

FIRST COMMUNITY CORP /SC/
Form 424B1
August 27, 2012
Table of Contents

Filed Pursuant to Rule 424(b)(1)

Registration No. 333-182938

PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 21, 2012)

11,350 Shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series T
Liquidation Preference Amount \$1,000 Per Share

This prospectus supplement relates to the offer and sale of 11,350 shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series T, \$1.00 par value per share (the "Preferred Shares"), liquidation preference amount \$1,000 per share, by the United States Department of the Treasury ("Treasury"). We issued the Preferred Shares to Treasury on November 21, 2008 as part of Treasury's Troubled Asset Relief Program Capital Purchase Program (the "CPP") in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

We will not receive any proceeds from the sale of any Preferred Shares sold by Treasury.

Dividends on the Preferred Shares are payable quarterly in arrears on each February 15, May 15, August 15, and November 15. The initial dividend rate is 5% per annum through February 14, 2014, and will increase to 9% per annum on and after February 15, 2014 if not otherwise redeemed earlier for cash by us. As of the date of this prospectus supplement, we have paid in full all of our quarterly dividend obligations on the Preferred Shares. We may redeem the Preferred Shares, at any time, in whole or in part, at our option, subject to prior approval by the appropriate federal banking agency, for cash, for a redemption price equal to 100% of the liquidation preference amount per Preferred Share plus any accrued and unpaid dividends to but excluding the date of redemption.

The Preferred Shares will not be listed for trading on any stock exchange or available for quotation on any national quotation system.

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The public offering price and the allocation of the Preferred Shares in this offering will be determined by an auction process. We intend to submit one or more bids in this auction. There is no assurance that we will submit any bids (or the amount of any such bids) or that our bids will be accepted. During the auction period, potential bidders will be able to place bids to purchase Preferred Shares at any price at or above the minimum bid price of \$923.30 per share (such bid price to be in increments of \$0.01). The minimum size for any bid will be one Preferred Share. After the auction closes, if Treasury decides to sell any of the offered Preferred Shares, then the underwriters will agree to purchase such Preferred Shares in a firm commitment underwriting and the public offering price of such Preferred Shares will equal the clearing price plus accrued dividends thereon. If bids are received for 100% or more of the offered Preferred Shares, the clearing price will be equal to the highest price at which all of the offered Preferred Shares can be sold in the auction. If bids are received for 100% or more of the offered Preferred Shares, and Treasury elects to sell any Preferred Shares in the auction, Treasury must sell all of the offered Preferred Shares at the clearing price. If bids are received for at least half, but less than all, of the offered Preferred Shares, then the clearing price will be equal to the minimum bid price of \$923.30 per share, and Treasury may (but is not required to) sell, at the public offering price, the number of Preferred Shares it chooses to sell up to the number of bids received in the auction, so long as at least half of the offered Preferred Shares are sold. In certain cases, the bids of bidders may be pro-rated. If bids are received for less than half of the offered Preferred Shares, Treasury will not sell any Preferred Shares in this offering. Even if bids are received for at least half of the offered Preferred Shares, Treasury may decide not to sell any Preferred Shares or, in the case where bids are received for at least half, but less than all, of the offered Preferred Shares, may decide to sell a portion (but not less than half) of the offered Preferred Shares in the auction process. The method for submitting bids and a more detailed description of this auction process are described in Auction Process beginning on page S-40 of this prospectus supplement.

Investing in the Preferred Shares involves risks. You should read the Risk Factors section beginning on page S-15 of this prospectus supplement and page 8 of the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2011 before making a decision to invest in the Preferred Shares.

	Per Share		Total	
Public offering price(1)	\$	982.83000	\$	11,155,120.50
Underwriting discounts and commissions to be paid by Treasury(2)	\$	14.74245	\$	167,326.81
Proceeds to Treasury(1)	\$	968.08755	\$	10,987,793.69

(1) Plus accrued dividends from and including August 15, 2012.

(2) Treasury has agreed to pay all underwriting discounts and commissions and transfer taxes. We have agreed to pay all transaction fees, if any, applicable to the sale of the Preferred Shares and certain fees and disbursements of counsel for Treasury incurred in connection with this offering.

None of the Securities and Exchange Commission (the SEC), the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation (the FDIC), the Board of Governors of the Federal Reserve System (the Federal Reserve), any state or other securities commission or any other federal or state bank regulatory agency has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Preferred Shares are not savings accounts, deposits or other obligations of any bank, thrift or other depository institution and are not insured or guaranteed by the FDIC or any other governmental agency or instrumentality.

The underwriters expect to deliver the Preferred Shares in book-entry form through the facilities of The Depository Trust Company and its participants against payment on or about August 29, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Sandler O'Neill + Partners, L.P.

The date of this prospectus supplement is August 23, 2012.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-1
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-3
<u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>	S-4
<u>SUMMARY</u>	S-5
<u>RISK FACTORS</u>	S-15
<u>USE OF PROCEEDS</u>	S-33
<u>RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	S-33
<u>DESCRIPTION OF PREFERRED SHARES</u>	S-34
<u>AUCTION PROCESS</u>	S-40
<u>SELLING SHAREHOLDER</u>	S-46
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	S-48
<u>UNDERWRITING</u>	S-53
<u>LEGAL MATTERS</u>	S-57
<u>EXPERTS</u>	S-57

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	1
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	3
<u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>	3
<u>SUMMARY</u>	5
<u>RISK FACTORS</u>	8
<u>USE OF PROCEEDS</u>	20
<u>RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	20
<u>DESCRIPTION OF PREFERRED SHARES</u>	21
<u>SELLING SHAREHOLDER</u>	26
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	28
<u>PLAN OF DISTRIBUTION</u>	32
<u>LEGAL MATTERS</u>	35
<u>EXPERTS</u>	35

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

You should read this prospectus supplement, the accompanying prospectus and the additional information described under the headings "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" before you make a decision to invest in the Preferred Shares. In particular, you should review the information under the heading "Risk Factors" set forth on page S-15 of this prospectus supplement, the information set forth under the heading "Risk Factors" set forth on page 8 in the accompanying prospectus and the information under the heading "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference herein. You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the SEC. Neither we nor Treasury nor the underwriters are making an offer to sell the Preferred Shares in any manner in which, or in any jurisdiction where, the offer or sale thereof is not permitted. Neither we nor Treasury nor the underwriters have authorized any person to provide you with different or additional information. If any person provides you with different or additional information, you should not rely on it. You should assume that the information in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of its date or the date which is specified in those documents. Our business, financial condition, capital levels, cash flows, liquidity, results of operations and prospects may have changed since any such date.

In this prospectus supplement, we frequently use the terms "we," "our" and "us" to refer to First Community Corporation (the "Company") and its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus supplement and the accompanying prospectus or in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, other than statements of historical fact, are forward-looking statements (as such term is defined in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the regulations promulgated thereunder), which are intended to be covered by the safe harbors created thereby. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of our management and on information available at the time these statements and disclosures were prepared. Forward-looking statements include, but are not limited to:

- certain statements contained in "Risk Factors" in this prospectus supplement and the accompanying prospectus and our Annual Report on Form 10-K for the year ended December 31, 2011;
- certain statements contained in "Business" in our Annual Report on Form 10-K for the year ended December 31, 2011;
- certain statements contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and notes to our financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 concerning the allowance for loan losses, liquidity, capital adequacy requirements, unrealized losses and impact of

accounting pronouncements; and

- certain statements as to trends or events, or First Community Corporation's or our management's beliefs, expectations, objectives, plans, goals, intentions, estimates, projections and opinions.

These statements are included throughout this prospectus, and in the documents incorporated by reference in this prospectus, and relate to, among other things, projections of revenues, earnings, earnings per

S-1

Table of Contents

share, cash flows, capital expenditures, or other financial items, expectations regarding acquisitions, discussions of estimated future revenue enhancements, potential dispositions, and changes in interest rates. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity, and capital resources. The words believe, anticipate, could, estimate, expect, intend, may, plan, predict, project, will, and similar terms and phrases identify forward-looking statements in this and in the documents incorporated by reference in this prospectus.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a number of factors. Some of the risks, uncertainties and other factors that may cause actual results, developments and business decisions to differ materially from those anticipated by such forward-looking statements include the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2011 and the following:

- reduced earnings due to higher credit losses generally and specifically because losses in the sectors of our 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;
- the amount of our loan portfolio collateralized by real estate and weaknesses in the real estate market;
- restrictions or conditions imposed by our regulators on our operations may make it more difficult for us to achieve our goals;
- the adequacy of the level of our allowance for loan losses and the amount of loan loss provisions required in future periods;
- results of examinations by our regulatory authorities, including the possibility that the regulatory authorities may, among other things, require us to increase our allowance for loan losses or write-down assets;
- reduced earnings due to higher other-than-temporary impairment charges resulting from additional decline in the value of our securities portfolio, specifically as a result of increasing default rates, and loss severities on the underlying real estate collateral;
- significant increases in competitive pressure in the banking and financial services industries;

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- changes in the interest rate environment which could reduce anticipated or actual margins;
- changes in political conditions or the legislative or regulatory environment, including, but not limited to, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) and regulations adopted thereunder, changes in federal and/or state tax laws or interpretations thereof by taxing authorities, changes in laws, rules or regulations applicable to companies that have participated in Treasury s CPP, and other governmental initiatives affecting the financial services industry;
- general economic conditions, either nationally or regionally and especially in our primary service

S-2

Table of Contents

area, being less favorable than expected resulting in, among other things, a deterioration in credit quality;

- changes occurring in business conditions and inflation;
- increased funding costs due to market illiquidity, increased competition for funding, and/or increased regulatory requirements with regard to funding;
- changes in deposit flows;
- changes in technology;
- changes in monetary and tax policies, including confirmation of the income tax refund claims received by the Internal Revenue Service (IRS);
- changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board and the Financial Accounting Standards Board;
- the rate of delinquencies and amounts of loans charged-off;
- the rate of loan growth in recent years and the lack of seasoning of a portion of our loan portfolio;
- our ability to maintain appropriate levels of capital and to comply with our higher individual minimum capital ratios;
- our ability to attract and retain key personnel;
- our ability to retain our existing clients, including our deposit relationships;

- adverse changes in asset quality and resulting credit risk-related losses and expenses;
- loss of consumer confidence and economic disruptions resulting from terrorist activities; and
- other risks and uncertainties described under "Risk Factors" below.

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

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and file with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. listed company. You may read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or on our website at www.firstcommunitysc.com. After accessing our website, the filings are available upon selecting the "Investors" menu items. However, the information on, or that can be accessible through, our website does not constitute a part of, and is not incorporated by reference in, this prospectus supplement or the

Table of Contents

accompanying prospectus. Written requests for copies of the documents we file with the SEC should be directed to First Community Corporation, Attn: Joseph G. Sawyer, 5455 Sunset Boulevard, Lexington, South Carolina 29072, telephone: (803) 951-2265 or email: InvestorRelations@firstcommunitysc.com.

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-1 filed by us with the SEC under the Securities Act. As permitted by the SEC, this prospectus supplement and the accompanying prospectus do not contain all the information in the registration statement filed with the SEC. For a more complete understanding of this offering, you should refer to the complete registration statement, including exhibits, on Form S-1 that may be obtained as described above. Statements contained in this prospectus supplement and the accompanying prospectus about the contents of any contract or other document are not necessarily complete. If we have filed any contract or other document as an exhibit to the registration statement or any other document incorporated by reference in the registration statement, you should read the exhibit for a more complete understanding of the contract or other document or matter involved. Each statement regarding a contract or other document is qualified in its entirety by reference to the actual contract or other document.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information that we file with it, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus. We incorporate by reference the following documents (other than information furnished rather than filed in accordance with SEC rules):

- the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011;
- the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012;
- the Company's Current Reports on Form 8-K filed with the SEC on January 3, 2012, January 19, 2012, April 18, 2012, May 18, 2012, May 21, 2012, July 2, 2012, and July 12, 2012 (excluding information furnished under Item 7.01); and
- the Company's Definitive Proxy Statement related to its 2012 annual meeting of shareholders, as filed with the SEC on April 3, 2012.

Any statement contained in a document that is incorporated by reference will be modified or superseded for all purposes to the extent that a statement contained in this prospectus supplement modifies or is contrary to that previous statement. Any statement so modified or superseded will not be deemed a part of this prospectus except as so modified or superseded.

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These filings are available on our website at www.firstcommunitysc.com. After accessing our website, the filings are available upon selecting the Investors menu items. You may request a copy of any of these filings at no cost, by writing, telephoning us, or emailing us at First Community Corporation, Attn: Joseph G. Sawyer, 5455 Sunset Boulevard, Lexington, South Carolina 29072, telephone: (803) 951-2265 or email: InvestorRelations@firstcommunitysc.com.

S-4

Table of Contents

SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and may not contain all the information that you need to consider in making your investment decision to purchase the Preferred Shares. You should carefully read this entire prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference herein and therein, before deciding whether to invest in the Preferred Shares. You should carefully consider the sections entitled Risk Factors in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein to determine whether an investment in the Preferred Shares is appropriate for you.

The Company

First Community Corporation is a bank holding company headquartered in Lexington, South Carolina. Our wholly-owned subsidiary, First Community Bank, N.A., operates 11 branches in the Midlands area of South Carolina, with six branches in Lexington County, two branches in Newberry County, two branches in Richland County and one branch in Kershaw County. We are a community-oriented financial institution that offers a wide-range of traditional banking products and services for small to medium sized businesses, professionals and other individuals in our markets, including commercial and consumer loan and deposit services, as well as mortgage, financial planning and investment services. We seek to be the provider of choice for financial solutions to customers in our markets who value exceptional personalized service and local decision making.

At June 30, 2012, we had total assets of \$598.0 million, total gross loans including loans held for sale of \$329.3 million, total deposits of \$474.0 million, and shareholders' equity of \$49.3 million.

Our principal executive offices are located at 5455 Sunset Boulevard, Lexington, South Carolina 29072, and our telephone number is (803) 951-2265. Our primary internet address is www.firstcommunitysc.com. The information contained on our web site is not part of this prospectus. Our common stock trades on the NASDAQ Capital Market under the symbol FCCO.

The Offering

The following summary contains basic information about the Preferred Shares and the auction process and is not intended to be complete and does not contain all the information that is important to you. For a more complete understanding of the Preferred Shares and the auction process, you should read the sections of this prospectus supplement entitled Description of Preferred Shares and Auction Process and any similar sections in the accompanying prospectus.

Issuer

First Community Corporation

Preferred Shares Offered by Treasury

11,350 shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series T, \$1.00 par value per share. The number of Preferred Shares to be sold will depend on the number of bids received in the auction described below and whether Treasury decides to sell any Preferred Shares in the auction process. See the section entitled "Auction Process" in this prospectus supplement.

Liquidation Preference

If we liquidate, dissolve or wind up (collectively, a "liquidation"), holders of the Preferred Shares will have the right to receive \$1,000 per share, plus any accrued and unpaid dividends (including dividends accrued on any unpaid

Table of Contents

dividends) to, but not including, the date of payment, before any payments are made to holders of our common stock or any other capital stock that ranks, by its terms, junior as to rights upon liquidation to the Preferred Shares.

Dividends

Dividends on the Preferred Shares are payable quarterly in arrears on each February 15, May 15, August 15, and November 15. The initial dividend rate is 5% per annum through February 14, 2014, and will increase to 9% per annum on and after February 15, 2014 if not otherwise redeemed earlier for cash by us. As of the date of this prospectus supplement, we have paid in full all of our quarterly dividend obligations on the Preferred Shares. Holders of Preferred Shares sold by Treasury in the auction, if any, that are record holders on the record date for the November 15, 2012 dividend payment date will be entitled to any declared dividends payable on such date.

Maturity

The Preferred Shares have no maturity date.

Rank

The Preferred Shares rank (i) senior to common stock or any other capital stock that ranks, by its terms, junior as to dividend rights and/or rights upon liquidation to the Preferred Shares (collectively, the Junior Stock), (ii) equally with any shares of our capital stock whose terms do not expressly provide that such class or series will rank senior or junior to the Preferred Shares as to dividend rights and/or rights upon liquidation (collectively, the Parity Stock) and (iii) junior to all of our existing and future indebtedness and any future senior securities, in each case as to dividend rights and/or rights upon liquidation.

Priority of Dividends

So long as the Preferred Shares remain outstanding, we may not declare or pay a dividend or other distribution on our common stock or any other shares of Junior Stock (other than dividends payable solely in common stock) or Parity Stock (other than dividends paid on a pro rata basis with the Preferred Shares), and we generally may not directly or indirectly purchase, redeem or otherwise acquire any shares of common stock, Junior Stock or Parity Stock unless all accrued and unpaid dividends on the Preferred Shares for all past dividend periods are paid in full.

Redemption

We may redeem the Preferred Shares, at any time, in whole or in part, at our option, subject to prior approval by the appropriate federal banking agency, for a redemption price equal to 100% of the liquidation preference amount per Preferred Share plus any accrued and unpaid dividends (including dividends accrued on any unpaid dividends) to but excluding the date of redemption. We intend to submit one or more bids for a portion or all of the Preferred Shares. If we do not successfully bid for the Preferred Shares, we may attempt to negotiate with the holders of the Preferred Shares to repurchase the Preferred Shares. If we do not repurchase the Preferred Shares, we intend to redeem or repurchase Preferred Shares in such amounts and at such times as we deem prudent. Our ability to redeem the Preferred Shares will depend on then-present facts and circumstances and the amount of capital we hold or can raise at the holding company level. In order for us to obtain approval from our applicable regulatory authorities to redeem the Preferred Shares, we would expect that such regulatory authorities would require us to satisfy our capital commitments to them, if any, after giving effect to the redemption of the Preferred Shares so approved.

Voting Rights

Holders of the Preferred Shares generally have no voting rights. However, if we do not pay dividends on the Preferred Shares for six or more quarterly periods, whether or not consecutive, the holders of the Preferred Shares, voting as a single class with the holders of any other Parity Stock upon

Table of Contents

which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of two additional directors to serve on our board of directors until all accrued and unpaid dividends (including dividends accrued on any unpaid dividends) on the Preferred Shares for all past dividend periods are paid in full. There is no limit on the number of nominations and a plurality of eligible voters would determine the election of the two new directors.

In addition, the affirmative vote of the holders of at least 66-2/3% of the outstanding Preferred Shares is required for us to authorize, create or increase the authorized number of shares of our capital stock ranking, as to dividends or amounts payable upon liquidation, senior to the Preferred Shares, to amend, alter or repeal any provision of our charter or the Certificate of Designations for the Preferred Shares in a manner that adversely affects the rights of the holders of the Preferred Shares or to consummate a binding share exchange or reclassification of the Preferred Shares or a merger or consolidation of us with another entity unless (x) the Preferred Shares remain outstanding or are converted into or exchanged for preference shares of the surviving entity or its ultimate parent and (y) the Preferred Shares remain outstanding or such preference shares have such terms that are not materially less favorable, taken as a whole, than the rights of the Preferred Shares immediately prior to such transaction, taken as a whole.

Auction Process

The public offering price and the allocation of the Preferred Shares in this offering will be determined through an auction process conducted by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler O'Neill & Partners, L.P., the joint book-running managers in this offering, in their capacity as the auction agents. The auction process will entail a modified Dutch auction mechanic in which bids may be submitted through the auction agents or one of the other brokers that is a member of the broker network, which are collectively referred to in this prospectus supplement as the network brokers, established in connection with the auction process. Each broker will make suitability determinations with respect to its own customers wishing to participate in the auction process. The auction agents will not provide bidders with any information about the bids of other bidders or auction trends, or with advice regarding bidding strategies, in connection with the auction process. We encourage you to discuss any questions regarding the bidding process and suitability determinations applicable to your bids with your broker.

We intend to submit bids for all or a portion of the Preferred Shares in the auction and anticipate receiving a non-objection from our regulators to do so. Assuming we successfully bid for the maximum number of Preferred Shares for which we anticipate receiving a non-objection from our regulators, our pro forma capital ratios, as well as those of the bank (in each case, based on

Table of Contents

financial information and the method of calculation at and for the six months ended June 30, 2012, and also including the \$13.8 million in new capital that we received pursuant to a public offering of our common shares that was consummated on July 27, 2012), would be as follows:

Assuming our bids for the maximum number of Preferred Shares are successful at a clearing price equal to the minimum bid price:

Ratio	Company	First Community Bank, N.A.
Tier 1 risk-based capital ratio:	17.41%	16.62%
Total risk-based capital ratio:	19.34%	17.88%
Leverage ratio:	10.43%	9.93%

Assuming our bids for the maximum number of Preferred Shares are successful at a clearing price that exceeds the minimum bid price, our pro forma capital ratios would be lower than those reflected in the preceding paragraph. For instance, assuming a clearing price equal to the liquidation preference amount of \$1,000 per share:

Ratio	Company	First Community Bank, N.A.
Tier 1 risk-based capital ratio:	17.21%	16.62%
Total risk-based capital ratio:	19.14%	17.88%
Leverage ratio:	10.31%	9.93%

The assumed clearing prices set forth above are used solely for illustrative purposes; the actual clearing price for the Preferred Shares sold in the auction and the number of Preferred Shares purchased by the Company may differ. We have not made a final decision about the number of Preferred Shares we will bid on or the bid prices(s).

As of June 30, 2012, and without giving effect to any purchase by us of the Preferred Shares but including the \$13.8 million in new capital that we received pursuant to a public offering of our common shares that was consummated on July 27, 2012, our capital ratios were:

Table of Contents

Ratio	Company	First Community Bank, N.A.
Tier 1 risk-based capital ratio:	19.76%	16.62%
Total risk-based capital ratio:	21.64%	17.88%
Leverage ratio:	11.99%	9.93%

For more information about the auction process, see [Auction Process](#) in this prospectus supplement.

Minimum Bid Size and Price Increments

This offering is being conducted using an auction process in which prospective purchasers are required to bid for the Preferred Shares. During the auction period, bids may be placed for Preferred Shares at any price at or above the minimum bid price of \$923.30 per share (such bid price to be in increments of \$0.01) with a minimum bid size of one Preferred Share. See [Auction Process](#) in this prospectus supplement.

Bid Submission Deadline

The auction will commence at 10:00 a.m., New York City time, on the date specified by the auction agents in a press release issued on such day, and will close at 6:30 p.m., New York City time, on the second business day immediately thereafter, which is referred to as the submission deadline. Network brokers and other brokers will impose earlier submission deadlines than those imposed by the auction agents. Please see page S-42 of this prospectus supplement for more information regarding the bid submission deadline.

Irrevocability of Bids

Bids that have not been modified or withdrawn by the time of the submission deadline are final and irrevocable, and bidders who submit bids that are accepted by Treasury will be obligated to purchase the Preferred Shares allocated to them. The auction agents are under no obligation to reconfirm bids for any reason, except as may be required by applicable securities laws; however, the auction agents, in their sole discretion, may require that bidders confirm their bids before the auction process closes. See [Auction Process](#) in this prospectus supplement.

Clearing Price

The price at which the Preferred Shares will be sold to the public will be the clearing price plus accrued dividends thereon. The clearing price will be determined as follows:

- If valid, irrevocable bids are received for 100% or more of the offered Preferred Shares at the submission deadline, the clearing price will be equal to the highest price at which all of the offered Preferred Shares can be sold in the auction;
- If valid, irrevocable bids are received for at least half, but less than all, of the offered Preferred Shares at the time of the submission deadline, the clearing price will be equal to the minimum bid price of \$923.30 per share.

Even if bids are received for at least half of the offered Preferred Shares, Treasury may decide not to sell any Preferred Shares in the auction process or, in the case where bids are received for at least half, but less than all, of the Preferred Shares, may decide only to sell a portion (but not less than half) of the offered Preferred Shares in the auction process.

If Treasury decides to sell Preferred Shares in the auction, after Treasury confirms its acceptance of the clearing price and the number of Preferred Shares to be sold,

S-9

Table of Contents

the auction agents and each network broker that has submitted a successful bid will notify successful bidders that the auction has closed and that their bids have been accepted by Treasury (subject, in some cases, to pro-ration, as described below). The clearing price and number of Preferred Shares to be sold are also expected to be announced by press release on the business day following the end of the auction. See **Auction Process** in this prospectus supplement.

Number of Preferred Shares to be Sold	If bids are received for 100% or more of the offered Preferred Shares, Treasury must sell all of the offered Preferred Shares if it chooses to sell any Preferred Shares. If bids are received for at least half, but less than all, of the offered Preferred Shares, then Treasury may, but is not required to, sell at the minimum bid price in the auction (which will be deemed to be the clearing price) the number of Preferred Shares it chooses to sell up to the number of bids received in the auction, so long as at least half of the offered Preferred Shares are sold. If bids are received for less than half of the offered Preferred Shares, Treasury will not sell any Preferred Shares in this offering. Even if bids are received for at least half of the offered Preferred Shares, Treasury may decide not to sell any Preferred Shares or, in the case where bids are received for at least half, but less than all, of the offered Preferred Shares, may decide only to sell a portion (but not less than half) of the offered Preferred Shares in the auction process. If Treasury elects to sell any Preferred Shares in the auction, Treasury must sell those shares at the clearing price plus accrued dividends thereon. In no event will Treasury sell more Preferred Shares than the number of Preferred Shares for which there are bids. See Auction Process in this prospectus supplement.
Allocation; Pro-Ration	If bids for 100% or more of the offered Preferred Shares are received and Treasury elects to sell Preferred Shares in the offering, then any accepted bids submitted in the auction above the clearing price will receive allocations in full, while any accepted bids submitted at the clearing price may experience pro-rata allocation. If bids for at least half, but less than all, of the offered Preferred Shares are received, and Treasury chooses to sell fewer Preferred Shares than the number of Preferred Shares for which bids were received, then all bids will experience equal pro-rata allocation. See Auction Process in this prospectus supplement.
Use of Proceeds	We will not receive any proceeds from the sale of any Preferred Shares sold by Treasury. See Use of Proceeds .
Listing	The Preferred Shares will not be listed for trading on any stock exchange nor will they be available for quotation on any national quotation system.
Risk Factors	See Risk Factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before making a decision to invest in the Preferred Shares.
Auction Agents	Merrill Lynch, Pierce, Fenner & Smith Incorporated and Sandler O'Neill & Partners, L.P.
Network Brokers	See page S-41 for a list of brokers participating as network brokers in the auction process.

Table of Contents**Summary Financial Information**

The following summary financial information sets forth consolidated financial data for the periods and at the dates indicated. The summary financial data have been derived from our audited consolidated financial statements for each of the five years that ended December 31, 2011, 2010, 2009, 2008 and 2007 and from our unaudited consolidated financial statements for the six months ended June 30, 2012 and 2011. The operating data for the six months ended June 30, 2012 are not necessarily indicative of the results that might be expected for the full year. You should read the detailed information and the financial statements included elsewhere or incorporated by reference in the prospectus supplement and the accompanying prospectus.

	As of or For the Six Months Ended June 30,		As of or For the Years Ended December 31,					
	2012	2011	2011	2010	2009	2008	2007	
	(in thousands except ratios and per share amounts)							
Balance Sheet Data:								
Total assets	\$ 598,014	\$ 605,179	\$ 593,887	\$ 599,023	\$ 605,827	\$ 650,233	\$ 565,613	
Loans held for sale	4,356	625	3,725					
Loans	324,913	325,671	324,311	329,954	344,187	332,964	310,028	
Deposits	474,019	470,917	464,585	455,344	449,576	423,798	405,855	
Total common shareholders' equity	38,105	32,840	36,759	30,762	30,501	57,306	63,996	
Total shareholders' equity	49,296	43,926	47,896	41,797	41,440	68,156	63,996	
Average shares outstanding, basic	3,319	3,274	3,287	3,262	3,252	3,203	3,234	
Average shares outstanding, diluted	3,343	3,274	3,287	3,262	3,252	3,203	3,284	
Results of Operations:								
Interest income	\$ 11,884	\$ 12,906	\$ 25,526	\$ 27,511	\$ 30,981	\$ 33,008	\$ 30,955	
Interest expense	2,924	3,833	7,209	9,374	13,104	15,810	15,665	
Net interest income	8,960	9,073	18,317	18,137	17,877	17,198	15,290	
Provision for loan losses	301	750	1,420	1,878	3,103	2,129	492	
Net interest income after provision for loan losses	8,659	8,323	16,897	16,259	14,774	15,069	14,798	
Non-interest income (loss)	3,345	2,457	5,710	3,017	3,543	(10,056)	4,968	
Securities gains (losses)	(27)	141						