

SOUTHERN FIRST BANCSHARES INC
Form 10-Q
May 07, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2009

OR

**[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission file number 000-27719

Southern First Bancshares, Inc.
(Exact name of registrant as specified in its charter)

South Carolina
(State or other jurisdiction of incorporation)

58-2459561
(I.R.S. Employer Identification No.)

100 Verdae Boulevard, Suite 100
Greenville, S.C.
(Address of principal executive offices)

29606
(Zip Code)

864-679-9000
(Registrant's telephone number, including area code)

Not Applicable
(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 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 []

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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act).

Large accelerated filer [] Accelerated filer []
Non-accelerated filer [] Smaller Reporting Company [X]

Edgar Filing: SOUTHERN FIRST BANCSHARES INC - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
3,044,863 shares of common stock, \$.01 par value per share, were issued and outstanding as of May 1, 2009.

PART I. CONSOLIDATED FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

SOUTHERN FIRST BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

| | March 31, 2009 (Unaudited) | December 31, 2008 (Audited) |
|---|--|---|
| Assets | | |
| Cash and due from banks | \$ 8,867 | \$ 4,360 |
| Federal funds sold | 3,668 | 8,800 |
| Investment securities available for sale | 75,766 | 64,432 |
| Investment securities held to maturity (fair value \$11,723 and \$12,618) | 11,484 | 12,519 |
| Other investments, at cost | 9,195 | 8,461 |
| Loans, net | 558,965 | 559,602 |
| Property and equipment, net | 12,762 | 11,701 |
| Accrued interest receivable | 2,603 | 2,900 |
| Other real estate owned | 3,826 | 2,116 |
| Bank owned life insurance | 13,492 | 13,369 |
| Deferred income taxes | 3,600 | 3,864 |
| Other assets | 776 | 855 |
| Total assets | \$ 705,004 | \$ 692,979 |

Liabilities

Edgar Filing: SOUTHERN FIRST BANCSHARES INC - Form 10-Q

| | | |
|--|----------------|----------------|
| Deposits | \$ 474,797 | \$ 469,537 |
| Official checks outstanding | 853 | 1,277 |
| Note Payable | 5,000 | 15,000 |
| Federal Home Loan Bank advances and related debt | 149,675 | 149,675 |
| Junior subordinated debentures | 13,403 | 13,403 |
| Accrued interest payable | 2,116 | 2,247 |
| Accounts payable and accrued expenses | 1,187 | 2,054 |
| Total liabilities | 647,031 | 653,193 |

Shareholders equity

| | | |
|--|-------------------|-------------------|
| Preferred stock, par value \$.01 per share, 10,000,000 shares authorized, 17,299 shares issued and outstanding | 15,814 | - |
| Common stock, par value \$.01 per share, 10,000,000 shares authorized, 3,044,863 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively | 30 | 30 |
| Nonvested restricted stock | (24) | (27) |
| Additional paid-in capital | 33,286 | 31,850 |
| Accumulated other comprehensive income (loss) | (674) | (1,079) |
| Retained earnings | 9,541 | 9,012 |
| Total shareholders equity | 57,973 | 39,786 |
| Total liabilities and shareholders equity | \$ 705,004 | \$ 692,979 |

See notes to consolidated financial statements that are an integral part of these consolidated statements.

**SOUTHERN FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME**

(in thousands, except per share data)

For the three months ended

March 31,

2009

2008

(Unaudited)

Interest income

| | | |
|------------------------------|--------------|---------------|
| Loans | \$ 7,797 | \$ 9,009 |
| Investment securities | 1,093 | 1,249 |
| Federal funds sold | 5 | 84 |
| Total interest income | 8,895 | 10,342 |

Interest expense

| | | |
|------------|-------|-------|
| Deposits | 2,788 | 4,097 |
| Borrowings | 1,646 | 1,851 |

Edgar Filing: SOUTHERN FIRST BANCSHARES INC - Form 10-Q

| | | |
|---|-----------|-----------|
| Total interest expense | 4,434 | 5,948 |
| Net interest income | 4,461 | 4,394 |
| Provision for loan losses | 750 | 600 |
| Net interest income after provision for loan losses | 3,711 | 3,794 |
| Noninterest income | | |
| Loan fee income | 38 | 45 |
| Service fees on deposit accounts | 175 | 149 |
| Income from bank owned life insurance | 123 | 96 |
| Real estate owned activity | (7) | (58) |
| Other income | 85 | 79 |
| Total noninterest income | 414 | 311 |
| Noninterest expenses | | |
| Compensation and benefits | 1,925 | 1,718 |
| Professional fees | 136 | 114 |
| Marketing | 145 | 135 |
| Insurance | 153 | 129 |
| Occupancy | 416 | 348 |
| Data processing and related costs | 374 | 321 |
| Telephone | 51 | 34 |
| Other | 229 | 187 |
| Total noninterest expenses | 3,429 | 2,986 |
| Income before income taxes expense | 696 | 1,119 |
| Income tax expense | 209 | 372 |
| Net income | \$ 487 | \$ 747 |
| Preferred stock dividend to be paid | 78 | - |
| Dividend accretion | 42 | - |
| Net income available to common shareholders | \$ 367 | \$ 747 |
| Earnings per common share | | |
| Basic | \$.12 | \$.25 |
| Diluted | \$.12 | \$.23 |
| Weighted average common shares outstanding | | |
| Basic | 3,044,863 | 2,964,951 |
| Diluted | 3,053,933 | 3,185,827 |

See notes to consolidated financial statements that are an integral part of these consolidated statements.

**SOUTHERN FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Unaudited)**

(in thousands, except share data)

| | Common stock Shares | Common stock Amount | Preferred stock | Nonvested restricted stock | Additional paid-in capital | Accumulated other comprehensive income(loss) | Retained Earnings | Total share- holders equity |
|---|------------------------|------------------------|--------------------|----------------------------------|----------------------------------|---|----------------------|--------------------------------------|
| December 31, 2007 | 2,946,456 | \$ 29 | \$ - | \$ (41) | \$ 31,034 | \$ 96 | \$ 7,160 | \$ 38,278 |
| Net income | - | - | - | - | - | - | 747 | 747 |
| Comprehensive income, net of tax - | | | | | | | | |
| Unrealized holding gain on securities available for sale | - | - | - | - | - | 204 | - | 204 |
| Comprehensive income | - | - | - | - | - | - | - | 951 |
| Proceeds from exercise of stock | | | | | | | | |
| options and warrants | 28,250 | | - | - | 171 | - | - | 171 |
| Amortization of deferred compensation on restricted stock | - | - | - | 3 | - | - | - | 3 |
| Compensation expense related to | | | | | | | | |
| stock options, net of tax | - | - | - | - | 14 | - | - | 14 |
| March 31, 2008 | 2,974,706 | \$ 29 | \$ - | \$ (38) | \$ 31,219 | \$ 300 | \$ 7,907 | \$ 39,417 |
| December 31, 2008 | 3,044,863 | \$ 30 | \$ - | \$ (27) | \$ 31,850 | \$ (1,079) | \$ 9,012 | \$ 39,786 |
| Net income | - | - | - | - | - | - | 487 | 487 |
| Comprehensive income, net of tax - | | | | | | | | |

Edgar Filing: SOUTHERN FIRST BANCSHARES INC - Form 10-Q

| | | | | | | | | |
|---|---|---|---|---|---|-----|---|-----|
| Unrealized holding gain on securities available for sale | - | - | - | - | - | 405 | - | 405 |
| Comprehensive income | - | - | - | - | - | - | - | 892 |