

SOUTHERN FIRST BANCSHARES INC
Form 10-Q
August 12, 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 June 30, 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 definitions 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

Indicate by check mark whether the registrant is a 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:

3,044,863 shares of common stock, \$.01 par value per share, were issued and outstanding as of August 4, 2009.

PART I. CONSOLIDATED FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

SOUTHERN FIRST BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share data)

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Assets		
Cash and due from banks	\$ 8,978	\$ 4,360
Federal funds sold	30,281	8,800
Investment securities available for sale	82,953	64,432
Investment securities held to maturity (fair value \$10,665 and \$12,618)	10,454	12,519
Other investments, at cost	9,145	8,461

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

Loans, net	561,684	559,602
Property and equipment, net	14,491	11,701
Accrued interest receivable	2,905	2,900
Other real estate owned	4,465	2,116
Bank owned life insurance	13,615	13,369
Deferred income taxes	3,414	3,864
Other assets	687	855
Total assets	\$ 743,072	\$ 692,979
Liabilities		
Deposits	\$ 496,147	\$ 469,537
Official checks outstanding	1,549	1,277
Short-term repurchase agreements	13,821	-
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	2,226	2,247
Accounts payable and accrued expenses	1,937	2,054
Total liabilities	683,758	653,193
Shareholders equity		
Preferred stock, par value \$.01 per share, 10,000,000 shares authorized, 17,299 shares issued and outstanding	15,686	-
Common stock, par value \$.01 per share, 10,000,000 shares authorized, 3,044,863 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	30	30
Nonvested restricted stock	(20)	(27)
Additional paid-in capital	33,490	31,850
Accumulated other comprehensive income (loss)	460	(1,079)
Retained earnings	9,668	9,012
Total shareholders equity	59,314	39,786
Total liabilities and shareholders equity	\$ 743,072	\$ 692,979

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

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	(Unaudited)			
Interest income				
Loans	\$ 7,911	\$ 8,901	\$ 15,709	\$ 17,910
Investment securities	1,167	1,306	2,260	2,555
Federal funds sold	3	97	8	181
Total interest income	9,081	10,304	17,977	20,646
 Interest expense				
Deposits	2,446	3,866	5,235	7,964
Borrowings	1,716	1,659	3,362	3,510
Total interest expense	4,162	5,525	8,597	11,474
Net interest income	4,919	4,779	9,380	9,172
Provision for loan losses	975	700	1,725	1,300
Net interest income after provision for loan losses	3,944	4,079	7,655	7,872
 Noninterest income (loss)				
Loan fee income	121	43	159	88
Service fees on deposit accounts	177	142	352	291
Income from bank owned life insurance	123	102	246	198
Real estate owned activity	3	7	(4)	(51)
Other income	95	81	180	160
Total noninterest income	519	375	933	686
 Noninterest expenses				
Compensation and benefits	1,963	1,806	3,888	3,524
Professional fees	155	127	291	241
Marketing	174	161	318	296
Insurance	639	143	792	272
Occupancy	440	349	857	697
Data processing and related costs	345	344	719	665
Telephone	59	42	110	76
Other	189	214	418	401
Total noninterest expenses	3,964	3,186	7,393	6,172
Income before income tax expense	499	1,268	1,195	2,386
Income tax expense	144	406	352	778
Net income	\$ 355	\$ 862	\$ 843	\$ 1,608
Preferred stock dividend to be paid	216	-	294	-

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

Dividend accretion	127	-	170	-
Net income available to common shareholders	\$ 12	\$ 862	\$ 379	\$ 1,608
Earnings per common share				
Basic	\$ 0.00	\$ 0.29	\$ 0.12	\$ 0.54
Diluted	\$ 0.00	\$ 0.27	\$ 0.12	\$ 0.50
Weighted average common shares outstanding				
Basic	3,044,863	2,987,686	3,044,863	2,976,319
Diluted	3,045,741	3,185,084	3,049,837	3,185,456

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

3

SOUTHERN FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(Unaudited)

(dollars 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	-	-	-	-	-	-	1,608	1,608
Comprehensive income, net of tax -								
Unrealized holding loss on securities available for sale	-	-	-	-	-	(1,565)	-	(1,565)
Total comprehensive income -		-	-	-	-	-	-	43
Proceeds from exercise of stock								
options and warrants	49,662	1	-	-	307	-	-	308

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

Amortization of deferred compensation on restricted stock	-	-	-	7	-	-	-	7
Compensation expense related to stock options, net of tax -	-	-	-	-	28	-	-	28
June 30, 2008	2,996,118	\$ 30	\$ -	\$ (34)	\$ 31,369	\$ (1,469)	\$ 8,768	\$ 38,664
December 31, 2008	3,044,863	\$ 30	\$ -	\$ (27)	\$ 31,850	\$ (1,079)	\$ 9,012	\$ 39,786
Net income	-	-	-	-	-	-	843	843
Comprehensive income, net of tax -								
Unrealized holding gain on securities available for sale	-	-	-	-	-	1,539	-	1,539
Total comprehensive income -	-	-	-	-	-	-	-	2,382
Preferred stock transactions:								
Proceeds from issuance of 17,299 shares of preferred stock	-	-	15,856	-	-	-	-	15,856
Proceeds from issuance of common stock warrants	-	-	-	-	1,418	-	-	1,418
Cash dividends on Series T preferred at annual dividend rate of 5%	-	-	-	-	-	-	(187)	(187)
Dividend accretion	-	-	(170)	-	170	-	-	-
Amortization of deferred compensation on restricted stock	-	-	-	7	-	-	-	7
Compensation expense related to stock options	-	-	-	-	52	-	-	52
June 30, 2009	3,044,863	\$ 30	\$ 15,686	\$ (20)	\$ 33,490	\$ 460	\$ 9,668	\$ 59,314

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

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

4

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

(dollars in thousands)

	For the six months ended	
	June 30,	
	2009	2008
	(Unaudited)	
Operating activities		
Net income	\$ 843	\$ 1,608
Adjustments to reconcile net income to cash		
provided by (used for) operating activities:		
Provision for loan losses	1,725	1,300
Depreciation and other amortization	293	235
Accretion and amortization of securities discounts and premium, net	205	79
Loss (gain) on sale of real estate	(6)	48
Write-down of real estate owned	10	-
Compensation expense related to stock options and grants	59	35
Increase in cash surrender value of bank owned life insurance	(246)	(197)
Decrease (increase) in deferred tax asset	(349)	165
Decrease in other assets, net	162	212
Increase in other liabilities, net	134	43
Net cash provided by operating activities	2,830	3,528
Investing activities		
Increase (decrease) in cash realized from:		
Origination of loans, net	(6,547)	(40,183)
Purchase of property and equipment	(3,083)	(2,361)
Purchase of investment securities:		
Available for sale	(24,649)	(16,666)
Other investments	(894)	(909)
Payments and maturity of investment securities:		
Available for sale	8,282	4,417
Held to maturity	2,045	1,561
Other investments	210	1,164
Proceeds from sale of real estate acquired in settlement of loans	387	47
Net cash used for investing activities	(24,249)	(52,930)

Financing activities

Increase (decrease) in cash realized from:

Increase in deposits, net	26,610	70,126
Increase in short-term repurchase agreements	13,821	-
Decrease in note payable	(10,000)	-
Decrease in Federal Home Loan Bank advances and related debt	-	(820)
Proceeds from the issuance of preferred stock	15,856	-
Proceeds from the issuance of stock warrant	1,418	-
Cash dividend on preferred stock	(187)	-
Proceeds from the exercise of stock options and warrants	-	308

Net cash provided by financing activities 47,518 69,614

Net increase in cash and cash equivalents 26,099 20,212

Cash and cash equivalents at beginning of the period 13,160 16,971

Cash and cash equivalents at end of the period \$ 39,259 \$ 37,183

Supplemental information

Cash paid for

Interest	\$ 8,618	\$ 12,172
Income taxes	\$ 545	\$ 1,781

Schedule of non-cash transactions

Foreclosure of real estate	\$ 2,740	\$ 1,907
Unrealized gain (loss) on securities, net of income taxes	\$ 1,539	\$ (1,565)

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

5

**SOUTHERN FIRST BANCSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. Nature of Business and Basis of Presentation

Business activity

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

Southern First Bancshares, Inc. (the Company) is a South Carolina corporation that owns all of the capital stock of Southern First Bank, N.A. (the Bank) and all of the stock of Greenville First Statutory Trust I and II (collectively the Trusts). On July 2, 2007, the Company and Bank changed their names to Southern First Bancshares, Inc. and Southern First Bank, N.A., respectively. The Bank is a national bank organized under the laws of the United States located in Greenville County, South Carolina. The Bank is primarily engaged in the business of accepting demand deposits and savings deposits insured by the Federal Deposit Insurance Corporation (the FDIC), and providing commercial, consumer and mortgage loans to the general public. The Trusts are special purpose subsidiaries organized for the sole purpose of issuing trust preferred securities.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six-month periods ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included in the company's Form 10-K for the year ended December 31, 2008 (Registration Number 000-27719) as filed with the Securities and Exchange Commission. The consolidated financial statements include the accounts of Southern First Bancshares, Inc., and its wholly owned subsidiary Southern First Bank, N.A. In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46, the financial statements related to the special purpose subsidiaries, Greenville First Statutory Trust I and Trust II, have not been consolidated.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, cash and federal funds sold are included in cash and cash equivalents. These assets have contractual maturities of less than three months.

Reclassifications

Certain amounts, previously reported, have been reclassified to state all periods on a comparable basis that had no effect on shareholders' equity or net income.

Subsequent Events

In accordance with SFAS 165, Subsequent Events, issued in May 2009 and effective for periods ending after June 15, 2009, management performed an evaluation to determine whether or not there have been any subsequent events since the balance sheet date. The evaluation was performed through August 12, 2009, the date on which the Company's 10-Q was issued as filed with the Securities and Exchange Commission.

NOTE 2. Note Payable

The Company had a \$5.0 million term note with Silverton Bridge Bank, N.A. (Silverton) at June 30, 2009. The note matures on April 30, 2014 and bears interest at the prime rate plus 0.5% with a floor rate of 4.0%. The Company has pledged all of the stock of the Bank as collateral for this note. The loan agreement contains various financial covenants related to net income and asset quality. As of June 30, 2009, the Company was in compliance with all the requirements.

6

NOTE 3. Preferred Stock Issuance

On February 27, 2009, as part of the Treasury Department's Capital Purchase Program (CPP), the Company entered into a Letter Agreement and a Securities Purchase Agreement (collectively, the CPP Purchase Agreement) with the Treasury Department, pursuant to which the Company sold 17,299 shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series T (the Series T Preferred Stock) and a warrant (the CPP Warrant) to purchase 330,554 shares of the Company s common stock for an aggregate purchase price of \$17.3 million in cash. The Series T Preferred Stock will qualify as Tier 1 capital and will be entitled to cumulative dividends at a rate of 5% per annum for the first five years, and 9% per annum thereafter. The Company must consult with the OCC before it may redeem the Series T Preferred Stock but, contrary to the original restrictions in the Emergency Economic Stabilization Act of 2008 (the "EESA"), will not necessarily be required to raise additional equity capital in order to redeem this stock. The CPP Warrant has a 10-year term and is immediately exercisable upon its issuance, with an exercise price, subject to anti-dilution adjustments equal to \$7.85 per share of the common stock. The fair value allocation of the \$17.3 million between the shares of Series T Preferred Stock and the CPP Warrant resulted in \$15.9 million allocated to the shares of Series T Preferred Stock and \$1.4 million allocated to the CPP Warrant.

NOTE 4. Earnings per Common Share

The following schedule reconciles the numerators and denominators of the basic and diluted earnings per share computations for the three and six month periods ended June 30, 2009 and 2008 (dollars in thousands). Dilutive common shares arise from the potentially dilutive effect of the company s stock options and warrants that are outstanding. The assumed conversion of stock options and warrants can create a difference between basic and dilutive net income per common share.

At June 30, 2009 and 2008, 188,113 and 59,750 options, respectively, were anti-dilutive in the calculation of earnings per share as their exercise price exceeded the fair market value.

		Three months ended June 30,	
		2009	2008
Numerator:			
	Net income	\$ 355	\$ 862
	Less: Preferred stock dividends to be paid	216	-
	Dividend accretion (1)	127	-

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

Net income available to common shareholders		\$ 12	\$ 862
Denominator:			
Weighted-average common shares outstanding	basic	3,044,863	2,987,686
Common stock equivalents		878	197,398
Weighted-average common shares outstanding	diluted	3,045,741	3,185,084
Earnings per common share:			
Basic		\$ 0.00	\$ 0.29
Diluted		\$ 0.00	\$ 0.27
Six months ended June 30,			
2009			
2008			
Numerator:			
Net income		\$ 843	\$ 1,608
Less:	Preferred stock dividends to be paid	294	-
	Dividend accretion (1)	170	-
Net income available to common shareholders		\$ 379	\$ 1,608
Denominator:			
Weighted-average common shares outstanding	basic	3,044,863	2,976,319
Common stock equivalents		4,974	209,137
Weighted-average common shares outstanding	diluted	3,049,837	3,185,456
Earnings per common share:			
Basic		\$ 0.12	\$ 0.54
Diluted		\$ 0.12	\$ 0.50

(1) Preferred stock dividend required to be accreted over estimated life of warrant issued in conjunction with preferred stock.

7

NOTE 5. Stock Based Compensation

The Company has a stock-based employee compensation plan. On January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123(R), Accounting for Stock-Based Compensation, to account for compensation costs under its stock option plan.

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

In adopting SFAS No. 123(R), the Company elected to use the modified prospective method to account for the transition from the intrinsic value method to the fair value recognition method. Under the modified prospective method, compensation cost is recognized from the adoption date forward for all new stock options granted and for any outstanding unvested awards as if the fair value method had been applied to those awards as of the date of grant.

The fair value of the option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following assumptions were used for grants: expected volatility of 26.76% for 2009 and 2008, risk-free interest rate of 3.72% for 2009 and 2008, expected lives of the options were 10 years, and the assumed dividend rate was zero.

NOTE 6. Fair Value Measurement

SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* requires disclosure of fair value information, whether or not recognized in the consolidated balance sheets, when it is practical to estimate the fair value. SFAS No. 107 defines a financial instrument as cash, evidence of an ownership interest in an entity or contractual obligations which require the exchange of cash or other financial instruments. Certain items are specifically excluded from the disclosure requirements, including the Company's common stock, premises and equipment and other assets and liabilities.

Fair value approximates carrying value for the following financial instruments due to the short-term nature of the instrument: cash and due from banks, federal funds sold, federal funds purchased, securities sold under agreement to repurchase and official checks.

Securities are valued using quoted fair market prices. Fair value for the Company's off-balance sheet financial instruments is based on the discounted present value of the estimated future cash flows.

Fair value for variable rate loans and borrowings that reprice frequently and for loans that mature in less than one year is based on the carrying value. Fair value for fixed rate mortgage loans, personal loans and all other loans (primarily commercial) maturing after one year is based on the discounted present value of the estimated future cash flows. Discount rates used in these computations approximate the rates currently offered for similar loans of comparable terms and credit quality.

The cash surrender value of bank owned life insurance policies held by the Bank approximates fair values of the policies.

Fair value for demand deposit accounts and interest-bearing accounts with no fixed maturity date is equal to the carrying value. Certificate of deposit accounts and FHLB advances with a maturity within one year are valued at their carrying value. The fair value of certificate of deposit accounts and FHLB advances with a maturity after one year are estimated by discounting cash flows from expected maturities using current interest rates on similar instruments.

The Company has used management's best estimate of fair value based on the above assumptions. Thus, the fair values presented may not be the amounts that could be realized in an immediate sale or settlement of the instrument. In addition, any income taxes or other expenses, which would be incurred in an actual sale or settlement, are not taken into consideration in the fair value presented.

The estimated fair values of the Company's financial instruments at June 30, 2009 and December 31, 2008 are as follows:

	June 30, 2009	Fair	December 31, 2008	Fair
	Carrying	Value	Carrying	Value
	Amount		Amount	
Financial Assets:				
Cash and cash equivalents	\$ 39,259	\$ 39,259	\$ 13,160	\$ 13,160
Investment securities available for sale	82,953	82,953	64,432	64,432
Investment securities held to maturity	10,454	10,665	12,519	12,618
Other investments	9,145	9,145	8,461	8,461
Loans, net	561,684	574,369	559,602	564,573
Bank owned life insurance	13,615	13,615	13,369	13,369
Financial Liabilities:				
Deposits	496,147	461,916	469,537	447,427
Short-term repurchase agreements	13,821	13,808	-	-
Federal Home Loan Bank advances and related debt	149,675	166,893	149,675	158,216
Note payable	5,000	5,140	15,000	15,000
Junior subordinated debentures	13,403	13,403	13,403	13,403

Effective January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements, which provides a framework for measuring and disclosing fair value under generally accepted accounting principles. SFAS No. 157 requires disclosures about the fair value of assets and liabilities recognized in the balance sheet in periods subsequent to initial recognition, whether the measurements are made on a recurring or on a nonrecurring basis.

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include certain debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2

Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include fixed income securities and mortgage-backed securities that are held in the Company's available-for-sale portfolio, certain derivative contracts and impaired loans.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

9

Assets measured at fair value on a recurring basis as of June 30, 2009 are as follows:

	Quoted market price in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Collateralized Mortgage Obligations	\$ -	\$ -	\$ 7,029
Other securities available for sale	53	75,871	-
Other investments	-	-	9,145
Total	\$ 53	\$ 75,871	\$ 16,174

The Company has no liabilities carried at fair value or measured at fair value on a recurring or nonrecurring basis.

The Company is predominantly an asset based lender with real estate serving as collateral on approximately 79.1% of loans. Loans which are deemed to be impaired and real estate acquired in settlement of loans are valued on a nonrecurring basis at the lower of cost or market value of the underlying real estate collateral. Such market values are generally obtained using independent appraisals, which the Company considers to be level 2 inputs. The aggregate carrying amount, net of specific reserves, of impaired loans at June 30, 2009 was \$7.3 million. In addition, real estate acquired in settlement of loans is valued at \$4.5 million at June 30, 2009.

The table below presents a reconciliation for the period of January 1, 2009 to June 30, 2009, for all Level 3 assets that are measured at fair value on a recurring basis.

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

	Collateralized mortgage obligations	Other investments
Beginning balance	\$ 5,213	\$ 8,461
Total realized and unrealized gains or losses:		
Included in earnings	-	-
Included in other comprehensive income	2,259	-
Purchases, sales and principal reductions	(443)	684
Transfers in and/or out of Level 3	-	