



Southern First Bancshares, Inc. RISK COMMITTEE CHARTER

PURPOSE

The Risk Committee (the “Committee”) is responsible for providing assistance to the Board of Directors (the “Board”) in fulfilling its responsibility to Southern First Bancshares, Inc. and Southern First Bank (collectively, the “Company”) and its shareholders by identifying, assessing, and monitoring key business risks, including regulatory compliance risks, that could impact the operations and results of the Company and/or its divisions, affiliates and subsidiaries.

While the Committee oversees and reviews the Company’s risk functions to monitor key business and regulatory compliance risks, management is ultimately responsible for designing, implementing, and maintaining an effective risk management program to identify, plan for, and respond to the Company’s material risks. The Committee also acknowledges that the Audit Committee of the Board is primarily responsible for certain risks, including accounting and financial reporting. Although the Committee does not have primary responsibility for the risks which are subject to the jurisdiction of the Audit Committee, it is anticipated that, on occasion, certain results from audit functions will be requested by the Committee.

The Committee is responsible for assisting the Board in overseeing the Company’s risk management function consistent with its strategy and risk appetite, including oversight of its policies and its infrastructure for monitoring capital adequacy, market/earnings risk, credit risk, liquidity risk, compliance/regulatory risk, reputation/strategic risk and operational risk.

COMPOSITION OF THE COMMITTEE

The Committee will consist of three or more members of the Board, all of whom shall be independent from management, the members and chair of the Committee shall be appointed by the Board upon the recommendation of the Nominating Committee. If the chair is not present or designated, the members of the Nominating Committee may designate a chair by majority vote.

The Committee membership shall consist of directors that the Board deems to have appropriate backgrounds and experience to discharge the oversight responsibilities of the Committee, and Committee membership shall meet any applicable regulatory or legal requirements regarding expertise and other qualifications.

The Chair shall preside at all meetings of the Committee and shall set the agenda. In the absence of the chair at a duly convened meeting, the Committee shall select another member of the Committee to serve as chair of the meeting by majority vote of the Committee members in attendance.

The Chair shall report regularly to the Board summarizing the Committee’s actions and any significant issues considered by the Committee.

MEETINGS AND OPERATIONS

The Committee shall meet at least four times annually, or more frequently as circumstances may dictate. The Chair or at least two other members of the Committee have the authority to call meetings of the Committee. Members may attend meetings in person or via teleconference.

The presence of a majority of the members of the Committee shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of members of the Committee present is the act of the Committee. The Committee may take any action without a meeting if all members of the Committee execute one or more written consents setting forth the action.

The Committee may invite to its meetings any other director of the Company, member of the Company's management, or such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

The meeting agenda will be supported by meeting minutes circulated to all Committee members, which such minutes will document the Committee's risk management decisions. The agenda for each Committee meeting shall allow time during which the Committee can meet separately with management or other persons and discuss any matters the Committee or these groups believe should be discussed. In addition, members of the Committee may meet in executive session without members of management as often as deemed appropriate. The Chair shall have the sole authority to call the Committee into executive session, provided that any member of the Committee may request that the Chair call an executive session subject to the Chair's discretion.

The Committee shall have full access to any relevant records of the Company and have the power and authority to obtain, at its discretion, advice and assistance from internal or external financial, legal, accounting, or other advisers. The Committee shall have sole authority to hire and compensate external advisors at the Company's expense. The Company shall provide appropriate funding for the payment of administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may form, and delegate authority to, subcommittees comprised of at least two members of the Committee, as appropriate. Each subcommittee shall have the full power and authority of the Committee, as to matters delegated.

RESPONSIBILITIES AND DUTIES

In such a manner as the Committee deems appropriate to fulfill its purposes, the Committee shall:

- A. Assist in maintaining a risk culture that promotes the open discussion and proactive management of risk.
- B. Approve the Company's risk management framework consistent with its strategy and risk appetite and oversee its operation by periodically reviewing and evaluating the adequacy and effectiveness of such framework.
- C. Review and recommend to the Board the establishment of the Company's overall risk tolerance and risk appetite presented by the Management EPTRC Committee.

- D. Review and discuss the Management EPTRC Committee's assessment of the Company's aggregate enterprise-wide risk profile and the alignment of the Company's risk profile with the Company's risk appetite and strategic plan, goals, and objectives.
- E. Review, discuss, and inventory the Company's major risk exposures and review the steps the Management EPTRC Committee has taken to identify, assess, monitor, and control such exposures.
- F. Review the independence, authority, and adequacy of the risk management function and seek to ensure that senior level risk management officers have sufficient stature, authority, seniority, and resources to carry out risk-related responsibilities.
- G. Review and oversee matters of material non-financial compliance, including, without limitation, the Company's overall legal and regulatory compliance programs, policies and procedures; significant legal or regulatory compliance exposure; and material reports or inquiries from regulators or government agencies.
- H. Monitor the Company's efforts to implement non-financial compliance programs, policies and procedures that respond to the various compliance and regulatory risks facing the Company.
- I. Subject to the Audit Committee's role with regard to financial noncompliance or potential noncompliance, provide oversight of investigations of (a) any significant instances of noncompliance with the Company's compliance programs, policies, procedures and applicable laws and regulations or (b) potential compliance violations reported to the Committee.
- J. Subject to the Audit Committee's role with regard to financial matters, oversee the review of and response to complaints received internally and externally.
- K. Review no less than annually and update as necessary and approve (or recommend approval thereof by the Board, as applicable) the Company's risk management and compliance programs, policies and procedures.
- L. Evaluate no less than annually (a) the adequacy of compliance staffing for the functional departments within the Company and (b) reporting chains in order to provide a protected channel for reporting compliance-related concerns to the appropriate Board committee.
- M. As necessary or advisable, or as may be required to carry out statutory, regulatory, or other responsibilities, coordinate and share information with, or receive information from, other Board committees and executive management.
- N. Review the Company's disclosure of risk factors in filings with the Securities and Exchange Commission (including, without limitation, the Company's Annual Report on Form 10-K).
- O. Establish and review a calendar of events to ensure all Committee requirements are performed within the allotted timeframes.
- P. Carry out additional duties that may be delegated to it by the Board from time to time.
- Q. In discharging its risk oversight responsibilities, the Committee will meet periodically with non-risk members of Management and/or other industry experts as needed.

Responsibilities listed in this Charter should serve as a guide, with the understanding that such responsibilities shall be consistent with the Bylaws and (i) the Committee may perform additional functions and adopt additional policies and procedures as it may deem to be appropriate in light of changing business, legislative, regulatory, legal, or other conditions, (ii) the Committee is not intended to duplicate the risk management oversight provided by other Board committees (including, without limitation, the Audit Committee, the Compensation Committee, and Nominating Committee), and (iii) while the Committee provides oversight of certain aspects of the Company's risk management, management is responsible for the day-to-day risk management processes.

RELIANCE ON OTHER PARTIES

In the performance of their responsibilities, Committee members are entitled to rely in good faith upon information, opinions, reports, or statements prepared or presented by:

- A. one or more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matter presented;
- B. counsel, independent accountants and auditors, or other persons as to matters that the Committee member reasonably believes to be with the professional or expert competence of such person; and
- C. another committee of the Board as to matters within its designated authority which committee the Committee members reasonably believe to merit confidence.

ANNUAL REVIEW

The Committee shall annually review and assess the adequacy of its Charter and recommend changes to the Board. The Board may amend this Charter from time to time by action at any meeting, or by unanimous written consent.

The Committee shall conduct an annual performance evaluation of the Committee, which shall, among other things, compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall be conducted in such manner as the Committee deems appropriate and the Committee shall report the evaluation results to the Board.