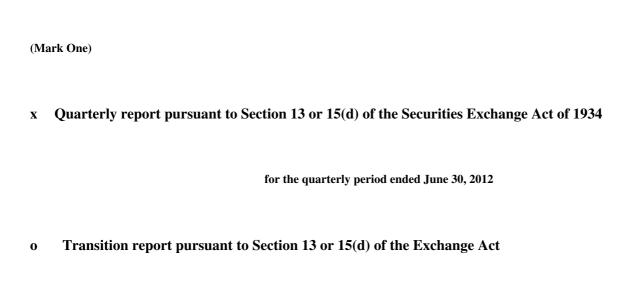
FIRST COMMUNITY CORP /SC/ Form 10-Q August 10, 2012 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# **FORM 10-Q**



Commission File No. 000-28344

to

for the transition period from

# FIRST COMMUNITY CORPORATION

(Exact name of registrant as specified in its charter)

**South Carolina** (State of Incorporation)

57-1010751

(I.R.S. Employer Identification No.)

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

(Address of Principal Executive Offices)

(803) 951-2265

(Registrant s Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

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

Large accelerated filer o

Accelerated filer o

Non-accelerated filer o

Smaller reporting company x

Indicate by check mark whether the registrant is shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date:On August 10, 2012, 5,221,365 shares of the issuer s common stock, par value \$1.00 per share, were issued and outstanding.

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#### PART I. FINANCIAL INFORMATION

#### **Item 1. Financial Statements**

#### FIRST COMMUNITY CORPORATION

#### CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value)	June 30, 2012 (Unaudited)	D	December 31, 2011
ASSETS	· ´		
Cash and due from banks	\$ 10,345	\$	10,599
Interest-bearing bank balances	17,946		5,512
Federal funds sold and securities purchased under agreements to resell	259		381
Investment securities - available for sale	196,581		201,032
Other investments, at cost	4,800		5,637
Loans held for sale	4,356		3,725
Loans	324,913		324,311
Less, allowance for loan losses	4,742		4,699
Net loans	320,171		319,612
Property, furniture and equipment - net	17,451		17,483
Bank owned life insurance	10,689		10,974
Other real estate owned	4,909		7,351
Intangible assets	263		365
Goodwill	571		571
Other assets	9,673		10,645
Total assets	\$ 598,014	\$	593,887
LIABILITIES			
Deposits:			
Non-interest bearing demand	\$ 90,557	\$	83,572
NOW and money market accounts	146,347		136,483
Savings	39,321		34,048
Time deposits less than \$100,000	120,882		128,616
Time deposits \$100,000 and over	76,912		81,866
Total deposits	474,019		464,585
Securities sold under agreements to repurchase	12,817		13,616
Federal Home Loan Bank advances	38,496		43,862
Junior subordinated debt	17,916		17,913
Other liabilities	5,470		6,015
Total liabilities	548,718		545,991
Commitments and contingencies			
SHAREHOLDERS EQUITY			
Preferred stock, par value \$1.00 per share, 10,000,000 shares authorized; 11,350 issued and			
outstanding	11,191		11,137
Common stock, par value \$1.00 per share; 10,000,000 shares authorized; issued and outstanding			
3,346,365 at June 30, 2012 3,307,531 at December 31, 2011	3,346		3,308
Common stock warrants issued	560		560
Additional paid in capital	49,443		49,165
Restricted stock	(242)		
Accumulated deficit	(16,477)		(17,603)

Accumulated other comprehensive income	1,475	1,329
Total shareholders equity	49,296	47,896
Total liabilities and shareholders equity	\$ 598,014	\$ 593,887

# FIRST COMMUNITY CORPORATION

# CONSOLIDATED STATEMENTS OF INCOME

Causi, including fees   \$ 9,256   \$ 9,626   \$ 9,627   \$ 3,020   \$ 3,020   \$ 3,001	(Dollars in thousands, except per share data) Interest income:	J	Six oths Ended une 30, 2012 naudited)	Six Months Ended June 30, 2011 (Unaudited)		
Taxable securities         2,341         3,203           Non taxable securities         2,49         33           Federal funds sold and securities purchased under resale agreements         17         2           Other         1,184         2,206           Total interest income         11,884         2,208           Interest expense:         3         2,735         2,443           Ederal funds sold and securities sold under agreement to repurchase         18         18           Other borrowed money         1,711         1,732         2,443           Total interest expense         2,924         3,833         2,743         3,832         3,83         4,502         3,032         3,752 <th< th=""><th></th><th>¢</th><th>0.256</th><th>¢</th><th>0.620</th></th<>		¢	0.256	¢	0.620	
Non taxable securities         249         33           Federal funds sold and securities purchased under resale agreements         21         20           Other         22         20           Interest income         12,12         20           Interest experse         24,24         38,33           Federal funds sold and securities sold under agreement to repurchase         1,171         1,372           Other borrowed money         1,171         1,372           Total interest expense         2,924         3,833           Net interest income         8,660         9,073           Net interest income after provision for loan losses         301         7,00           Net interest income after provision for loan losses         301         7,00           Net interest income after provision for loan losses         301         9,07           Net interest income         1,00         9,03           Moritage origination fees         1,00         454           Mortgage origination fees         1,00         454           Mortgage origination fees         1,00         454           Gain (oss) on sale of securities         3,0         1,00           Gain (oss) on sale of securities         3,1         2,0           Other-than		Þ		Ф		
Federal funds sold and securities purchased under resale agreements         17         21           Other         21         20           Interest income         1,188         12,096           Interest expense:         1,235         2,443           Epopsits         1,88         1,8           Other borrowed money         1,171         1,372           Total interest expense         2,924         3,833           Net interest income         8,660         9,073           Provision for loan losses         365         8,232           Non-interest income         365         8,232           Provision for loan losses         764         96           Mort gage origination fees         764         96           Mort gage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of other assets         14         901           Eair value loss adjustments         3(3)         2,502         14           Gain (loss) on sale of securities         2,00         4         4           Gher yetinguishment of debt         1,10         9         4           Other, are depopting adjustment wire-down on securiti						
Other         21         20           Total interest income         11,884         12,906           Interest expense:         1,735         2,448           Deposits         1,735         2,448           Federal funds sold and securities sold under agreement to repurchase         1,171         1,372           Total interest expense         2,924         3,833           Net interest income         8,696         9,073           Provision for loan losses         301         7,50           Net interest income         301         7,50           Net interest income after provision for loan losses         8,659         8,23           Non-interest income         301         7,50           Non-interest income         1,600         9,50           Non-interest income         1,600         9,50           Mortingage origination fees         1,600         9,61           Investment advisory fees and non-deposit commissions         3,01         1,01         9,00           Gain (loss) on sale of ose curities         2,07         1,41         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1,01         1						
Total interest income         11,884         12,906           Interest expense:         1,735         2,448           Deposits         1,735         2,448           Ederal funds sold and securities sold under agreement to repurchase         1,88         1,88           Other borrowed money         1,171         1,372           Total interest expense         2,924         3,833           Net interest income         8,690         9,073           Provision for loan losses         8,659         8,232           Net interest income after provision for loan losses         8,659         8,323           Non-interest income         8,659         8,323           Provision for loan losses         764         936           Mort gage origination fees         1,600         454           Imposit service charges         764         936           Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of other assets         14         910           Gain (loss) on sale of securities         2,00         (4)           Chother-than-temporary-impairment write-down on securities         1,20         (4)           Chother-th						
Interest expense:         1,735         2,443           Pederal funds sold and securities sold under agreement to repurchase         1,171         1,372           Chedral funds sold and securities sold under agreement to repurchase         1,171         1,372           Other borrowed money         1,171         3,232           Total interest expense         2,924         3,833           Net interest income         3,960         9,073           Provision for loan losses         301         750           Net interest income after provision for loan losses         8,252         8,232           Non-interest income         764         936           Mortgage origination fees         1,60         454           Investing injustion fees         1,60         454           Investing advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of other assets         14         (91)           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         3,73         (125)           Other-than-temporary-impairment write-down on securities         1,01         97           Follows on early extinguishment of debt         1,25         4,50           Other         1,01 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>						
Deposits         1,735         2,443           Federal funds sold and securities sold under agreement to repurchase         18         18           Other borrowed money         1,171         1,372           Total interest expense         2,924         3,833           Net interest income         8,960         9,073           Provision for loan losses         3,01         750           Net interest income after provision for loan losses         8,659         8,232           Net interest income after provision for loan losses         8,659         8,232           Net interest income after provision for loan losses         764         936           Non-interest income         1,600         454           Mortage origination fees         1,600         454           Mortage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of securities         (20)         (4)           Gain (loss) on sale of other assets         14         (91)           Ein raud colos adjustments         (20)         (4)           Loss on sale of other assets         1,20         (4)			11,004		12,900	
Federal funds sold and securities sold under agreement to repurchase         18         18           Other borrowed money         1,171         1,372         3,833           Net interest income         8,960         9,073           Provision for loan losses         301         70           Net interest income after provision for loan losses         8,659         8,323           Non-interest income after provision for loan losses         8,659         8,323           Non-interest income         1,600         454           Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of occurities         (27)         141           Gain (loss) on sale of orter asets         14         (91)           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (37)         (125)           Other part yextinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest expense         5,305         4,509           Occupancy         680         617           Equipment         50         57         57			1 735		2.443	
Other borrowed money         1,171         1,372           Total interest expense         2,924         3,833           Net interest income         8,960         9,073           Provision for loan losses         301         750           Net interest income after provision for loan losses         8,659         8,232           Non-interest income         8,659         8,232           Boshit service charges         764         936           Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of other assets         14         99           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (37)         (125)           Other Judicular Securities         3,318         2,598           Total non-interest income         3,318         2,598           Non-interest expense         5,305         4,509           Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         386			,			
Total interest expense         2,924         3,833           Net interest income         8,960         9,73           Provision for loan losses         301         7 50           Net interest income after provision for loan losses         8,659         8,232           Non-interest income         8         8         9         8,323           Mortgage origination fees         1,600         4,54         4 <td></td> <td></td> <td></td> <td></td> <td></td>						
Net interest income         8,960         9,073           Provision for loan losses         301         750           Net interest income after provision for loan losses         8,232           Non-interest income:         ************************************			,			
Provision for loan losses         301         750           Net interest income after provision for loan losses         8,59         8,328           Non-interest income         8,59         8,328           Deposit service charges         764         936           Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of securities         14         (91)           Fair value loss adjustments         (207)         141           Goin (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense         5,305         4,509           Occupancy         680         617           Equipment         5,70         571           Marketing and public relations         294         297           EpiCassesments         380         505						
Non-interest incomes         8,659         8,323           Non-interest incomes         764         936           Deposit service charges         764         936           Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (200         (42)           Other, than-temporary-impairment write-down on securities         (200         (42)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense         5,305         4,509           Occupancy         680         617           Equipment         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         380         505           FDIC assessments         386         504           Other         386         504           Amortization of intangibles         1,20						
Non-interest income:         764         936           Deposit service charges         1,600         454           Mortgage origination fees         309         313           Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (200)         (40)           Other-than-temporary-impairment write-down on securities         (200)         (40)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense         8         2,598           Non-interest expense         8         610           Occupancy         68         617           Equipment         5,305         4,509           Occupancy         68         617           Equipment         380         505           Other real estate expense         380         505           Other real estate expense         380         504           Other         1,801         1,902         310           Other         1,802         9,520						
Deposit service charges         764         936           Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (200)         (40)           Other-than-temporary-impairment write-down on securities         (200)         (40)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense         80         617           Salaries and employee benefits         5,305         4,509           Occupancy         688         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,700           Total n			0,037		0,323	
Mortgage origination fees         1,600         454           Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:         7         5,305         4,509           Occupancy         680         617         640			764		936	
Investment advisory fees and non-deposit commissions         309         313           Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:         ***         ***           Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         386         504           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           In						
Gain (loss) on sale of securities         (27)         141           Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense         8         617           Salaries and employee benefits         5305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income exvillable to common shareholders         8						
Gain (loss) on sale of other assets         14         (91)           Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:         8         617           Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         1,727         1,296           Net income available to common shareholders         1,3						
Fair value loss adjustments         (37)         (125)           Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:         8         680         617           Salaries and employee benefits         570         570         571           Occupancy         680         617         617           Equipment         570         570         579           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         \$ 37         337         336           Net income available to common shareholders         \$ 0.29 <td></td> <td></td> <td></td> <td></td> <td></td>						
Other-than-temporary-impairment write-down on securities         (200)         (4)           Loss on early extinguishment of debt         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:         8         4,509           Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         337         335           Net income available to common shareholders         1,390         9,61           Basic earnings per common share         0,024         0,029	·					
Loss on early extinguishment of debt         (121)           Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:           Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,300         \$ 961           Basic earnings per common share         \$ 0,29         0,029						
Other         1,016         974           Total non-interest income         3,318         2,598           Non-interest expense:         Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         961           Basic earnings per common shareholders         \$ 0.42         \$ 0.29					( · )	
Total non-interest income         3,318         2,598           Non-interest expense:         Stability         Stability <td></td> <td></td> <td></td> <td></td> <td>974</td>					974	
Non-interest expense:         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.29						
Salaries and employee benefits         5,305         4,509           Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0,42         \$ 0,29			-,		_,_,_	
Occupancy         680         617           Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29			5,305		4,509	
Equipment         570         571           Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29						
Marketing and public relations         294         297           FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29			570		571	
FDIC assessments         380         505           Other real estate expense         386         504           Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29			294		297	
Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29			380			
Amortization of intangibles         102         310           Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29	Other real estate expense		386		504	
Other         1,803         1,790           Total non-interest expense         9,520         9,103           Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29			102		310	
Net income before tax         2,457         1,818           Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29			1,803		1,790	
Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29	Total non-interest expense		9,520		9,103	
Income taxes         730         522           Net income         \$ 1,727         \$ 1,296           Preferred stock dividends, including discount accretion         337         335           Net income available to common shareholders         \$ 1,390         \$ 961           Basic earnings per common share         \$ 0.42         \$ 0.29	Net income before tax		2,457		1,818	
Preferred stock dividends, including discount accretion337335Net income available to common shareholders\$ 1,390\$ 961Basic earnings per common share\$ 0.42\$ 0.29	Income taxes				522	
Net income available to common shareholders\$ 1,390 \$ 961Basic earnings per common share\$ 0.42 \$ 0.29	Net income	\$	1,727	\$	1,296	
Basic earnings per common share \$ 0.42 \$ 0.29	Preferred stock dividends, including discount accretion		337		335	
	Net income available to common shareholders	\$	1,390	\$	961	
Diluted earnings per common share \$ 0.42 \$ 0.29	Basic earnings per common share	\$	0.42	\$	0.29	
	Diluted earnings per common share	\$	0.42	\$	0.29	

#### FIRST COMMUNITY CORPORATION

#### CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Three Months End June 30, 2012 (Unaudited		Three Months Ended June 30, 2011 (Unaudited)
Interest income:			
Loans, including fees	\$ 4	,629	\$ 4,821
Taxable securities	1	,026	1,611
Non taxable securities		163	14
Federal funds sold and securities purchased under resale agreements		11	10
Other		11	10
Total interest income	5	,840	6,466
Interest expense:			
Deposits		808	1,185
Federal funds sold and securities sold under agreement to repurchase		9	10
Other borrowed money		572	652
Total interest expense	1	,389	1,847
Net interest income	4	,451	4,619
Provision for loan losses		71	390
Net interest income after provision for loan losses	4	,380	4,229
Non-interest income:		,	,
Deposit service charges		375	478
Mortgage origination fees		877	263
Investment advisory fees and non-deposit commissions		162	138
Gain (loss) on sale of securities		(38)	7
Loss on sale of other assets		(36)	(44)
Fair value loss adjustments		(4)	(129)
Other		519	505
Total non-interest income	1	.855	1,218
Non-interest expense:		,	,
Salaries and employee benefits	2	,747	2,196
Occupancy		335	308
Equipment		283	290
Marketing and public relations		108	126
FDIC assessment		196	250
Other real estate expense		267	158
Amortization of intangibles		51	155
Other		921	944
Total non-interest expense	4	,908	4,427
Net income before tax		,327	1,020
Income taxes		399	294
Net income	\$	928	\$ 726
Preferred stock dividends, including discount accretion		168	168
Net income available to common shareholders	\$		\$ 558
Basic earnings per common share			\$ 0.17
Diluted earnings per common share			\$ 0.17

#### FIRST COMMUNITY CORPORATION

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

#### (Unaudited)

(Dollars in thousands)	Six months ended June 30, 2012 2011			
Net income	\$ 1,727	\$	1,296	
Other comprehensive income:				
Unrealized gain(loss) during the period on available-for-sale securities, net of tax expense(benefit) of \$2 and \$771, respectively	(4)		1,420	
of \$2 and \$771, respectively	(4)		1,420	
Less: Reclassification adjustment for (gain)loss included in net income, net of tax (expense)benefit				
of \$9 and \$49, respectively	18		(92)	
, , , , , , , , , , , , , , , , , , ,			( )	
Reclassification adjustment for other-than-temporary-impairment on securities net of tax benefit of				
\$68 and \$1, respectively	132		3	
Other comprehensive income	146		1,331	
Comprehensive income	\$ 1,873	\$	2,627	
(Dollars in thousands)	Three months of 2012	ended J	une 30, 2011	
Net income	\$ 928	\$	726	
Other comprehensive income (loss):				
Unrealized gain(loss) during the period on available-for-sale securities, net of tax expense(benefit) of \$394 and \$510, respectively.	(742)		937	
of \$554 and \$510, respectively.	(742)		931	
Less: Reclassification adjustment for (gain)loss included in net income, net of tax (expense)benefit				
of \$13 and \$2, respectively.	25		(5)	
Other comprehensive income (loss)	(717)		932	
Comprehensive income	\$ 211	\$	1,658	

#### FIRST COMMUNITY CORPORATION

#### 

# Six Months ended June 30, 2012 and June 30, 2011

#### (Unaudited)

(Dollars and shares in	P	referred	Shares	Common	Com Sto		Additional Paid-in	Nonve Restric		Accumulated	Accumulated Other Comprehensive	
thousands)		Stock	Issued	Stock	War	rants	Capital	Stoc	k	Deficit	Income (Loss)	Total
Balance, December 31, 2010 Net income	\$	11,035	3,270	\$ 3,270	\$	509 5	\$ 48,956	\$	9	(19,732) 1,296	\$ (2,241) \$	41,797 1,296
Other comprehensive income net of tax expense of \$723 Dividends: Common (\$0.08											1,331	1,331
Dividends: Common (\$0.08 per share) Preferred										(262) (335)		(262) (335)
Accretion Dividend reinvestment plan		51	7	7	•		41					51 48
Balance, June 30, 2011	\$	11,086	3,277			509 5		\$	9	(19,033)	\$ (910) \$	43,926
Balance, December 31, 2011 Net income	\$	11,137	3,308	\$ 3,308	\$	560 5	\$ 49,165	\$	9	(17,603) 1,727	\$ 1,329 \$	47,896 1,727
Other comprehensive income net of tax benefit of \$75											146	146
Issuance of restricted stock Amortization compensation			33	33	i		239		(272)			20
restricted stock Dividends: Common (\$0.08									30	(264)		30
per share) Preferred										(337)		(264)
Accretion		54										54
Dividend reinvestment plan Balance, June 30, 2012	\$	11,191	5 3,346	\$ 3,346		560 5	39 \$ 49,443	\$	(242) \$	(16,477)	\$ 1,475 \$	44 49,296

# FIRST COMMUNITY CORPORATION

# CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (Unaudited)

		Six months ended June 30,						
(Dollars in thousands)	,, ,,,		2012		2011			
Cash flows from operating	activities:	Φ.	1 505	Ф	1.206			
Net income		\$	1,727	\$	1,296			
	income to net cash provided in operating activities:		417		105			
Depreciation			417		425			
Premium amortization (disco	ount accretion)		1,298		874			
Provision for loan losses	, 1		301 206		750			
Writedowns of other real esta					202			
(Gain) loss on sale of other re	ear estate owned		(14) 102		91 310			
Amortization of intangibles (Gain) loss on sale of securiti	ion		27					
Other-than-temporary-impair			200		(141)			
	tion instruments and derivatives		37		125			
Loss on early extinguishment			121		123			
Decrease in other assets	t of debt		1,217		612			
Decrease in other liabilities			(543)		(525)			
Net cash provided from opera	ating activities		5,096		4,023			
Cash flows from investing a			5,090		4,023			
_	rities available-for-sale and other investments		(63,384)		(67,467)			
Maturity of investment secur			17,443		17,425			
•	ies available-for-sale and other investments		50,012		36,817			
Increase in loans	aramata for said and only in resiments		(2,445)		(941)			
Proceeds from sale of other r	real estate owned		3,130		1,408			
Purchase of property and equ			(385)		(119)			
Proceeds from sale of land			(===)		9			
Net cash provided (used) in i	nvesting activities		4,371		(12,868)			
Cash flows from financing			·		, , ,			
Increase in deposit accounts			9,434		15,573			
	ties sold under agreements to repurchase		(799)		2,865			
Decrease in other borrowings	The state of the s				(20)			
Advances from the Federal H	Iome Loan Bank		1,500					
Repayment of advances from	n FHLB		(6,987)		(13,866)			
Dividends paid:	Common Stock		(264)		(262)			
	Preferred Stock		(337)		(335)			
Dividend reinvestment plan			44		48			
Net cash provided from finan			2,591		4,003			
Net increase (decrease) in case	sh and cash equivalents		12,058		(4,842)			
Cash and cash equivalents at	beginning of period		16,492		26,461			
Cash and cash equivalents	at end of period	\$	28,550	\$	21,619			
Supplemental disclosure:								
Cash paid during the period f	for:							
Interest		\$	3,351	\$	4,165			
Income taxes		\$		\$				
Non-cash investing and finan								
Unrealized gain on securities		\$	146	\$	1,331			
Transfer of loans to foreclose	ed property	\$	904	\$	3,655			

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#### Notes to Consolidated Financial Statements (unaudited)

#### Note 1 - Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated balance sheets, and the consolidated statements of income, comprehensive income, changes in shareholders equity, and the consolidated statements of cash flows of First Community Corporation (the Company), present fairly in all material respects the Company s financial position at June 30, 2012 and December 31, 2011, the Company s results of operations and cash flows for the six months ended June 30, 2012 and 2011. The results of operations for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

In the opinion of management, all adjustments necessary to fairly present the consolidated financial position and consolidated results of operations have been made. All such adjustments are of a normal, recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements and notes thereto are presented in accordance with the instructions for Form 10-Q. The information included in the Company s 2011 Annual Report on Form 10-K should be referred to in connection with these unaudited interim financial statements.

#### Note 2 Earnings Per Common Share

The following reconciles the numerator and denominator of the basic and diluted earnings per common share computation:

	Six months Ended June 30,							Three months Ended June 30,				
(In thousands, except price per share)		2012		2011			2012			2011		
Numerator (Net income available												
to common shareholders)	\$	1,390	\$		961	\$		760	\$		558	
Denominator												
Weighted average common												
shares outstanding for:												
Basic earnings per share		3,319			3,274							