

FIRST RELIANCE BANCSHARES INC
Form 10QSB
May 16, 2005
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM 10-QSB

(Mark One)

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

For the Quarterly Period Ended March 31, 2005

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)

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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:

3,229,369 shares of common stock, par value \$0.01 per share, as of April 30, 2005

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

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	March 31,	December 31,
	2005	2004
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents:		
Cash and due from banks	\$ 5,972,453	\$ 3,803,535
Federal funds sold	7,595,000	1,042,000
Total cash and cash equivalents	13,567,453	4,845,535
Securities available-for-sale	28,142,501	28,567,666
Nonmarketable equity securities	2,469,600	1,714,700
Total investment securities	30,612,101	30,282,366
Loans held for sale	1,331,952	1,332,890
Loans receivable	275,681,928	238,362,092
Less allowance for loan losses	(2,954,120)	(2,758,225)
Loans, net	272,727,808	235,603,867
Premises and equipment, net	7,159,172	5,891,402
Accrued interest receivable	1,500,645	1,458,673
Other real estate owned	342,509	320,598
Cash surrender value life insurance	3,451,582	3,415,582
Other assets	1,877,637	1,819,970
Total assets	\$ 332,570,859	\$ 284,970,883
Liabilities and Shareholders Equity		
Liabilities		
Deposits		
Noninterest-bearing transaction accounts	\$ 31,877,012	\$ 27,560,581
Interest-bearing transaction accounts	17,380,363	15,525,590
Savings	64,522,914	46,299,198
Time deposits \$100,000 and over	96,003,028	93,975,912
Other time deposits	51,299,038	42,132,546
Total deposits	261,082,355	225,493,827
Securities sold under agreement to repurchase	3,195,332	3,061,903
Advances from Federal Home Loan Bank	39,000,000	27,900,000
Accrued interest payable	689,868	742,017
Other liabilities	993,355	414,487

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Total liabilities	304,960,910	257,612,234
Shareholders Equity		
Common stock, \$0.01 par value; 20,000,000 shares authorized, 3,229,369 and 3,203,942 shares issued and outstanding at March 31, 2005 and December 31, 2004, respectively	32,294	32,039
Capital surplus	23,597,787	23,428,034
Treasury stock	(9,896)	(7,396)
Retained earnings	4,049,900	3,664,301
Accumulated other comprehensive income (loss)	(60,136)	241,671
Total shareholders equity	27,609,949	27,358,649
Total liabilities and shareholders equity	\$ 332,570,859	\$ 284,970,883

See notes to condensed consolidated financial statements.

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	Three Months Ended	
	March 31,	
	2005	2004
Interest income		
Loans, including fees	\$ 4,305,702	\$ 2,356,597
Investment securities		
Taxable	194,124	190,413
Nontaxable	125,971	101,147
Federal funds sold and other	7,713	1,395
Total	4,632,970	2,649,552
Interest expense		
Deposits	1,337,825	651,697
Advances from Federal Home Loan Bank	239,502	117,958
Federal funds purchased and securities sold under agreements to repurchase	15,135	5,188
Total	1,592,462	774,843
Net interest income	3,040,508	1,874,709
Provision for loan losses	172,552	109,928
Net interest income after provision for loan losses	2,867,956	1,764,781
Noninterest income		
Residential mortgage origination fees	152,774	99,005
Service charges on deposit accounts	328,605	248,387
Brokerage fees	31,002	30,297
Gain (loss) on sale of other real estate	(30,025)	
Credit life insurance commissions	7,661	22,879
Other charges, commissions and fees	115,493	90,374
Total	605,510	490,942
Noninterest expenses		
Salaries and benefits	1,706,080	1,071,596
Occupancy expense	158,395	76,857
Furniture and equipment expense	174,218	143,488
Other operating expenses	876,265	503,361

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Total	2,914,958	1,795,302
Income before taxes	558,508	460,421
Income tax provision	172,909	139,247
Net income	\$ 385,599	\$ 321,174
Basic earnings per share	\$.12	\$.13
Diluted earnings per share	\$.11	\$.13

See notes to condensed consolidated financial statements.

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FIRST RELIANCE BANCSHARES, INC.

Condensed Consolidated Statements of Shareholders Equity and Comprehensive Income

For the Three Months Ended March 31, 2005 and 2004

(Unaudited)

	Common Stock			Treasury stock	Retained earnings	Accumulated	Total
	Shares	Amount	Capital surplus			other	
						comprehensive income	
Balance, December 31, 2003	2,466,660	\$ 24,667	\$ 15,106,070	\$	\$ 2,325,602	\$ 246,300	\$ 17,702,639
Net income					321,174		321,174
Other comprehensive income, net of tax expense of \$93,926						182,329	182,329
Comprehensive income							503,503
Issuance of stock	27,900	279	265,607				265,886
Balance, March 31, 2004	\$ 2,494,560	\$ 24,946	\$ 15,371,677	\$	\$ 2,646,776	\$ 428,629	\$ 18,472,028
Balance, December 31, 2004	\$ 3,203,942	\$ 32,039	\$ 23,428,034	\$ (7,396)	\$ 3,664,301	\$ 241,671	\$ 27,358,649
Net income					385,599		385,599
Other comprehensive loss, net of tax benefit of (\$155,474)						(301,807)	(301,807)
Comprehensive income							83,792
Issuance of shares to ESOP	5,427	55	69,953				70,008