

FIRST COMMUNITY CORP /SC/
Form 10-Q
November 08, 2013
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended September 30, 2013

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act

for the transition period from to

Commission File No. 000-28344

FIRST COMMUNITY CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina

57-1010751

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(State of Incorporation)

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

5455 Sunset Boulevard, Lexington, South Carolina 29072

(Address of Principal Executive Offices, Including Zip Code)

(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 No

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). Yes 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 Accelerated filer Non-accelerated filer Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: On November 8, 2013, 5,296,288 shares of the issuer's common stock, par value \$1.00 per share, were issued and outstanding.

Table of Contents

TABLE OF CONTENTS

<u>PART I - FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements</u>	3
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</u>	4
<u>Consolidated Statements of Comprehensive Income (Loss)</u>	6
<u>Consolidated Statements of Changes in Shareholders' Equity</u>	7
<u>Consolidated Statements of Cash Flows</u>	8
<u>Notes to Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	40
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	55
<u>Item 4. Controls and Procedures</u>	55
<u>PART II - OTHER INFORMATION</u>	56
<u>Item 1. Legal Proceedings</u>	56
<u>Item 1A. Risk Factors</u>	56
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	56
<u>Item 3. Defaults Upon Senior Securities</u>	56
<u>Item 4. Mine Safety Disclosures</u>	56
<u>Item 5. Other Information</u>	56
<u>Item 6. Exhibits</u>	56
<u>SIGNATURES</u>	57
<u>INDEX TO EXHIBITS</u>	58
EX-31.1 RULE 13A-14(A) CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER	
EX-31.2 RULE 13A-14(A) CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER	
EX-32 SECTION 1350 CERTIFICATIONS	

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****FIRST COMMUNITY CORPORATION****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except par value)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Cash and due from banks	\$ 10,992	\$ 11,517
Interest-bearing bank balances	9,332	6,779
Federal funds sold and securities purchased under agreements to resell	626	412
Investment securities - available for sale	228,443	203,445
Other investments, at cost	2,269	2,527
Loans held for sale	2,529	9,658
Loans	345,064	332,111
Less, allowance for loan losses	4,323	4,621
Net loans	340,741	327,490
Property, furniture and equipment - net	17,025	17,258
Bank owned life insurance	10,989	10,868
Other real estate owned	3,607	3,987
Intangible assets	32	160
Goodwill	571	571
Other assets	8,768	8,253
Total assets	\$ 635,924	\$ 602,925
LIABILITIES		
Deposits:		
Non-interest bearing demand	\$ 106,078	\$ 97,526
NOW and money market accounts	185,767	150,874
Savings	51,307	41,100
Time deposits less than \$100,000	98,995	111,182
Time deposits \$100,000 and over	66,445	74,295
Total deposits	508,592	474,977
Securities sold under agreements to repurchase	17,076	15,900
Federal Home Loan Bank advances	34,330	36,344
Junior subordinated debt	15,464	15,464
Other liabilities	7,593	6,057
Total liabilities	583,055	548,742
SHAREHOLDERS EQUITY		
Preferred stock, par value \$1.00 per share, 10,000,000 shares authorized; none issued and outstanding		
Common stock, par value \$1.00 per share; 10,000,000 shares authorized; issued and outstanding 5,296,288 at September 30, 2013 5,227,300 at December 31, 2012	5,296	5,227
Common stock warrants issued	50	50
Additional paid in capital	62,179	61,615
Restricted stock	(518)	(152)
Accumulated Deficit	(12,460)	(14,915)
Accumulated other comprehensive income (loss)	(1,678)	2,358

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Total shareholders' equity		52,869		54,183
Total liabilities and shareholders' equity	\$	635,924	\$	602,925

See Notes to Consolidated Financial Statements

Table of Contents

FIRST COMMUNITY CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Nine Months Ended September 30, 2013 (Unaudited)	Nine Months Ended September 30, 2012 (Unaudited)
Interest income:		
Loans, including fees	\$ 13,202	\$ 13,804
Taxable securities	2,096	3,194
Non taxable securities	780	475
Federal funds sold and securities purchased under resale agreements	24	30
Other	25	31
Total interest income	16,127	17,534
Interest expense:		
Deposits	1,395	2,473
Federal funds sold and securities sold under agreement to repurchase	27	26
Other borrowed money	1,433	1,746
Total interest expense	2,855	4,245
Net interest income	13,272	13,289
Provision for loan losses	379	416
Net interest income after provision for loan losses	12,893	12,873
Non-interest income:		
Deposit service charges	1,115	1,159
Mortgage banking income	2,968	2,993
Investment advisory fees and non-deposit commissions	695	492
Gain (loss) on sale of securities	152	(62)
Gain (loss) on sale of other assets	7	(8)
Fair value loss adjustments	(2)	(57)
Other-than-temporary-impairment write-down on securities		(200)
Loss on early extinguishment of debt	(141)	(121)
Other	1,525	1,524
Total non-interest income	6,319	5,720
Non-interest expense:		
Salaries and employee benefits	8,934	8,179
Occupancy	1,023	1,032
Equipment	907	877
Marketing and public relations	311	367
FDIC assessments	309	497
Other real estate expense	395	559
Amortization of intangibles	128	153
Other	2,712	2,679
Total non-interest expense	14,719	14,343
Net income before tax	4,493	4,250
Income taxes	1,206	1,303
Net income	\$ 3,287	\$ 2,947
Preferred stock dividends and accretion		557
Preferred stock redemption costs		119
Net income available to common shareholders	\$ 3,287	\$ 2,271
Basic earnings per common share	\$ 0.62	\$ 0.60
Diluted earnings per common share	\$ 0.62	\$ 0.60

Table of Contents

FIRST COMMUNITY CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Three Months Ended September 30, 2013 (Unaudited)	Three Months Ended September 30, 2012 (Unaudited)
Interest income:		
Loans, including fees	\$ 4,379	\$ 4,548
Taxable securities	784	853
Non taxable securities	294	226
Federal funds sold and securities purchased under resale agreements	9	13
Other	8	10
Total interest income	5,474	5,650
Interest expense:		
Deposits	425	738
Federal funds sold and securities sold under agreement to repurchase	9	8
Other borrowed money	470	575
Total interest expense	904	1,321
Net interest income	4,570	4,329
Provision for loan losses	129	115
Net interest income after provision for loan losses	4,441	4,214
Non-interest income:		
Deposit service charges	387	395
Mortgage banking income	770	1,393
Investment advisory fees and non-deposit commissions	279	183
Gain (loss) on sale of securities	4	(35)
Loss on sale of other assets	(23)	(22)
Fair value loss adjustments		(20)
Other-than-temporary-impairment write-down on securities		
Loss on early extinguishment of debt		
Other	524	508
Total non-interest income	1,941	2,402
Non-interest expense:		
Salaries and employee benefits	2,948	2,874
Occupancy	343	352
Equipment	310	307
Marketing and public relations	106	73
FDIC assessment	108	117
Other real estate expense	189	173
Amortization of intangibles	32	51
Other	921	876
Total non-interest expense	4,957	4,823
Net income before tax	1,425	1,793
Income taxes (benefit)	379	573
Net income	\$ 1,046	\$ 1,220
Preferred stock dividends		220
Preferred stock redemption costs		119
Net income available to shareholders	\$ 1,046	\$ 881
Basic earnings per common share	\$ 0.20	\$ 0.19
Diluted earnings per common share	\$ 0.20	\$ 0.19

Table of Contents

FIRST COMMUNITY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(Dollars in thousands)	Nine months ended September 30,	
	2013	2012
Net income	\$ 3,287	\$ 2,947
Other comprehensive income:		
Unrealized gain(loss) during the period on available-for-sale securities, net of taxes of \$2,027 and \$418, respectively	(3,936)	787
Less: Reclassification adjustment for (gain) loss included in net income, net of taxes of \$52 and \$21, respectively	(100)	41
Reclassification adjustment for other-than-temporary-impairment on securities net of taxes of \$0 and \$68, respectively		132
Other comprehensive income (loss)	(4,036)	960
Comprehensive income (loss)	\$ (749)	\$ 3,907

(Dollars in thousands)	Three months ended September 30,	
	2013	2012
Net income	\$ 1,046	\$ 1,220
Other comprehensive income:		
Unrealized gain (loss) during the period on available-for-sale securities, net of taxes of \$411 and \$420, respectively.	(795)	791
Less: Reclassification adjustment for (gain) loss included in net income, net of taxes of \$1 and \$12, respectively.	(3)	23
Other comprehensive income (loss)	(798)	814
Comprehensive income	\$ 248	\$ 2,034

See Notes to Consolidated Financial Statements

Table of Contents**FIRST COMMUNITY CORPORATION****Consolidated Statements of Changes in Shareholders' Equity****Nine Months ended September 30, 2013 and September 30, 2012****(Unaudited)**

(Dollars and shares in thousands)	Preferred Stock	Shares Issued	Common Stock	Common Stock Warrants	Additional Paid-in Capital	Nonvested Restricted Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2011	\$ 11,137	3,308	\$ 3,308	\$ 560	\$ 49,165	\$	\$ (17,603)	\$ 1,329	\$ 47,896
Net income							2,947		2,947
Other comprehensive income net of tax expense of \$329								960	960
Issuance of restricted stock		33	33		239	(272)			
Amortization compensation restricted stock						75			75
Issuance of common stock		1,875	1,875		11,917				13,792
Dividends: Common (\$0.12 per share)							(397)		(397)
Preferred							(475)		(475)
Redemption of preferred stock	(10,535)								(10,535)
Accretion and redemption costs	148						(201)		(53)
Dividend reinvestment plan		8	8		60				68
Balance, September 30, 2012	\$ 750	5,224	\$ 5,224	\$ 560	\$ 61,381	\$ (197)	\$ (15,729)	\$ 2,289	\$ 54,278