer and as a director of the company since its formation in 1994. Mr. Crapps is a lifelong Lexington County resident. He received a B.S. degree in Economics in 1980 from Clemson University, an MBA degree from the University of South Carolina in 1984, and is a graduate of the LSU Graduate School of Banking of the South. He began his banking career with South Carolina National Bank in 1980 and, from 1985 to 1994, he was with Republic National Bank in Columbia, South Carolina where he became president, chief executive officer, and a director of that bank. During his career, Mr. Crapps has been responsible for virtually all aspects of banking, including branches, commercial banking, operations, credit administration, accounting, human resources, and compliance. Mr. Crapps serves the banking industry as a member of the Federal Reserve Bank of Richmond's Charlotte Branch Board of Directors. He is also involved with the South Carolina Bankers Association (SCBA), having served as its chair and on its Board of Directors. The SCBA selected Mr. Crapps as the 1997 Young Banker of the Year. He currently serves his local community as follows:

•Clemson University Foundation Board of Directors

•Midlands Business Leadership Group

Additionally, he is a past member of the Federal Reserve Bank of Richmond's Community Depository Institutions Advisory Council and past chair of Navigating from Good to Great (Ng2G) Foundation Board of Directors, the Greater Lexington Chamber of Commerce, the Saluda Shoals Park Foundation and the South Atlantic Division of the American Cancer Society (ACS).

Mr. Crapps' experience in banking and vision for our company give him the leadership and consensus building skills that provide significant insight and expertise to the board.

As a lifelong resident of Lexington, South Carolina, he has significant ties to the Midlands of South Carolina. He has been very active in local community and civic organizations.

*Anita B. Easter*, 73, Class I director, has served as a director of the company since its formation in 1994. Ms. Easter is retired. She is a former owner and director of Anchor Continental, Inc., a pressure-sensitive tape manufacturer. As a Registered Nurse, she returned to school and received a B.S. in Nursing from the University of South Carolina and was inducted into Sigma Theta Tau, the international honor society for nurses. She is past chair of the Greater Columbia Community Relations Council and is a member of The League of Women Voters and the USC College of Nursing Partnership Board.

Ms. Easter's experience as a former owner and director of a large manufacturing company provides the board with significant business insight and analytical skills. She has been active in civic and community organizations within the Midlands of South Carolina and is knowledgeable about the markets we serve.

*George H. Fann, Jr.*, D.M.D., 73, Class I director, has served as a director of the company since its formation in 1994. Dr. Fann has practiced dentistry in West Columbia, South Carolina, for 46 years. He earned a B.S. degree from Clemson University in 1966 and a D.M.D. from the University of Louisville School of Dentistry in 1969. Dr. Fann is past chair of the board of directors of Lexington Medical Center in West Columbia, South Carolina. Dr. Fann is a recipient of the Order of the Palmetto, awarded by the Governor of South Carolina.

Dr. Fann's experience as a medical professional, operating his business in the Midlands for over 40 years, brings to the board insights relative to challenges and opportunities facing small businesses and healthcare professionals within our market areas. As a lifelong resident of the Midlands of South Carolina, he has significant knowledge of the business environment and the markets we serve.

*J. Randolph Potter*, 71, Class I director, was the chief executive officer of the former Savannah River Financial Corporation and its subsidiary, Savannah River Banking Company, which he cofounded in 2007 and which merged with us in February 2014. Since the merger, Mr. Potter has served as a consultant to us. Mr. Potter has over 48 years of business experience in the areas of Aiken and Greenville, South Carolina, and Augusta, Georgia, serving in various capacities in the fields of banking, finance and accounting and as a small businessman. He earned a B.S. degree in Accounting from the University of South Carolina and is a graduate of the Stonier Graduate School of Banking at Rutgers University. Mr. Potter began his career in 1969 as a CPA with the accounting firm, KPMG, in Greenville, South Carolina. In 1975, he joined Southern Bank and Trust Company in Greenville where he later became executive vice president and a member of the office of the chairman. In 1990, he co-founded Summit National Bank in Greenville, South Carolina. He was the president and chief executive officer of that bank until it was sold in 2005.

Mr. Potter's prior experience and background in banking, both as a director and chief executive officer, allows him to bring significant expertise and knowledge of banking to our board. He has a strong understanding of the regulatory and market challenges facing the community banking industry.

*Thomas C. Brown*, 60, Class II director, has served as a director of the company since its formation in 1994. Mr. Brown is currently the Rector at St. Paul's Church in Greenville, South Carolina. He is also presently serving on the Clemson Board of Visitors for a three-year term. From 2008 to 2011, he served as the Assistant Rector at All Saints Church in Pawley's Island, South Carolina. Previously, Mr. Brown was the president and owner of T.C.B. Enterprises of South Carolina, Inc., a Myrtle Beach based restaurant business. Mr. Brown graduated from Clemson University in 1981 with a B.S. degree in Civil Engineering.

Mr. Brown has operated and owned a small business for many years. He has extensive knowledge of the small business environment and the related challenges. He brings to the board his unique insight and useful perspective related to the small business environment, which is a primary target market segment for our company.

*W. James Kitchens, Jr.*, 56, Class II director, has served as a director of the company since its formation in 1994. Mr. Kitchens is president of The Kitchens Firm, Inc. located in Columbia, South Carolina. He is a Certified Public Accountant and an investment consultant and currently holds the Chartered Financial Analyst designation. Mr. Kitchens earned a B.S. degree in mathematics from The University of the South in 1984 and an M.B.A. degree from Duke University in 1986.

Mr. Kitchens brings to the board knowledge and understanding of tax and financial accounting issues. He has lived most of his life in the Midlands of South Carolina and has a strong knowledge of the business environment in the markets we serve.



*Edward J. Tarver*, 58, Class II director, has served as a director of the Company since 2017. Mr. Tarver co-founded the law firm of Enoch Tarver, P.C. in 2017. He served as the U.S. Attorney for the Southern District of Georgia from November 2009 to March 2017. Prior to serving as U.S. Attorney, Mr. Tarver was an associate and partner with the Hull Barrett law firm from 1992 to 2009 in Augusta, Georgia. In 1999, he became a partner in the firm practicing employment discrimination, general civil litigation and public finance law. Mr. Tarver was elected as a Senator in the Georgia General Assembly representing Senate District 22 in 2005 and was re-elected in 2006 and 2008. He has previously served as a director for Georgia Bank and Trust Company, Georgia Lawyers Insurance Company, Southeastern Natural Sciences Academy, and the Georgia Chamber of Commerce. Mr. Tarver served in the U.S. Army as a Field Artillery Officer for seven years attaining the rank of Captain. He received his B.A. degree from Augusta State University in 1981 and a J.D. degree from the University of Georgia School of Law in 1991.

Mr. Tarver's experience as a U.S. Attorney and a partner in the legal firm of Hull Barrett as well as his prior experience on various boards as a director brings significant organizational and administrative skills to the board of directors. As U.S. Attorney, he spent considerable time investigating and prosecuting white collar fraud and cyber-related criminal activity. His legal experience and insights provide the board with important perspective on corporate governance related matters and corporate strategy

*Roderick M. Todd, Jr.*, 54, Class II director, has served as a director of the company since our merger with DeKalb Bankshares, Inc. in June 2006. He served as a director of DeKalb Bankshares, Inc. and the Bank of Camden from its inception in 2001 until June 2006. In July 2000, Mr. Todd founded the law firm Roderick M. Todd, Jr. Attorney and Counselor at Law. Formerly, he was a partner in Cooper and Todd, LLP, Attorneys, from 1994 to 2000. Mr. Todd is a graduate of the University of South Carolina and the University of South Carolina School of Law.

Mr. Todd has extensive experience in running and operating his own legal practice in Camden, South Carolina. As a prior director of a start-up community bank, he brings additional insights to our board, relative to community bank operations. He has strong ties to the Camden market, which is a market into which we expanded in 2006 through acquisition.

*Mitchell M. Willoughby*, 70, Class II director, has served as a director of the company since its formation in 1994. On March 17, 2009, Mr. Willoughby was elected to serve as chairman of the board beginning on May 19, 2009. He has lived in Columbia, South Carolina, since 1970, has practiced law in the community since 1975, and is a founding member of the law firm Willoughby & Hoefer, P.A. Mr. Willoughby has previously served as general counsel of the Greater Columbia Chamber of Commerce as well as a member of its Board of Directors. He served three years with the United States Army and over 33 years with the South Carolina Army National Guard, retiring in 2005 in the rank of Brigadier General. He received a B.S. degree in 1969 from Clemson University and a J.D. degree from the University of South Carolina in 1975.

Mr. Willoughby's experience as a founding partner in the legal firm of Willoughby & Hoefer, P.A. and over 36 years' experience in the United States Army and the S.C. Army National Guard allows him to bring significant organizational and administrative skills to the board of directors. His legal experience and insights provide the board with important perspective on corporate governance related matters and corporate strategy.



Information Regarding Remaining Executive Officers

Set forth below is information about our executive officers, other than Mr. Crapps who is also a director and is discussed above.

*Robin D. Brown*, 50, has been with the bank since August 1994. She has served as executive vice president and chief human resources and marketing officer of the company since February 19, 2013. Prior to joining the bank in 1994, Ms. Brown worked for Republic National Bank from 1989 until the bank was sold in 1994 and for the National Bank of South Carolina from 1985 until 1989. Ms. Brown received her B.S. degree in Business Administration and did post graduate work at the University of South Carolina in Columbia.

*J. Ted Nissen*, 56, has been executive vice president and chief commercial & retail banking officer of the company since February 19, 2013. He also serves as a member of the bank's Executive Committee. A graduate of Presbyterian College in Clinton South Carolina, Mr. Nissen has over 33 years of experience in the banking industry. He is an active Board member of the Boys and Girls Club and Engenuity SC and currently serves on the Loan Approval Committee for the Business Development Corporation. He is a graduate of Leadership Columbia and past board member of the South Carolina Bankers Association, the Columbia Chamber of Commerce, Midlands Technical College Foundation, & The Cultural Council of Richland & Lexington.

*David K. Proctor*, 61, Mr. Proctor has been executive vice president and chief risk officer of the company since February 2013. Prior to this, he was senior vice president and senior credit officer of the company since the bank opened for business in 1995. From May 1994 to June 1995, he was the vice president of credit for Republic Leasing Company. From 1987 to 1994, he held various positions with Republic National Bank in Columbia and was an executive vice president and senior credit officer. Mr. Proctor is a 1979 graduate of Clemson University with a B.S. in business administration.

*Joseph G. Sawyer*, 67, has been executive vice president and chief financial officer of the company since February 2013. Prior to this, he was senior vice president and chief financial officer of the company since the bank opened for business in 1995. Prior to joining the company, he was senior vice president and general auditor for the National Bank of South Carolina. He is a certified public accountant and a 1973 graduate of The Citadel with a B.A. in political science.

Proposal No. 2: Non-Binding, Advisory Vote on Compensation of the Named Executive Officers

The rules adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) enable our shareholders to vote to approve, on a non-binding basis, the compensation of the company’s named executive officers. Accordingly, we are asking you to approve the compensation of the company’s named executive officers as described under “Compensation of Directors and Executive Officers” and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this proxy statement.

The company seeks to align the interests of our named executive officers with the interests of our shareholders. Therefore, our compensation programs are designed to reward our named executive officers for the achievement of strategic and operational goals and the achievement of increased shareholder value, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. We believe that our compensation policies and procedures are competitive and focused on performance and are aligned with the long-term interest of our shareholders.

The proposal described below, commonly known as a “Say-on-Pay” proposal, gives you as a shareholder the opportunity to express your views regarding the compensation of the named executive officers by voting to approve or not approve such compensation as described in this proxy statement. This vote is advisory and will not be binding upon the company, the board of directors or the compensation committee. However, the company, the board and the compensation committee will take into account the outcome of the vote when considering future executive compensation arrangements. The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers as described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission (the “SEC”).

The board of directors believes our compensation policies and procedures achieve this objective and, therefore, recommend shareholders vote “FOR” the proposal through the following resolution:

“RESOLVED, that the compensation paid to the company’s named executive officers, as disclosed in the company’s Proxy Statement for the 2018 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation tables and the related narrative discussion in the Proxy Statement, is hereby APPROVED.”

If a quorum is present, the proposal will be approved if the number of shares of common stock voted in favor of the matter exceeds the number of shares of common stock voted against the matter. Abstentions, broker non-votes, and the failure to return a signed proxy will have no effect on the outcome of the vote on this matter.



**Proposal No. 3: Ratification of Appointment of the Independent Registered Public Accounting Firm**

On March 7, 2018, the audit/compliance committee of the board of directors appointed Elliott Davis, LLC as our independent registered public accounting firm for the year ending December 31, 2018. Although we are not required to seek shareholder ratification in the selection of our accountants, we believe obtaining shareholder ratification is desirable. If the shareholders do not ratify the appointment of Elliott Davis, LLC, the audit/compliance committee will re-evaluate the engagement of our independent auditors. Even if the shareholders do ratify the appointment, our audit/compliance committee has the discretion to appoint a different independent registered public accounting firm at any time during the year if the audit/compliance committee believes that such a change would be in the best interest of our shareholders and the company. We expect that a representative of Elliott Davis, LLC will attend the meeting and will be available to respond to appropriate questions from shareholders.

If a quorum is present, this proposal will be approved if the number of shares of common stock voted in favor of the matter exceeds the number of shares of common stock voted against the matter. Abstentions, broker non-votes, and the failure to return a signed proxy will have no effect on the outcome of the vote on this matter.

The board unanimously recommends that shareholders vote “FOR” the ratification of the appointment of Elliott Davis, LLC as our independent registered public accounting firm for the year ending December 31, 2018.

## CORPORATE GOVERNANCE

The board of directors met 13 times during 2017. Each director attended at least 75% of the combined total of meetings of the board and meetings of each committee on which such director served during 2017.

Neither the board nor the nomination and corporate governance committee has implemented a formal policy regarding director attendance at an annual meeting of shareholders, although board members are encouraged to attend the annual shareholders meeting. Nine directors attended the 2017 Annual Meeting of Shareholders.

The board has determined that a majority of its members are independent as defined by the listing standards of The NASDAQ Stock Market. Specifically, our board of directors has determined that the following directors are independent: Richard K. Bogan, M.D., Thomas C. Brown, C. Jimmy Chao, Anita B. Easter, George H. Fann, Jr., D.M.D., J. Thomas Johnson, W James Kitchens, Jr., E. Leland Reynolds, Alexander Snipe, Jr., Edward J. Tarver, Roderick M. Todd, Jr., and Mitchell M. Willoughby.

The board of directors has established a Code of Business Conduct and Ethics that applies to all directors, officers and employees, which may be found on our website at [www.firstcommunitysc.com](http://www.firstcommunitysc.com). The information on our website is not part of this proxy statement. The company intends to post on its website all disclosures that are required by law or The NASDAQ Stock Market listing standards concerning any amendments to, or waivers from, the Code of Business Conduct and Ethics. Shareholders may request a copy of the Code of Business Conduct and Ethics by written request directed to First Community Corporation, Attention: Corporate Secretary, 5455 Sunset Blvd, Lexington, South Carolina 29072.

Shareholders may communicate directly to the board of directors in writing by sending a letter to the board at: First Community Corporation, Attention: Corporate Secretary, 5455 Sunset Blvd., Lexington, South Carolina 29072. All letters directed to the board of directors will be received and processed by the corporate secretary and will be forwarded to the chairman of the nomination and corporate governance committee without any editing or screening.

### Board Leadership Structure and Role in Risk Oversight

We are focused on the company's corporate governance practices and value independent board oversight as an essential component of strong corporate performance to enhance shareholder value. Our commitment to independent oversight is demonstrated by the fact that a majority of our directors are independent. In addition, all of the members of our board of directors' audit/compliance, human resources/compensation, and nominating and corporate governance committees are independent.

Our board of directors believes that it is preferable for one of our independent directors to serve as chairman of the board. Our current chairman, Mitchell M. Willoughby, has been one of our directors since 1994 and is a long-time resident of one of our primary market areas. We believe it is the Chief Executive Officer's responsibility to manage the company and the chairman's responsibility to guide the board as it provides leadership to our executive management. As directors continue to be faced with more oversight responsibility than ever before, we believe it is beneficial to have separate individuals in the role of chairman and Chief Executive Officer. Traditionally, the company has maintained the separateness of the roles of the chairman and the Chief Executive Officer. In making its decision to have an independent chairman, the board of directors considered the time and attention that Mr. Crapps is required to devote to managing the day-to-day operations of the company. By having another director serve as chairman of the board of directors, Mr. Crapps will be able to focus more of his attention on running the company. This will also ensure there is no duplication of effort between the Chief Executive Officer and the chairman. We believe this board leadership structure is appropriate in maximizing the effectiveness of board oversight and in providing perspective to our business that is independent from executive management.



Our audit/compliance committee is primarily responsible for overseeing the company's risk management processes on behalf of the full board of directors. The audit/compliance committee focuses on financial reporting risk and oversight of the internal audit process. It receives reports from management at least quarterly regarding the company's assessment of risks and the adequacy and effectiveness of internal control systems, as well as reviewing credit and market risk (including liquidity and interest rate risk) and operational risk (including compliance and legal risk). Strategic and reputation risk are also regularly considered by this committee. The audit/compliance committee also receives reports from management addressing the most serious risks impacting the day-to-day operations of the company. Our director of internal audit reports to the audit committee and meets with the audit/compliance committee in executive sessions as needed to discuss any potential risk or control issues involving management. The audit/compliance committee reports regularly to the full board of directors, which also considers the company's entire risk profile. The full board of directors focuses on certain significant risks facing the company and on certain aspects of the company's general risk management strategy. Management is responsible for the day-to-day risk management processes. We believe this division of responsibility is the most effective approach for addressing the risks facing our company and that our board leadership structure supports this approach.

We recognize that different board leadership structures may be appropriate for companies in different situations. We will continue to reexamine our corporate governance policies and leadership structures on an ongoing basis to ensure that they continue to meet the company's needs.

#### Committees of the Board

Our board of directors has three standing committees: the audit/compliance committee, the compensation committee, and the nomination and corporate governance committee. Each committee serves in a dual capacity as a committee of the company and of the bank.

#### Audit/Compliance Committee

The following directors are members of the audit/compliance committee: W. James Kitchens, Jr. (Chairman), Richard K. Bogan, Anita B. Easter, Edward J. Tarver and Roderick M. Todd, Jr. The board of directors has determined that all of these committee members are independent, as contemplated in the listing standards of The NASDAQ Stock Market. Our board has determined that Mr. Kitchens qualifies as an audit committee financial expert under SEC rules. The audit/compliance committee met four times in 2017.

The audit/compliance committee has the responsibility of reviewing the company's financial statements, evaluating internal accounting controls, reviewing reports of regulatory authorities, and determining that all audits and examinations required by law are performed. The committee approves the independent auditors, reviews and approves the auditor's audit plans, and reviews with the independent auditors the results of the audit and management's

responses. The board of directors has adopted an audit/compliance committee charter, which may be found by clicking on the link for “Investor Information” on our website at [www.firstcommunitysc.com](http://www.firstcommunitysc.com). The charter outlines the committee’s responsibilities for overseeing the entire audit function and appraising the effectiveness of internal and external audit efforts and may be amended by the board at any time. The audit/compliance committee reports its findings to the board of directors.

#### Compensation Committee

The compensation committee operates under a written charter adopted by the board of directors and is responsible for developing and making recommendations to the board with respect to the company’s executive compensation policies and for the approval and administration of the company’s existing and proposed executive compensation plans, including determining the contents of the company’s executive compensation plans, authorizing the awards to be made pursuant to such plans and reviewing and approving annually all compensation decisions relating to the company’s executive officers, including the president and chief executive officer and the other executive officers named in the Summary Compensation Table (the “named executive officers”). During 2017, the Compensation Committee reviewed the Company’s compensation policies and practices and concluded that they did not create risk that are reasonably likely to have a material adverse effect on the Company. The following directors are members of the compensation committee: Thomas C. Brown (Chairman), Richard K. Bogan, Chimin J. Chao, George H. Fann, Jr., DMD, E. Leland Reynolds and Roderick M. Todd Jr.

The compensation committee is comprised entirely of independent directors as prescribed by the NASDAQ Stock Market listing standards. The board of directors has adopted a compensation committee charter, which may be found by clicking on the link for “Investor Information” on our website at [www.firstcommunitysc.com](http://www.firstcommunitysc.com). The compensation committee met four times during 2017. See “Compensation Discussion and Analysis” for information related to role of the compensation committee and our compensation philosophy.

#### Compensation Consultant

During 2016, the compensation committee engaged the services of McLagan, an Aon Hewitt company (“McLagan”), to provide independent compensation consulting services for both directors and executive management of the company. McLagan reports directly to the compensation committee. The compensation committee has the sole authority to hire its consultants and set the engagements and the related fees of those consultants.

The following consulting services were provided to the compensation committee in 2016 by McLagan:

- Assisted the compensation committee in reviewing the company’s compensation philosophy.
- Revised the company’s compensation peer group of publicly-traded financial institutions.
- Reviewed the competitiveness of the compensation elements of the company’s top executives, including base salary, annual incentive or bonus, long-term incentives (stock options and restricted stock), all other compensation, and changes in retirement benefits as compared to that of the customized peer group.
- Reviewed the competitiveness of the company’s director compensation elements as compared to that of the customized peer group.
- Performed an analysis on director stock ownership guidelines as compared to that of the customized peer group.
- Recommended and made observations regarding the potential alignment of the company’s executive compensation practices with the company’s overall business strategy and culture relative to the market as defined by the peer group. This included a review of the current performance-based programs with respect to the annual cash incentives and annual equity grants and making observations and recommendations on the plan design.
- Provided education to the compensation committee of the board of directors regarding industry compensation trends.

#### **Compensation Committee’s Relationship with its Independent Compensation Consultant**

The compensation committee considered the independence of McLagan in accordance with SEC rules and NASDAQ listing standards. The compensation committee requested and received a report from McLagan addressing the independence of McLagan and its senior advisors. The following factors were considered: (1) other services provided to us by McLagan; (2) fees paid by us as a percentage of McLagan’s total revenue; (3) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (4) any business or personal relationships between the senior advisors and a member of the compensation committee; (5) any company stock owned by the senior advisors; and (6) any business or personal relationships between our executive officers and the senior advisors. The compensation committee discussed these considerations and concluded that the work performed by McLagan and McLagan’s senior advisors involved in the engagements did not raise any conflict of interest.



## Nomination and Corporate Governance Committee

The following directors are members of the nomination and corporate governance committee: Roderick M. Todd, Jr (Chairman), C. Jimmy Chao, Alexander Snipe, Jr. Anita B. Easter and Edward J. Tarver. The nomination and corporate governance committee is comprised entirely of independent directors as prescribed by The NASDAQ Stock Market listing standards. This committee met two times during 2017.

The board of directors has adopted a nomination and corporate governance committee charter, which may be found on our website by clicking on the link for “Investor Information” at [www.firstcommunitysc.com](http://www.firstcommunitysc.com). The charter provides that the responsibilities of the committee include: (a) reviewing the qualifications and independence of the members of the board and its various committee assignments; (b) evaluating incumbent directors in determining consideration for reelection; (c) recommending board nominees for election as officers; (d) providing guidance on board and corporate governance issues; and (e) considering director candidates recommended by shareholders who submit nominations in accordance with our bylaws.

Shareholders who submit candidates for nomination must deliver nominations in writing to the secretary of the company no later than (i) with respect to an election to be held at an annual meeting of shareholders, 90 days in advance of such meeting; and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, seven days after notice of the special meeting is given to shareholders. Each notice must set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record of stock of the company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the SEC’s proxy rules, had the nominee been nominated, or intended to be nominated, by the board of directors; and (v) the consent of each nominee to serve as a director of the company if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

The nomination and corporate governance committee has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees. In determining whether to recommend a director nominee, the nomination and governance committee members consider and discuss diversity, among other factors, with a view toward the needs of the board of directors as a whole. The nominating committee members generally conceptualize diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint, professional experience, education, skill and other qualities or attributes that contribute to board heterogeneity, when identifying and recommending director nominees. The nomination and governance committee believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with the committee’s goal of creating a board of directors that best serves the needs of the company and the interests of its shareholders.

In evaluating such director recommendations, the committee uses a variety of criteria to evaluate the qualifications and skills necessary for members of our board of directors. Under these criteria, members of the board of directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards, and broad experience at the policy-making level in business, government, education, technology or public interest. Directors should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of our shareholders.

The committee uses a variety of methods for identifying and evaluating nominees for director. The committee regularly assesses the appropriate size of the board of directors, and whether any vacancies are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, the committee considers various potential candidates for director. Candidates may come to their attention through current members of the board, shareholders, or other persons. These candidates are evaluated at regular or special meetings of the board, and may be considered at any point during the year. The committee considers properly submitted shareholder recommendations for candidates. In evaluating such recommendations, the committee uses the qualifications and standards discussed above, and it seeks to achieve a balance of knowledge, experience and capability on the board of directors.

#### Report of the Audit/Compliance Committee

Management is responsible for the company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the company's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and issuing a report thereon. The audit/compliance committee's responsibility is to monitor and oversee these processes.

In this context, the committee has met and held discussions with management and Elliott Davis, LLC, the company's independent auditors in 2017 and 2016, in discharging its oversight responsibility as to the audit process, the audit/compliance committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit/compliance committee concerning independence and has discussed with the independent auditors their independence from the company and its management. The committee also discussed with management, the internal auditors and the independent auditors the quality and adequacy of the company's internal controls and the internal audit function's organization, responsibilities, budget and staffing. The committee reviewed both with the independent and internal auditors their audit plans, audit scope and identification of audit risks.

The committee reviewed and discussed with the independent auditors all communications required by Public Company Accounting Oversight Board Auditing Standard No. 16, "Communication with Audit Committees," and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the financial statements. The committee also discussed the results of the internal audit examinations.

The committee reviewed and discussed the audited consolidated financial statements of the company as of and for the year ended December 31, 2017 with management and the independent auditors.

Based on the above-mentioned review and discussions with management and the independent auditors, the committee recommended to the board that the company's audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the SEC. On March 7, 2018, the

committee appointed Elliott Davis, LLC as the company's independent auditors for 2018.

The report of the audit committee is included herein at the direction of its members Mr. Kitchens (Chairman), Dr. Bogan, Ms. Easter, Mr. Tarver and Mr. Todd.



EXECUTIVE COMPENSATION AND OTHER INFORMATION