



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 17, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southern First Bank, National Association
Charter Number: 23919

100 Verdae Boulevard, Suite 100
Greenville, SC 29607

Office of the Comptroller of the Currency

Carolinas Field Office
6100 Fairview Road, Suite 1154
Charlotte, North Carolina 28210-3277

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The Lending Test is rated: "Satisfactory"

The Community Development Test is rated: "Satisfactory"

Major factors supporting the institution's rating include:

- The bank's loan-to-deposit ratio is more than reasonable and has averaged approximately 121 percent during the evaluation period.
- A majority of Southern First Bank's loans are within the bank's assessment area. Approximately 73 percent of the number and 59 percent of the dollar of loans were to borrowers within the bank's assessment area.
- The bank's distribution of loans to borrowers of different income (including low- and moderate-income) levels is reasonable. The bank's distribution of loans to business of different sizes, particularly to small businesses, is good.
- The geographic distribution of loans meets the standard for satisfactory performance.
- Southern First Bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area.
- There have been no complaints with respect to the bank's CRA performance.

Scope of Examination

This Performance Evaluation assesses Southern First Bank N.A. (Southern First) capacity to help meet the credit needs of the community in which it operates. The evaluation period covers the period of May 13, 2002 through December 17, 2007. The primary loan products identified include commercial and residential real estate mortgages (home purchase and refinance). Consumer and agricultural loans is not a primary product and were not reviewed during this evaluation period.

Performance for Southern First was evaluated under the Lending Test and Community Development Test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's community development lending, qualified investment, and community development service activities. For the lending test, we reviewed and evaluated residential real estate mortgage loans that are subject to filing under the Home Mortgage Disclosure Act (HMDA), and small loans to businesses.

For residential lending, we reviewed loans originated between January 1, 2004 and December 31, 2006. For commercial lending, we reviewed small loans to businesses originated between January 1, 2004 and December 17, 2007. A sample of commercial loans was selected for each loan category based on internal bank reports. The time period for the data reviewed is considered representative of lending throughout the evaluation period and reflective of the bank's lending strategy since the last Community Reinvestment Act (CRA) examination. Community development activities were evaluated from January 1, 2004 through December 17, 2007.

We contacted two community organizations in conjunction with our examination. Based on information provided by the contacts, affordable housing for low- and moderate-income individuals and families, affordable housing development financing, and smaller start-up business financing are the pressing needs in the assessment area. The contacts both indicated that the smaller and regional banks in the area are willing to help with financing, and one contact specifically mentioned Southern First as a bank that had provided affordable housing financing in the past. One contact felt that banks in the area could do a better job of offering small business revolving loan programs to benefit small start-up businesses.

Data Integrity

During this examination, the banks publicly filed information on HMDA loans were tested for accuracy. The test included an evaluation of the bank's processes to ensure that the data was reliable. We found that the bank's data was reliable, and relied on that information to perform this evaluation.

Community development loans, investments, and services submitted by bank management were verified to ensure that they met the regulatory definition for community development. Some items submitted by the bank for consideration were excluded from this evaluation because they did not meet the definition or purpose of community development.

Selection of Areas for Full Scope Reviews

The Greenville County MSA (Greenville County) assessment area was selected for a full-scope review. The majority of the bank's lending activity, branches and deposit base is in this assessment area. In addition, three of the four bank branches are in Greenville County. The Columbia MSA (Richland County) assessment area was selected for a limited scope review. The bank has a limited presence in the assessment area in terms of time in operations (5 months), deposit base, lending activity, and branches. Only one bank branch is in Richland County. Refer to the "Description of Institution" section of the disclosure for more information.

Ratings

The bank's overall rating is primarily based on the area that received a full-scope review. In evaluating the bank's lending performance, more weight was placed on small loans to businesses than on HMDA. In terms of individual HMDA products, home improvement loans received the least weight. The weighting is reflective of the bank's volume of various lending products during the evaluation period.

We did not consider the bank's performance in lending for HMDA products in Richland County given the volume of originations was not large enough to conduct a meaningful analysis, which is the result of the bank's limited presence in the assessment area. However, an analysis of the bank's lending to businesses of different sizes in Richland County is warranted as commercial lending is the bank's primary business focus and there were enough loans to sample for a meaningful analysis.

We did not consider the bank's performance in lending for home improvement loans in Greenville County as the volume of originations was not enough to conduct a meaningful analysis. However, an analysis of the bank's lending to borrowers of different income levels for home purchase and refinance, and to businesses of different sizes is warranted because the level of commercial and residential lending.

Description of Institution

Southern First, formerly Greenville First, is an intrastate community bank headquartered in Greenville, South Carolina (SC). The bank has no operating affiliates and is owned by Southern First Bancshares Inc., a one-bank holding company. In addition to the main office, Southern First operates three full service branches and three on-site automatic teller machines in Greenville and Richland counties in SC. Of the four banking offices, three are located in the Greenville-Mauldin-Easley Metropolitan Statistical Area (Greenville MSA), in Greenville County, and one is located in the Columbia MSA, in Richland County. All of the banking offices in Greenville County are located in upper-income census tracts. The banking office in Richland County is located in a moderate-income census tract.

Southern First opened its main office in January 2000 on Haywood Road in Greenville, SC (census tract 18.02). During the evaluation period, the bank opened its first branch office, located on The Parkway in Greer, SC (census tract 28.03), on March 14, 2005 and its second branch office, located on Augusta Street in Greenville, SC (census tract 14.00) on November 4, 2005. In January 2007, Southern First closed its main office location on Haywood Road and relocated it to Verdae Boulevard (census tract 19.00), approximately one mile from the old location. In January 2007, the bank expanded its operations in Richland County and opened a loan production office (LPO) on Lady Street, in Columbia, SC (census tract 16.00). On July 23, 2007, the bank converted the LPO into a branch, which marked the bank's opening of its third branch location. This expansion added seventy-eight census tracts to the bank's assessment area and prompted the bank's new name, Southern First.

Southern First offers a variety of deposit and loan products for businesses and individuals, as described in the CRA public file. The bank's primary market and service area during this evaluation period has been Greenville County, SC. Southern First emphasizes a range of lending services, including real estate, commercial, and equity-line consumer loans to individuals and small- to medium-sized businesses and professional firms. The bank has focused its lending activities primarily on the professional market in Greenville County, including doctors, dentists, and small business owners. This focus is also the same for Richland County.

Southern First offers a full range of deposit services, including checking accounts, commercial checking accounts, savings accounts, and other time deposits of various types, ranging from daily money market accounts to long-term certificates of deposit. The bank also offers other bank services including safe deposit boxes, traveler's checks, direct deposit, United States Savings Bonds, and banking by mail. In addition, it offers telephone and Internet banking services, bill payment services, and cash management services. Additional information about branch locations, products, services and a schedule of fees is available at the bank's website: <http://www.greenvillefirst.com>.

As of September 30, 2007, assets totaled \$614 million. Loans represent the largest portion of assets at \$484 million and consist of 37 percent non-farm and non-residential, 28 percent residential real estate, 17 percent construction and land development, 16 percent commercial and industrial, and 2 percent consumer loans/other. Agricultural lending represents less than one percent of the total loan portfolio; as such, it was not considered during this review. Southern First offers a variety of lending programs with a primary focus on commercial lending, and to a lesser extent, residential real estate lending. Although it does not offer thirty-year term residential real estate mortgages, they offer customers access to non-affiliated mortgage lenders with home mortgage applications processed through the bank. The majority of residential real estate loans originated by the bank were non-owner occupied properties.

There are no financial circumstances or legal impediments, other than legal lending limits, which would adversely impact the bank's ability to meet the credit needs of its assessment area. Southern First's rating at its preceding CRA examination, dated May 13, 2002 was "Satisfactory".

Description of Assessment Areas

Southern First has two assessment areas that include all census tracts in Greenville and Richland Counties (total 168 census tracts). The assessment areas are not contiguous and represent two different MSAs, and cannot be combined for CRA analysis purposes. The main office is located in the Greenville County assessment area. Of the 168 census tracts, 90 census tracts are located in Greenville County which is in the Greenville MSA (MSA #24860). The bank has three branch offices located in Greenville County. The remaining 78 census tracts located in Richland County are located in the Columbia MSA (MSA #17900).

Richland County was added to the bank’s assessment area in July 2007 and there is one branch office. Each assessment area is described in greater detail below. The assessment areas meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. There are no natural boundaries within the AA that hinder accessibility.

Greenville County Assessment Area

Greenville County is located in the northwestern region of SC, approximately midway between Atlanta, Georgia and Charlotte, North Carolina on the I-85 corridor. It is the largest county in SC. The Greenville MSA also includes Laurens and Pickens Counties. The city of Greenville is the county seat, and is the largest city in the assessment area. Greenville County also includes the cities of Greer, Fountain Inn, Mauldin and Simpsonville. Greenville County experienced a rise in population of 19 percent between 1990 and 2000, according to the U.S. Census Bureau data. The Census Bureau estimates the 2006 population at 417,166, a 9.9 percent increase from the 2000 census data. Based upon 2000 census data, approximately 19 percent and 17 percent of the families in the assessment area reside in low- and moderate-income census geographies, respectively.

Primary employment includes manufacturing, government, health, retail, and general services. Major employers include: Greenville Hospital System 7,792 employees; School District of Greenville County 7,207 employees; Michelin North America 4,085 employees; and Generic Electric 2,600 employees, SC State Government 2,584 employees, Fluor Corporation 2,400 employees, and Bon Secours St. Francis Health System 2,132 employees. The average unemployment rate in 2006 as reported by the SC Employment Security Commission was 5.4 percent. As of September 30, 2007, the unemployment rate was reported a 4.9 percent. Refer to the table below for demographic and economic characteristics.

Demographic and Economic Characteristics of Greenville County	
Population	
Total Population	379,616
Number of Families	102,676
Number of Households	149,681
% Owner-Occupied	62.63%
% Occupied Rentals	29.23%
% Vacant	8.14%
Geographies	
Number of Census Tracts	90
% Low-Income Census Tracts (5)	5.56%
% Moderate-Income Census Tracts (24)	26.67%
% Middle-Income Census Tracts (38)	42.22%
% Upper-Income Census Tracts (23)	25.56%
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$52,648
2006 HUD Adjusted MFI for MSA	\$56,500

Economic Indicators	
Unemployment Rate	2.42%
2000 Median Housing Value	\$108,078
% of Households Below Poverty Level	10.64%

Source: 2000 Census Data and HUD updated income data

Greenville County has a highly competitive financial services market. Southern First competes with 29 financial institutions with 157 banking offices, including community and large national/regional financial institutions, savings and loan associations, credit unions and finance companies, as well as mortgage banking firms. Southern First ranks sixth in deposit market share, with approximately four percent of the assessment areas \$9.5 billion in deposits. A community contact characterized the business environment as strong and in a period of growth, but that also necessitates the need for affordable housing for low-to-moderate income individuals and families. Financial needs include affordable housing, funding for the development of affordable housing, and small start-up business lending. Housing needs include financial education and down payment subsidies to help people qualify for home mortgage loans.

Richland County Assessment Area

Richland County is located in the Midlands region of SC and is in the center of the state. It is positioned halfway between New York, New York and Miami, Florida. The county is part of the Columbia MSA and is the second most populous county in SC, behind Greenville County. The Columbia MSA also includes Lexington and Calhoun counties. The county seat is Columbia, which is also the state capital. Richland County contains five municipalities including Columbia, Forest Acres, Irmo, Blythewood, and Eastover.

According to the Census Bureau, Richland County's experienced a considerable rise in population of 12.2 percent between 1990 and 2000. The Census Bureau estimates the 2006 population at 348,226, which represents an 8.6 percent increase from the 2000 census data. Based upon 2000 census data, approximately 21.1 and 17.4 percent of the families reside in low- and moderate-income geographies.

Primary employment includes education and health/social services, retail, and general services. Major employers in Richland County are: Palmetto Health Alliance, 9,000 employees; Richland County School District, 7,550 employees; Blue Cross and Blue Shield of SC, 6,900 employees; University of SC, 4,755 employees; Westinghouse Electric, 1,200 employees; and CSC Corporation 1,100 employees. According to the SC Employment Securities Commission, the unemployment rate is reported at 5.8 percent in 2006. As of September 30, 2007, the unemployment rate was reported at 5.5 percent. Refer to the table below for demographic and economic characteristics.

Demographic and Economic Characteristics of Richland County AA	
Population	
Total Population	320,677
Number of Families	76,746
Number of Households	120,034
% Owner-Occupied	56.83%
% Occupied Rentals	35.70%
% Vacant	7.47%
Geographies	
Number of Census Tracts	78
% Low-Income Census Tracts (9)	11.54%
% Moderate-Income Census Tracts (25)	32.05%
% Middle-Income Census Tracts (23)	29.49%
% Upper-Income Census Tracts (19)	24.36%
% Not Applicable Census Tracts (2)	2.56%
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$51,325
2006 HUD-Adjusted MFI	\$58,900
Economic Indicators	
Unemployment Rate	3.36%
2000 Median Housing Value	\$102,251
% Families Below Poverty Level	13.11%

Source: Source: 2000 Census Data and HUD updated income data

Richland County has a highly competitive financial services market. Southern First competes with 19 financial institutions with 105 banking offices, including commercial banks (community, regional, and national), savings and loan associations, credit unions, as well as mortgage banking firms and finance companies. Southern First entered the Richland County market in July 2007, and as a result, has a very nominal market share as of this evaluation date.

Conclusions with Respect to Performance Tests

The bank's overall CRA performance is satisfactory. The Lending Test and Community Development Test are rated "Satisfactory". The loan-to-deposit ratio is more than reasonable, a majority of loans were made within the two defined assessment areas, and the geographic distribution of loans is good. Lending to businesses of different sizes is good and residential real estate lending to borrowers of different incomes is reasonable. Community development activities demonstrate adequate responsiveness to assessment area needs.

LENDING TEST

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio exceeds the standards for satisfactory performance. Southern First's average LTD since our last CRA examination in May 2002 is 121 percent. This percentage is more than reasonable considering the bank's asset size, financial condition, and lending opportunities in the assessment areas. Although the bank faces strong competition in its assessment areas, none of the bank's competitors are considered similarly situated, particularly in terms of length of time in business and operating history. However, the bank's loan-to-deposit ratio compares favorably to the national group ratio of 88.58 percent as of September 30, 2007.

Lending in Assessment Area

A majority of loans are made within the bank's two assessment areas, and this performance meets the standard for satisfactory performance. A majority of the loans by number were made within the assessment area for each type of loan reviewed. By dollar volume, performance is satisfactory. Performance for each category reviewed is detailed in the following table:

Assessment Lending in Greenville and Richland Counties										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	125	67	61	33	186	28,068	51	26,473	49	54,541
Home Refinance	71	79	19	21	90	16,626	67	8,292	33	24,918
Home Improvement	10	100	0	0	10	2,444	100	0	0	2,444
Small Business	82	75	28	25	110	32,230	62	19,566	38	51,769
Totals	288	73	108	27	396	79,341	59	54,331	41	133,672

Source: Data reported under 2004, 2005, and 2006 HMDA and Sample of Commercial loans

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Southern First's lending to borrowers of different income levels is reasonable and the bank's distribution of loans to small businesses is good. Our analysis is based on a random sample of business loans originated between 2004 and 2007.

Borrower Distribution to Businesses in Greenville County

Our sample of 54 business loans within the Greenville County assessment area noted very few loans with original loan amounts in excess of \$1 million. In addition, 59 percent were for original loan amounts of less than \$250 thousand. A more detailed analysis of that sample shows that 37 loans (69% by number), the borrowing entity had gross revenues under \$1 million. The bank's performance exceeds the standard for satisfactory performance. Refer to the following tables for supporting data.

Borrower Distribution of Loans to Businesses in Greenville County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	64	6	30	100
% of Bank Loans in AA by #	69	31	0	100
% of Bank Loans in AA by \$	71	29	0	100

Source: Sample of Business Loans; Dunn and Bradstreet data.

Borrower Distribution of Loans to Businesses by Loan Size in Greenville County				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	19	35	\$844,556	5
\$100,001 - \$250,000	13	24	\$2,319,363	14
\$250,001 - \$500,000	11	20	\$4,235,313	25
\$500,001 - \$1,000,000	8	15	\$5,604,665	33
Over \$1,000,000	3	6	\$4,162,000	24
Total	54	100	\$17,165,897	100

Source: Sample of Business Loans

Borrower Distribution to Businesses in Richland County

Our sample of 28 loans within the Richland County assessment area noted very few loans with original loan amounts in excess of \$1 million. In addition, 58 percent were for original loan amounts of less than \$250 thousand. A more detailed analysis of that sample shows that on 11 loans (39 percent by number), the borrowing entity had gross revenues under \$1 million. The level of performance is below the assessment area demographic information. Small businesses represent 64 percent of all businesses in the assessment area. The bank's performance is reasonable given competition in the assessment area and limited operating history in Richland County. Refer to the following tables for supporting data.

Borrower Distribution of Loans to Businesses in Richland County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	64	5	30	100
% of Bank Loans in AA by #	39	36	25	100
% of Bank Loans in AA by \$	36	64	0	100

Source: Sample of business loans and Dunn and Bradstreet data.

Borrower Distribution of Loans to Businesses by Loan Size in Richland County				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (000)	Percent of Dollar Volume
\$0 - \$100,000	10	36	\$634	4
\$100,001 - \$250,000	6	21	\$1,196	8
\$250,001 - \$500,000	5	18	\$2,164	14
\$500,001 - \$1,000,000	3	11	\$2,087	14
Over \$1,000,000	4	14	\$8,957	60
Total	28	100	\$15,037	100

Source: Sample of business loans

Borrower Distribution to Different Incomes in Greenville County

Southern First’s distribution of loans to borrowers of different income levels is satisfactory. The percentage of the number of bank loans to low-income borrowers is significantly less than the percentage of low-income families in the assessment area. This low level of penetration is considered reasonable considering that 13 percent of families live below the poverty level and would generally not have the financial capacity to qualify for mortgage loans. The percentage of home purchase and refinance loans, by number, made to moderate-income borrowers is reasonable compared to the percentage of moderate-income families within the assessment area. Refer to the following table for supporting data.

Borrower Distribution of Residential Real Estate Loans in Greenville County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.64	1.09	17.31	6.52	20.74	15.22	43.31	77.17
Home Refinance	18.64	0.00	17.31	11.86	20.74	15.25	43.31	72.88

Source: Data reported under 2004, 2005, and 2006 HMDA & 2000 U.S. Census data

Geographic Distribution of Loans

The geographic distribution of loans meets the standard for satisfactory performance. Performance is good in the Greenville County assessment area. Performance is reasonable and meets the standards for satisfactory performance in the Richland County assessment area given competition in the assessment area and limited operating history in Richland County.

The geographic distribution of small business loans is good. Excellent performance is noted for the Greenville County assessment area as the bank’s penetration of small business loans in the low-income census tracts exceeds the percentage of assessment area businesses located in these tracts. Additionally, the bank’s penetration of small business loans in the moderate-income census tract is reasonable as it is near the percentage of assessment area businesses located in these tracts. Satisfactory performance is noted for the Richland County assessment area. The bank’s penetration of small business loans in the low-income census tracts is significantly below the percentage of assessment area businesses located in these tracts. However, excellent performance in the moderate-income tracts as the bank’s performance significantly exceeds the percentage of assessment area business located in these tracts. Detailed information is displayed in the tables below.

The geographic distribution of residential real estate loans is good given the demographics of the Greenville County assessment area. The level of home purchase lending in low- and moderate-income geographies exceeds and is near to the level of owner-occupied housing in low-and moderate-income geographies, respectively. In contrast, Southern First’s level of refinance lending in low- and moderate-income geographies is significantly lower and below the level of owner-occupied housing in low- and moderate-income geographies, respectively. Detailed information is displayed in the following tables.

Geographic Distribution of Loans to Businesses in Greenville County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	4.78	5.56	15.81	11.11	46.50	42.59	32.91	40.74

Source: Sample of loans & Dunn and Bradstreet data

Geographic Distribution of Loans to Businesses in Richland County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	9.02	3.57	24.42	46.43	29.21	17.86	29.70	21.43

Source: Sample of loans & Dunn and Bradstreet data

Geographic Distribution of Residential Real Estate Loans in Greenville County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.62	1.68	16.25	13.45	47.22	28.57	34.91	56.30
Home Refinance	1.62	0.00	16.25	8.70	47.22	21.74	34.91	69.57

Source: Sample of loans & 2000 U.S. Census data

Responses to Complaints

Southern First has not received any CRA-related complaints since the last CRA examination.

COMMUNITY DEVELOPMENT TEST

Southern First’s performance is rated “Satisfactory”. The bank’s community development performance in both assessment areas demonstrates adequate responsiveness to community development needs through qualified community development lending, investments, and services. Although the bank made a number of contributions and donations to community development organizations, including a certificate of deposit to a community development financial institution, the level of investments is considered low. The bank’s performance in community development investments is mitigated the level and type of community development lending in the assessment area.

Community Development Loans

The level of community development lending is satisfactory. Southern First has demonstrated adequate responsiveness to the community development needs of its assessment areas considering the opportunities. During the evaluation period, the bank funded eight community development loans totaling \$2.9 million. The loans have been responsive to community needs in that they provide funds to construct or maintain affordable housing, as well as medical care facilities for low-to-moderate income individuals and families. The bank’s loans have also provided funding for non-profit organizations that are geared toward community development or community revitalization efforts. The loans for qualifying community development organizations are described below.

- In 2004 and 2005, the bank made two loans totaling \$600 thousand for operating expenses and construction of a facility that will provide care and housing for troubled, abused, and neglected children.

- In 2004 and 2007, the bank funded two loans totaling \$85.5 thousand to an organization that purchases and renovates houses in low- and moderate-income census tracts, which will help to meet the demand for affordable housing. The organization's mission is stabilization and revitalization of the community.
- In 2005, a \$250 thousand loan was made to a non-profit organization that specializes in constructing and rehabbing housing that is affordable to low-to-moderate individuals and families.
- In 2006, a \$700 thousand loan was made to refinance a 5-unit apartment complex to help meet the demand for low- and moderate-income housing. The apartments are rented at rates that low- and moderate-income families could afford.
- In 2006, a \$401 thousand loan was made to a non-profit organization to acquire land to construct affordable housing for low-to-moderate income individuals and families.
- In 2006, the bank made a \$100 thousand working capital line of credit to an organization that provides training, along with safe and affordable housing to homeless persons throughout Greenville County.
- In 2007, the bank funded a community development construction loan in the amount of \$700 thousand to construct a medical care facility. The facility will provide affordable care to developmentally delayed, abused, and neglected children.
- In 2007, a \$100 thousand line of credit for working capital was made to an organization that provides care and housing for chronically ill low-to-moderate income individuals.

Qualified Investments

Given the available community development opportunities and dollar amount of investments in the assessment areas, the bank's qualified investments performance is adequate. During this evaluation period, the bank made 29 qualified community development investments, including grants and donations, totaling \$60 thousand. A significant investment included a \$99 thousand certificate of deposit to a community development financial institution, with the balance of contributions to local community organizations supporting affordable housing, youth programs, homeless centers, and revitalization objectives for low- and moderate-income persons or geographies as well as other community services. These investments are not considered innovative or complex in nature, but are responsive to identified needs in the community.

Community Development Services

Southern First provides a satisfactory level of community development services through its branches, products, and activities that support qualified community development activities. The branch network is the primary delivery system for retail banking services,

and provides reasonable accessibility to banking services including low- and moderate-income individuals. One of the four branches is located in a moderate-income census tract. All of the branches provide similar hours of operation and are located in the bank's assessment areas. Three of the four banking offices have ATMs on-site. Customers can use any ATM and not incur a fee as it is absorbed by the bank. The bank also offers free Internet Banking and bill pay for its customers.

All branches offer a full range of products and services, some of which are particularly beneficial to community development centered organizations. The bank features a checking account for non-profit organizations that require no minimum balance, no service charges or other fees, and pays a higher rate of interest. Southern First typically pays more than one hundred basis points above the rates offered to other customers, which is typically above rates offered by other financial institutions in the assessment area. Additionally, bank management allows community development groups and other non-profit organizations to use the bank's conference rooms as an added service.

During the evaluation period, bank officers and employees provided support to a number of community development organizations in its assessment areas. These organizations focus on affordable housing, community revitalization, and youth groups targeted for low-to-moderate income children. The types of services provided by employees include serving as board members, fund raising committees, and as a member in organizations that provide community services to low- and moderate-income individuals.

Although none of the activities discussed above are considered innovative or complex in nature, they exhibit management's responsiveness to identified needs in the community.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.