

FIRST RELIANCE BANCSHARES INC
Form 10-Q
May 15, 2009

FIRST RELIANCE BANCSHARES, INC.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

(Mark One)

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2009

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number 000-49757

FIRST RELIANCE BANCSHARES, INC.

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

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

80-0030931
(I.R.S. Employer
Identification No.)

2170 West Palmetto Street
Florence, South Carolina 29501
(Address of principal executive
offices, including zip code)

(843) 656-5000
(Issuer's telephone number, including area code)

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

3,587,426 shares of common stock, par value \$0.01 per share, as of April 30, 2009

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No.

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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

FIRST RELIANCE BANCSHARES, INC.

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited)
	Condensed Consolidated Balance Sheets - March 31, 2009 and December 31, 2008
	3
	Condensed Consolidated Statements of Income - Three months ended March 31, 2009 and 2008
	4
	Condensed Consolidated Statements of Shareholders' Equity and Comprehensive Income - Three months ended March 31, 2009 and 2008
	5
	Condensed Consolidated Statements of Cash Flows - Three months ended March 31, 2009 and 2008
	6
	Notes to Condensed Consolidated Financial Statements
	7-12
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
	13-28
Item 3.	Quantitative and Qualitative Disclosure About Market Risk
	29
Item 4.	Controls and Procedures
	29
PART II. OTHER INFORMATION	
Item 1.	Legal Proceedings
	30
Item 1A.	Risk Factors
	30
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds
	30
Item 3.	Defaults Upon Senior Securities
	30
Item 4.	Submission of Matters to a Vote of Security Holders
	31
Item 5.	Other Information
	31
Item 6.	Exhibits
	31

FIRST RELIANCE BANCSHARES, INC.

Condensed Consolidated Balance Sheets

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
Assets		
Cash and cash equivalents:		
Cash and due from banks	\$ 31,683,883	\$ 5,451,607
Federal funds sold	-	257,000
Total cash and cash equivalents	31,683,883	5,708,607
Investment securities:		
Securities available-for-sale	73,593,711	76,310,816
Nonmarketable equity securities	5,284,600	4,574,700
Total investment securities	78,878,311	80,885,516
Mortgage loans held for sale	24,250,382	9,589,081
Loans receivable	464,124,999	468,990,202
Less allowance for loan losses	(7,331,051)	(8,223,899)
Loans, net	456,793,948	460,766,303
Premises and equipment, net	26,462,326	28,612,022
Accrued interest receivable	2,462,465	2,653,260
Other real estate owned	1,423,582	379,950
Cash surrender value life insurance	11,091,634	10,986,484
Other assets	4,354,994	3,852,660
Total assets	\$ 637,401,525	\$ 603,433,883
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing transaction accounts	\$ 48,085,212	\$ 39,467,609
Interest-bearing transaction accounts	34,414,993	34,708,951
Savings	85,396,666	110,629,005
Time deposits \$100,000 and over	190,458,083	137,444,867
Other time deposits	143,596,606	138,884,952
Total deposits	501,951,560	461,135,384
Securities sold under agreement to repurchase	864,994	8,197,451
Advances from Federal Home Loan Bank	69,500,000	78,000,000
Note payable	-	6,950,000
Junior subordinated debentures	10,310,000	10,310,000
Accrued interest payable	610,924	623,330
Other liabilities	1,205,844	791,960
Total liabilities	584,443,322	566,008,125
Shareholders' Equity		

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

Preferred stock, no par value, authorized 10,000,000 shares:

Series A cumulative perpetual preferred stock 15,349 and 0 shares issued and
outstanding at March 31, 2009 and December 31, 2008, respectively

14,389,600

-

Series B cum