FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

COMMUNITY FIRST BANCORP

CIK:**1047446**| IRS No.: **582322486** | State of Incorp.:**SC** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-29640** | Film No.: **04969760**
SIC: **6022** State commercial banks

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U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended June 30, 2004   Commission File No. 000-29640

COMMUNITY FIRST BANCORPORATION

(Exact name of small business issuer as specified in its charter)

South Carolina
(State or other jurisdiction of incorporation or organization)

58-2322486
(IRS Employer Identification No.)

3685 Blue Ridge Boulevard
WALHALLA, SOUTH CAROLINA 29691

(Address of principal executive offices)

(864) 638-2105

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: Common Stock, no par or stated value, 2,407,283 Shares Outstanding on July 31, 2004.

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

COMMUNITY FIRST BANCORPORATION

FORM 10-QSB

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PART I - FINANCIAL INFORMATION

Item 1. - Financial Statements

COMMUNITY FIRST BANCORPORATION
Consolidated Balance Sheet
<TABLE>
<CAPTION>

	(Unaudited) June 30, 2004	December 31, 2003
	(Dollars in thousands)	
Assets		
<S>	<C>	<C>
Cash and due from banks	$ 4,887	$ 7,560
Interest bearing deposits due from banks	20	29
Federal funds sold	17,156	31,916
Securities available-for-sale	105,925	86,023
Securities held-to-maturity (estimated fair value of $9,949)	9,950	-
Other investments	897	750
Loans	149,662	147,650
Allowance for loan losses	(2,240)	(2,197)
Loans - net	147,422	145,453
Premises and equipment - net	4,353	4,454
Accrued interest receivable	1,400	1,424
Other assets	3,118	2,917
Total assets	$ 295,128	$ 280,526
Liabilities		
Deposits		
Noninterest bearing	$ 31,330	$ 32,273
Interest bearing	228,912	224,278
Total deposits	260,242	256,551
Short-term borrowings	2,500	-
Long-term debt	7,500	-
Accrued interest payable	1,463	1,357
Other liabilities	302	81
Total liabilities	272,007	257,989
Shareholders' equity		
Common stock - no par value; 10,000,000 shares authorized; issued and outstanding - 2,407,283 for 2004 and 2,362,057 for 2003	19,884	19,620
Retained earnings	4,779	3,117
Accumulated other comprehensive income	(1,542)	(200)
Total shareholders' equity	23,121	22,537
Total liabilities and shareholders' equity	$ 295,128	$ 280,526

</TABLE>

See accompanying notes to unaudited consolidated financial statements.

COMMUNITY FIRST BANCORPORATION
Consolidated Statement of Income
<TABLE>
<CAPTION>

	(Unaudited) Period Ended June 30,			
	Three Months		Six Months	
	2004	2003	2004	2003

	----	----	----	----
	(Dollars in thousands, except per share)			
Interest income <S>	<C>	<C>	<C>	<C>
Loans, including fees	$2,555	$2,489	$5,050	$4,924
Securities				
Taxable	788	477	1,502	1,065
Tax-exempt	19	3	37	5
Other investments	6	6	13	13
Federal funds sold	44	130	126	245
Total interest income	3,412	3,105	6,728	6,252
Interest expense				
Time deposits $100M and over	364	403	738	814
Other deposits	857	877	1,732	1,687
Short-term borrowings	2	-	2	-
Long-term debt	7	-	7	-
Total interest expense	1,230	1,280	2,479	2,501
Net interest income	2,182	1,825	4,249	3,751
Provision for loan losses	55	150	135	400
Net interest income after provision	2,127	1,675	4,114	3,351
Other income				
Service charges on deposit accounts	394	377	762	716
Credit life insurance commissions	13	11	19	21
Net gains on sales of available-for-sale securities	-	-	5	-
Gain on sale of loans held for sale	-	61	-	126
Other income	136	58	229	109
Total other income	543	507	1,015	972
Other expenses				
Salaries and employee benefits	701	534	1,381	1,095
Net occupancy expense	69	48	140	97
Furniture and equipment expense	91	72	155	138
Other expense	498	381	860	718
Total other expenses	1,359	1,035	2,536	2,048
Income before income taxes	1,311	1,147	2,593	2,275
Income tax expense	481	410	931	811
Net income	$ 830	$ 737	$1,662	$1,464
Per share*				
Net income	$ 0.35	$ 0.31	$ 0.69	$ 0.62
Net income, assuming dilution	0.32	0.30	0.66	0.59

</TABLE>

* Per share information has been retroactively adjusted to reflect a 5% stock dividend effective November 28, 2003.

See accompanying notes to unaudited consolidated financial statements.

COMMUNITY FIRST BANCORPORATION
Consolidated Statement of Changes in Shareholders' Equity

<TABLE>
<CAPTION>

(Unaudited)

	Common Stock				
	Number of Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total
	(Dollars in thousands)				

<S>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 2003	2,242,417	$ 17,569	$ 2,137	$ 379	$ 20,085
Comprehensive income:					
Net income	-	-	1,464	-	1,464
Unrealized holding gains and losses on available-for-sale securities arising during the period, net of income taxes of $48	-	-	-	84	84
Total other comprehensive income	-	-	-	-	84
Total comprehensive income	-	-	-	-	1,548
Exercise of employee stock options	6,832	28	-	-	28
Balance, June 30, 2003	2,249,249	$ 17,597	$ 3,601	$ 463	$ 21,661
Balance, January 1, 2004	2,362,057	$ 19,620	$ 3,117	$ (200)	$ 22,537
Comprehensive income:					
Net income	-	-	1,662	-	1,662
Unrealized holding gains and losses on available-for-sale securities arising during the period, net of income taxes of $750	-	-	-	(1,339)	(1,339)
Reclassification adjustment for losses (gains) realized in income, net of income taxes of $2	-	-	-	(3)	(3)
Total other comprehensive income	-	-	-	-	(1,342)
Total comprehensive income	-	-	-	-	320
Exercise of employee stock options	45,226	264	-	-	264
Balance, June 30, 2004	2,407,283	$ 19,884	$ 4,779	$ (1,542)	$ 23,121

</TABLE>

See accompanying notes to unaudited consolidated financial statements.

COMMUNITY FIRST BANCORPORATION
Consolidated Statement of Cash Flows
<TABLE>
<CAPTION>

	(Unaudited) Six Months Ended June 30, 2004	2003
	(Dollars in thousands)	
Operating activities		
<S>	<C>	<C>
Net income	$ 1,662	$ 1,464
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	135	400
Depreciation	142	111
Amortization of net loan (fees) and costs	(39)	(22)
Securities accretion and premium amortization	213	489
Gain on sale of available-for-sale security	(5)	-
Gain on sale of loans held for sale	-	(126)

Decrease (increase) in interest receivable	24	(35)
Increase in interest payable	106	365
Decrease in prepaid expenses and other assets	248	93
Increase in other accrued expenses	221	348
Originations of loans held for sale	-	(3,605)
Proceeds of sale of loans held for sale	-	3,942
Writedowns of other real estate owned	90	-
Net cash provided by operating activities	2,797	3,424
Investing activities		
Purchases of available-for-sale securities	(48,539)	(42,948)
Purchases of held-to-maturity securities	(9,949)	-
Maturities and calls of available-for-sale securities	22,509	37,177
Proceeds of sale of available-for-sale security	3,826	-
Purchases of other investments	(147)	(195)
Net increase in loans made to customers	(2,065)	(5,710)
Purchases of premises and equipment	(41)	(568)
Proceeds of sale of real estate held for sale	212	-
Net cash used by investing activities	(34,194)	(12,244)
Financing activities		
Net increase in demand deposits, interest bearing transaction accounts and savings accounts	2,053	14,933
Net increase in certificates of deposit and other time deposits	1,638	20,705
Increase in short-term borrowings	2,500	-
Proceeds of issuing long-term debt	7,500	-
Exercise of employee stock options	264	28
Net cash provided by financing activities	13,955	35,666
(Decrease) increase in cash and cash equivalents	(17,442)	26,846
Cash and cash equivalents, beginning	39,505	26,617
Cash and cash equivalents, ending	$ 22,063	$ 53,463
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 2,373	$ 2,136
Income taxes	612	357
Noncash investing and financing activities:		
Transfer of loans to other real estate owned	-	696
Other comprehensive income (loss)	(1,342)	84

</TABLE>

See accompanying notes to unaudited consolidated financial statements.

COMMUNITY FIRST BANCORPORATION
Notes to Unaudited Consolidated Financial Statements

Accounting Policies - A summary of significant accounting policies is included in the Company's Annual Report for the year ended December 31, 2003 on Form 10-KSB filed with the Securities and Exchange Commission.

Management Opinion - In the opinion of management, the accompanying unaudited consolidated financial statements of Community First Bancorporation reflect all adjustments necessary for a fair presentation of the results of the periods presented. Such adjustments were of a normal, recurring nature.

Nonperforming Loans - As of June 30, 2004, there were $892,000 in nonaccrual loans and no loans 90 days or more past due and still accruing.

Earnings Per Share - Basic earnings per common share is computed by dividing net income applicable to common shares by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing applicable net income by the weighted average number of common shares outstanding and any dilutive potential common shares and dilutive stock options. It is assumed that all dilutive stock options are exercised at the beginning of each period and that the proceeds are used to purchase shares of the Company's common stock at the average market price during the period. All per share information has been retroactively adjusted to give effect to a 5% stock dividend effective November 28, 2003. Net income per share and net income per share, assuming dilution, were computed as follows:

<TABLE>
<CAPTION>

	(Unaudited) Period Ended June 30, Three Months 2004	2003	Six Months 2004	2003
	(Dollars in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Net income per share, basic				
Numerator - net income	$ 830	$ 737	$ 1,662	$ 1,464
Denominator				
Weighted average common shares issued and outstanding	2,398,467	2,361,711	2,392,585	2,360,583
Net income per share, basic	$ .35	$ .31	$ .69	$ .62
Net income per share, assuming dilution				
Numerator - net income	$ 830	$ 737	$ 1,662	$ 1,464
Denominator				
Weighted average common shares issued and outstanding	2,398,467	2,361,711	2,392,585	2,360,583
Effect of dilutive stock options	160,301	118,851	107,613	118,851
Total shares	2,558,768	2,480,562	2,500,198	2,479,434
Net income per share, assuming dilution	$ .32	$ .30	$ .66	$ .59

</TABLE>

Stock-Based Compensation - As of June 30, 2004, the Company has two stock-based compensation plans that are accounted for under the recognition and measurement principles of Accounting Standards Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based compensation is reflected in net income, as all options granted under those plans had exercise prices equal to the market value of the underlying common stock on the date of grant. Although the Company has adopted the disclosure provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") as amended, there are no current intentions to adopt the fair value method recognition provisions of that Statement. The following table illustrates the effect on net income and net income per share if the Company had applied the fair value recognition provisions of SFAS 123, to stock-based employee compensation. Per share amounts have been adjusted to reflect the effect of a 5% stock dividend effective November 28, 2003.

<TABLE>
<CAPTION>

	(Unaudited) Period Ended June 30, Three Months 2004	2003	Six Months 2004	2003
	(Dollars in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Net income, as reported	$ 830	$ 737	$ 1,662	$ 1,464
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of any related tax effects	60	67	119	133
Pro forma net income	$ 770	$ 670	$ 1,543	$ 1,331
Net income per share, basic				
As reported	$ 0.35	$ 0.31	$ 0.69	$ 0.62
Pro forma	0.32	0.28	0.64	0.56
Net income per share, assuming dilution				
As reported	$ 0.32	$ 0.30	$ 0.66	$ 0.59
Pro forma	0.30	0.27	0.62	0.54

</TABLE>

Item 2. - Management's Discussion and Analysis

Forward Looking Statements

Statements included in Management's Discussion and Analysis which are not historical in nature are intended to be, and are hereby identified as "forward looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. Such forward-looking statements may be identified, without limitation, by the use of the words "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," and similar expressions. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties, but there can be no assurance that management's beliefs, expectations or projections will result or be achieved or accomplished. The Company cautions readers that forward-looking statements, including without limitation, those relating to the Company's recent and continuing expansion, its future business prospects, revenues, working capital, liquidity, capital needs, interest costs, income, and adequacy of the allowance for loan losses, are subject to risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements, due to several important factors herein identified, among others, and other risks and factors identified from time to time in the Company's reports filed with the Securities and Exchange Commission.

Results of Operations

Community First Bancorporation (the "Company") recorded consolidated net income of $830,000, or $.35 per share, for the second quarter, and $1,662,000, or $.69 per share, for the first six months of 2004. During 2003, the Company recorded net income of $737,000 or $.31 per share for the second quarter, and $1,464,000, or $.62 per share, for the first six months. Net income per share, assuming dilution, for the three and six month periods ended June 30, 2004 was $.32 and $.66, respectively. For the comparable 2003 periods, net income per share, assuming dilution, was $.30 and $.59, respectively. Net income per share amounts for 2003 have been retroactively adjusted to reflect a 5% stock dividend effective November 28, 2003.

Net Interest Income

Net interest income is the amount of interest income earned on interest earning assets (loans, securities, interest bearing deposits in other banks, federal funds sold and other investments), less the interest expense incurred on interest bearing liabilities (interest bearing deposits, short-term borrowings and long-term debt), and is the principal source of the Company's earnings. Net interest income is affected by the level of interest rates, volume and mix of interest earning assets and interest bearing liabilities and the relative funding of these assets.

For the second quarter of 2004, net interest income was $2,182,000, an increase of $357,000 or 19.6% from the comparable 2003 period. For the first six months of 2004, net interest income was $4,249,000, an increase of $498,000 or 13.3% from the first six months of 2003. The increases in net interest income for the 2004 six and three month periods resulted primarily from larger volumes of interest earning assets, especially in the higher-yielding loan category, and a specific, targeted purchase of taxable held-to-maturity securities using relatively low cost, fixed rate funds borrowed from the Federal Home Loan Bank of Atlanta ("the FHLB"). Interest expense for the 2004 period was affected favorably by lower rates paid for deposits and other funding sources. The average rate paid for all interest-bearing funding sources was 26 basis points lower in the 2004 six-month period than in the same 2003 period. The average amounts of interest-bearing funding sources increased to $237,636,000 for the 2004 period, an increase of $24,114,000 or 11.3% more than the 2003 period.

Average interest earning assets during the 2004 six-month period were $281,653,000, an increase of $30,787,000 or 12.3% over the comparable period of 2003. Average loans for the 2004 six-month period were $150,560,000, an increase of $10,198,000 or 7.3% over the average amount for the same period of 2003. Average investment securities for the 2004 period were $101,888,000, an increase of $35,134,000 or 52.6% over the average for the 2003 period. Average time deposits issued in denominations less than $100,000 increased to $104,111,000 for the 2004 six-month period from $86,610,000 in the same 2003 period, representing an increase of 20.2%. The average interest rate associated with such deposits decreased by 36 basis points to 3.00% for the 2004 six-month period.

The average interest rate spread (average yield on interest earning assets less the average rate paid on interest bearing liabilities) for the first

six months of 2004 was 2.72%, an increase of 5 basis points from 2.67% for the same period of 2003. Net yield on earning assets (net interest income divided by average interest earning assets) was 3.04% for the first six months of 2004, an increase of 2 basis points from 3.02% for the first six months of 2003.

Late in the second quarter of 2004, the Company borrowed approximately $10,000,000 from the FHLB and invested the proceeds in several mortgage-backed securities issues with a combined yield-to-maturity of 5.10%. The average expected life of these securities was approximately 6.0 years as of the purchase date. The borrowed funds consisted of a combination of both short- and long-term debt with an average life of approximately 4.6 years at the date incurred and an average cost of 3.27%.

Other increases in interest earning assets and interest bearing liabilities resulted from the Company's continuing strategies to increase its market share in its local service areas in Anderson and Oconee Counties of South Carolina. Oconee County is served from three offices located in Seneca, Westminster and Walhalla. The Westminster office was opened in temporary quarters during the second quarter of 2003.

Provision and Allowance for Loan Losses

The provision for loan losses charged to expense was $55,000 for the second quarter of 2004 compared with $150,000 for the second quarter of 2003, and totaled $135,000 for the first six months of 2004 compared with $400,000 for the comparable period of 2003. At June 30, 2004, the allowance for loan losses was 1.50% of loans, compared with 1.49% of loans at December 31, 2003. During the 2003 six-month period, net charge-offs totaled $92,000, compared with $90,000 charged off during the same period of 2003. As of June 30, 2004, there were $892,000 in nonaccrual loans and no loans over 90 days past due and still accruing interest, collectively referred to as impaired loans. The amount of nonaccrual loans at June 30, 2004 is $306,000 more than the amount at June 30, 2003 and $105,000 less than the amount of nonaccrual loans as of December 31, 2003. The majority of the nonaccrual loans are secured by real estate and vehicles. When the estimated realizable value of collateral associated with nonperforming loans is believed to be insufficient to satisfy the debt, management generally charges off the excess amount of the debt.

As of June 30, 2004, the Company's potential problem loans totaled $1,427,000, an increase of $374,000, or 35.5%, over the amount of such loans as of December 31, 2003. Potential problem loans include loans, other than impaired loans, that management has identified as having possible credit problems sufficient to cast doubt upon the abilities of the borrowers to comply with the current repayment terms. The majority of the potential problem loans are secured by real estate mortgages or liens on equipment, inventories, receivables, automobiles and other forms of collateral.

Noninterest Income

Noninterest income totaled $543,000 for the second quarter of 2004, compared with $507,000 for the 2003 quarter. Noninterest income was $1,015,000 for the first six months of 2004 and $972,000 for the same 2003 period. The higher noninterest income in 2004 was attributable primarily to increased fees derived from service charges and other fees associated with deposit accounts. The Company offers a program that allows customers to avoid payee-imposed charges on checks and similar items returned for insufficient funds. A per item fee is charged by the Company for this increasingly popular service. Also, during the second quarter of 2003, the Company changed investors with regard to its residential mortgage loan origination and resale program. Consequently, the Company no longer provides the initial funding for such loans and only fee income (which is included in "Other Income") is now recognized in association with the origination of those loans. The Company realized a $5,000 gain on the sale of an available-for-sale security in the 2004 six-month period. No such gains were recognized in the 2003 period.

Noninterest Expenses

Noninterest expenses totaled $1,359,000 for the second quarter of 2004, compared with $1,035,000 for the 2003 period, representing an increase of $324,000 or 31.3%. Noninterest expenses were $2,536,000 for the first six months of 2004 compared with $2,048,000 for the first half of 2003. Salaries and employee benefits for the 2004 quarter totaled $701,000, an increase of $167,000 over the 2003 three month period. For the first six months of 2004, salaries and employee benefits totaled $1,381,000 representing an increase of $286,000 or 26.1% over the same period of 2003. This increase resulted from increased staffing levels arising from the opening of the new office in Westminster, South Carolina during the second quarter of 2003 and from normal increases in salaries and wages granted from time-to-time.

Occupancy and furniture and equipment expenses for the second quarter of 2004 totaled $160,000, representing an increase of $40,000 over the same period of 2003. Such expenses increased $60,000 or 25.5% during the first half of 2004. Other expenses for the 2004 three-month period totaled $498,000 and

were $117,000 more than in 2003. For the 2004 six-month period, other expenses increased by $142,000, or 19.8%, over the 2004 amount. These expenses increased primarily due to valuation adjustments related to the Company's holdings of foreclosed properties, increased costs of the Company's core data processing system software and higher fees paid for ATM network services.

Liquidity

Liquidity is the ability to meet current and future obligations through the liquidation or maturity of existing assets or the acquisition of additional liabilities. The Company manages both assets and liabilities to achieve appropriate levels of liquidity. Cash and short-term investments are the Company's primary sources of asset liquidity. These funds provide a cushion against short-term fluctuations in cash flow from both deposits and loans. Securities available-for-sale are the Company's principal source of secondary asset liquidity. However, the availability of this source is influenced by market conditions. Individual and commercial deposits are the Company's primary source of funds for credit activities.

Loan and deposit growth have been slower during the past 12-month period. Management attributes this to a relative unattractiveness of all banks' deposit products during the prolonged period of historically low interest rates, sluggish economic activity generally and continued uncertainty over the timing, direction and extent of interest rate movements in the near term. In addition, the ongoing resolution of the 2003 bankruptcy of a mortgage banking operation's local funding subsidiary is believed to be negatively affecting overall economic activity in the Company's market areas.

As of June 30, 2004, the ratio of loans to total deposits was 57.5%, compared with 57.6% as of December 31, 2003 and 57.5% as of June 30, 2003.

Deposits as of June 30, 2004 increased by $3,691,000 or 1.4% over the amount at December 31, 2003 and were $12,965,000 or 5.2% greater than their level of June 30, 2003.

Management believes that the Company's liquidity sources are adequate to meet its operating needs.

Capital Resources

The Company's shareholders' equity increased by $584,000 since December 31, 2003 as the result of net income of $1,662,000 for the first six months of 2004, $264,000 added from the exercise of stock options, less $1,342,000 in other comprehensive income, consisting of unrealized losses arising during the period on available-for-sale securities.

The Company and its banking subsidiary (the "Bank") are subject to regulatory risk-based capital adequacy standards. Under these standards, bank holding companies and banks are required to maintain certain minimum ratios of capital to risk-weighted assets and average total assets. Under the provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), federal bank regulatory authorities are required to implement prescribed "prompt corrective actions" upon the deterioration of the capital position of a bank. If the capital position of an affected institution were to fall below certain levels, increasingly stringent regulatory corrective actions are mandated.

The June 30, 2004 risk based capital ratios for the Company and the Bank are presented in the following table, compared with the "well capitalized" and minimum ratios under the regulatory definitions and guidelines:

	Tier 1	Total Capital	Leverage
Community First Bancorporation	14.7%	16.0%	8.5%
Community First Bank	14.1%	15.3%	8.1%
Minimum "well-capitalized" requirement	6.0%	10.0%	6.0%
Minimum requirement	4.0%	8.0%	4.0%

Off Balance Sheet Arrangements

In the normal course of business, the Bank is party to financial instruments with off-balance-sheet risk including commitments to extend credit and standby letters of credit. Such instruments have elements of credit risk in excess of the amount recognized in the balance sheet. The exposure to credit loss in the event of nonperformance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. Generally, the same credit policies used for on-balance-sheet instruments, such as loans, are used in extending loan commitments and standby letters of credit.

Following are the off-balance-sheet financial instruments whose contract amounts represent credit risk:

	June 30, 2004
	(Dollars in thousands)
Loan commitments	$ 17,228
Standby letters of credit	944

Loan commitments involve agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and some involve payment of a fee. Many of the commitments are expected to expire without being fully drawn; therefore, the total amount of loan commitments does not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if any, upon extension of credit is based on management's credit evaluation of the borrower. Collateral held varies but may include commercial and residential real properties, accounts receivable, inventory and equipment.

Standby letters of credit are conditional commitments to guarantee the performance of a customer to a third party. The credit risk involved in issuing standby letters of credit is the same as that involved in making loan commitments to customers.

As described under "Liquidity," management believes that its various sources of liquidity provide the resources necessary for the Bank to fund the loan commitments and to perform under standby letters of credit, if the need arises. Neither the Company nor the Bank is involved in other off-balance sheet contractual relationships or transactions that could result in liquidity needs or other commitments or significantly impact earnings.

Item 3. - Controls and Procedures

Based on the evaluation required by 17 C.F.R. Section 240.13a-15(b) or 240.15d-15(b) of the issuer's disclosure controls and procedures (as defined in 17 C.F.R. Sections 240.13a-15(e) and 240.15d-15(e)), the issuer's chief executive officer and chief financial officer concluded that the effectiveness of such controls and procedures, as of the end of the period covered by this report, was adequate.

No disclosure is required under 17 C.F.R. Section 228.308(c).

PART II - OTHER INFORMATION

Item 4. - Submission of Matters to a Vote of Security Holders.

On Tuesday, April 27, 2004, the shareholders of Community First Bancorporation held their regular annual meeting. At the meeting, one matter was submitted to a vote with results as follows:

1. Election of three directors to hold office for three-year terms:

	SHARES VOTED		
DIRECTORS	FOR	AGAINST	AUTHORITY WITHHELD
Robert H. Edwards	1,519,599	0	0
Blake L. Griffith	1,519,599	0	0
Gary V. Thrift	1,519,599	0	0

The following directors continue to serve until the expiration of their terms at the annual meetings to be held in the years indicated and were not voted on at the 2004 annual meeting: James E. McCoy - 2005, James E. Turner -

2005, and Charles L. Winchester - 2005, Larry S. Bowman, M.D., - 2006; William M. Brown - 2006; John R. Hamrick - 2006 and Frederick D. Shepherd, Jr. - 2006.

Item 6. - Exhibits and Reports on Form 8-K.

(a) Exhibits.	31.	Rule 13a-14(a)/15d-14(a) Certifications
	32.	Certifications Pursuant to 18 U.S.C. Section 1350

(b) Reports on Form 8-K. None.

SIGNATURE

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMUNITY FIRST BANCORPORATION

August 11, 2004	/s/ Frederick D. Shepherd, Jr.
Date	Frederick D. Shepherd, Jr., Chief Executive Officer and Chief Financial Officer

EXHIBIT INDEX

(b) Exhibits	31.	Rule 13a-14(a)/15d-14(a) Certifications
	32.	Certifications Pursuant to 18 U.S.C. Section 1350

EXHIBIT 31.

I, Frederick D. Shepherd, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Community First Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent

functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 11, 2004

s/ Frederick D. Shepherd, Jr.

Frederick D. Shepherd, Jr.
Chief Executive Officer
and Chief Financial Officer

EXHIBIT 32.

Certifications Pursuant to 18 U.S.C. Section 1350.

The undersigned, who is the chief executive officer and the chief financial officer of Community First Bancorporation, hereby certifies that, to the best of his knowledge, the accompanying Form 10-QSB of the issuer fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

August 11, 2004

s/ Frederick D. Shepherd, Jr.

Frederick D. Shepherd, Jr.
Chief Executive Officer and Chief Financial Officer