



## Southern First Reports Results for First Quarter 2021

**Greenville, South Carolina, April 27, 2021** – Southern First Bancshares, Inc. (**NASDAQ: SFST**), holding company for Southern First Bank, today announced its financial results for the three-month period ended March 31, 2021.

“We are off to a strong start in 2021 with record earnings for the first quarter,” stated Art Seaver, the company’s Chief Executive Officer. “I am proud of our team for continuing to provide a distinguishing value to our clients and for the impressive growth on both sides of our balance sheet. Our mortgage team had another excellent quarter, and we are excited about our overall performance.”

### 2021 First Quarter Highlights

- **Net income improved to \$10.4 million, a 266.0% increase over Q1 2020**
- **Diluted earnings per common share improved to \$1.31 per share, a 263.9% increase over Q1 2020**
- **Total loans increased 7.6% to \$2.2 billion at Q1 2021, compared to \$2.0 billion at Q1 2020**
- **Total deposits increased 11.5% to \$2.3 billion at Q1 2021, compared to \$2.0 billion at Q1 2020**
- **Net interest margin improved to 3.60%, compared to 3.43% for Q1 2020**

|                                                                   | Quarter Ended    |                     |                      |                 |                  |
|-------------------------------------------------------------------|------------------|---------------------|----------------------|-----------------|------------------|
|                                                                   | March 31<br>2021 | December 31<br>2020 | September 30<br>2020 | June 30<br>2020 | March 31<br>2020 |
| <b>Earnings</b> (\$ in thousands, except per share data):         |                  |                     |                      |                 |                  |
| Net income available to common shareholders                       | \$ 10,366        | 8,601               | 2,217                | 4,678           | 2,832            |
| Earnings per common share, diluted                                | 1.31             | 1.10                | 0.28                 | 0.60            | 0.36             |
| Total revenue <sup>(1)</sup>                                      | 27,177           | 27,947              | 28,221               | 28,981          | 22,014           |
| Net interest margin (tax-equivalent) <sup>(2)</sup>               | 3.60%            | 3.55%               | 3.52%                | 3.42%           | 3.43%            |
| Return on average assets <sup>(3)</sup>                           | 1.68%            | 1.38%               | 0.36%                | 0.77%           | 0.51%            |
| Return on average equity <sup>(3)</sup>                           | 18.22%           | 15.51%              | 4.03%                | 8.78%           | 5.42%            |
| Efficiency ratio <sup>(4)</sup>                                   | 52.11%           | 52.04%              | 50.26%               | 43.63%          | 56.20%           |
| Noninterest expense to average assets <sup>(3)</sup>              | 2.30%            | 2.36%               | 2.34%                | 2.09%           | 2.23%            |
| <b>Balance Sheet</b> (\$ in thousands):                           |                  |                     |                      |                 |                  |
| Total loans <sup>(5)</sup>                                        | \$ 2,183,682     | 2,142,867           | 2,078,540            | 2,036,801       | 2,030,261        |
| Total deposits                                                    | 2,258,751        | 2,142,758           | 2,181,056            | 2,188,643       | 2,025,698        |
| Core deposits <sup>(6)</sup>                                      | 2,161,759        | 2,011,903           | 2,011,919            | 1,991,005       | 1,804,027        |
| Total assets                                                      | 2,579,922        | 2,482,587           | 2,479,411            | 2,482,295       | 2,372,249        |
| Loans to deposits                                                 | 96.68%           | 100.01%             | 95.30%               | 93.06%          | 100.23%          |
| <b>Holding Company Capital Ratios<sup>(7)</sup>:</b>              |                  |                     |                      |                 |                  |
| Total risk-based capital ratio                                    | 14.82%           | 14.40%              | 14.15%               | 13.76%          | 13.59%           |
| Tier 1 risk-based capital ratio                                   | 12.43%           | 11.99%              | 11.73%               | 11.37%          | 11.29%           |
| Leverage ratio                                                    | 10.12%           | 9.70%               | 9.47%                | 9.38%           | 10.00%           |
| Common equity tier 1 ratio <sup>(8)</sup>                         | 11.79%           | 11.34%              | 11.07%               | 10.72%          | 10.63%           |
| Tangible common equity <sup>(9)</sup>                             | 9.28%            | 9.20%               | 8.82%                | 8.71%           | 8.87%            |
| <b>Asset Quality Ratios:</b>                                      |                  |                     |                      |                 |                  |
| Nonperforming assets/ total assets                                | 0.30%            | 0.37%               | 0.42%                | 0.36%           | 0.42%            |
| Classified assets/tier one capital plus allowance for loan losses | 14.42%           | 8.18%               | 7.00%                | 7.51%           | 7.99%            |
| Loans 30 days or more past due                                    | 0.12%            | 0.17%               | 0.26%                | 0.40%           | 0.60%            |
| Net charge-offs/average loans <sup>(5)</sup> (YTD annualized)     | 0.07%            | 0.10%               | 0.11%                | 0.12%           | 0.04%            |
| Allowance for loan losses/loans <sup>(5)</sup>                    | 1.99%            | 2.06%               | 2.03%                | 1.55%           | 1.11%            |
| Allowance for loan losses/nonaccrual loans                        | 557.47%          | 547.14%             | 482.43%              | 350.74%         | 226.14%          |

[Footnotes to table located on page 6]

## INCOME STATEMENTS – Unaudited

|                                                     | Quarter Ended  |                |                 |                |                |
|-----------------------------------------------------|----------------|----------------|-----------------|----------------|----------------|
|                                                     | Mar 31<br>2021 | Dec 31<br>2020 | Sept 30<br>2020 | Jun 30<br>2020 | Mar 31<br>2020 |
| (in thousands, except per share data)               |                |                |                 |                |                |
| <b>Interest income</b>                              |                |                |                 |                |                |
| Loans                                               | \$ 22,465      | 23,171         | 23,042          | 23,554         | 23,367         |
| Investment securities                               | 301            | 325            | 310             | 384            | 396            |
| Federal funds sold                                  | 47             | 51             | 63              | 53             | 103            |
| Total interest income                               | 22,813         | 23,547         | 23,415          | 23,991         | 23,866         |
| <b>Interest expense</b>                             |                |                |                 |                |                |
| Deposits                                            | 1,155          | 1,861          | 2,393           | 3,627          | 5,174          |
| Borrowings                                          | 385            | 383            | 385             | 590            | 594            |
| Total interest expense                              | 1,540          | 2,244          | 2,778           | 4,217          | 5,768          |
| Net interest income                                 | 21,273         | 21,303         | 20,637          | 19,774         | 18,098         |
| Provision for loan losses                           | (300)          | 2,300          | 11,100          | 10,200         | 6,000          |
| Net interest income after provision for loan losses | 21,573         | 19,003         | 9,537           | 9,574          | 12,098         |
| <b>Noninterest income</b>                           |                |                |                 |                |                |
| Mortgage banking income                             | 4,633          | 5,064          | 6,277           | 5,776          | 2,668          |
| Service fees on deposit accounts                    | 185            | 190            | 211             | 197            | 262            |
| ATM and debit card income                           | 470            | 483            | 465             | 394            | 398            |
| Income from bank owned life insurance               | 267            | 281            | 270             | 270            | 270            |
| Loss on extinguishment of debt                      | -              | -              | -               | (37)           | -              |
| Net lender fees on PPP loan sale                    | -              | -              | -               | 2,247          | -              |
| Other income                                        | 349            | 626            | 361             | 360            | 318            |
| Total noninterest income                            | 5,904          | 6,644          | 7,584           | 9,207          | 3,916          |
| <b>Noninterest expense</b>                          |                |                |                 |                |                |
| Compensation and benefits                           | 6,683          | 6,836          | 6,666           | 6,394          | 6,390          |
| Mortgage production costs                           | 2,867          | 3,057          | 2,666           | 2,368          | 1,807          |
| Occupancy                                           | 1,637          | 1,596          | 1,601           | 1,496          | 1,533          |
| Other real estate owned expenses                    | 387            | 550            | 673             | -              | -              |
| Outside service and data processing costs           | 1,142          | 1,052          | 1,046           | 1,055          | 1,070          |
| Insurance                                           | 301            | 385            | 377             | 298            | 320            |
| Professional fees                                   | 421            | 501            | 395             | 475            | 400            |
| Marketing                                           | 182            | 146            | 165             | 86             | 230            |
| Other                                               | 542            | 421            | 594             | 472            | 622            |
| Total noninterest expenses                          | 14,162         | 14,544         | 14,183          | 12,644         | 12,372         |
| Income before provision for income taxes            | 13,315         | 11,103         | 2,938           | 6,137          | 3,642          |
| <b>Income tax expense</b>                           | 2,949          | 2,502          | 721             | 1,459          | 810            |
| <b>Net income available to common shareholders</b>  | \$ 10,366      | 8,601          | 2,217           | 4,678          | 2,832          |
| Earnings per common share – Basic                   | \$ 1.33        | 1.11           | 0.29            | 0.61           | 0.37           |
| Earnings per common share – Diluted                 | 1.31           | 1.10           | 0.28            | 0.60           | 0.36           |
| Basic weighted average common shares                | 7,807          | 7,741          | 7,732           | 7,722          | 7,679          |
| Diluted weighted average common shares              | 7,941          | 7,836          | 7,815           | 7,819          | 7,827          |

[Footnotes to table located on page 6]

Net income for the first quarter of 2021 was \$10.4 million, or \$1.31 per diluted share, a \$1.8 million increase from the fourth quarter of 2020 and a \$7.5 million increase from the first quarter of 2020. Net interest income decreased \$30 thousand for the first quarter of 2021, compared with the fourth quarter of 2020, and increased \$3.2 million, or 17.5%, compared to the first quarter of 2020. While our interest expense continues to decrease compared to the prior periods, our interest income has also been reduced due to lower market rates.

The provision for loan losses decreased \$2.6 million, resulting in a negative provision of \$300 thousand for the first quarter of 2021, compared to \$2.3 million for the fourth quarter of 2020 and \$6.0 million for the first quarter of 2020. The negative provision for the first quarter of 2021 was driven by a reduction in qualitative adjustment factors related to improvement in the economic and business conditions at both the national and regional levels as of March 31, 2021, partially offset by

downgrades in our hotel loan portfolio as we believe the tourism and hospitality industry remains at risk for credit losses due to the COVID-19 pandemic.

Noninterest income totaled \$5.9 million for the first quarter of 2021, a \$740 thousand decrease from the fourth quarter of 2020 and a \$2.0 million increase from the first quarter of 2020. As the largest component of our noninterest income, mortgage banking income was the driving factor in the change in noninterest income from the prior quarter and the prior year.

Noninterest expense for the first quarter of 2021 decreased \$382 thousand compared with the fourth quarter of 2020 and increased \$1.8 million compared with the first quarter of 2020. The variances from the prior quarter and prior year were driven by mortgage production costs and other real estate owned expenses.

Our effective tax rate was 22.1% for the first quarter of 2021, 22.5% for the fourth quarter of 2020, and 22.2% for the first quarter of 2020. The lower tax rate this quarter relates to the favorable tax impact of stock option transactions during the quarter.

#### NET INTEREST INCOME AND MARGIN - Unaudited

|                                                  | March 31, 2021     |                    |                               | December 31, 2020  |                    |                               | For the Three Months Ended<br>March 31, 2020 |                    |                               |
|--------------------------------------------------|--------------------|--------------------|-------------------------------|--------------------|--------------------|-------------------------------|----------------------------------------------|--------------------|-------------------------------|
|                                                  | Average<br>Balance | Income/<br>Expense | Yield/<br>Rate <sup>(3)</sup> | Average<br>Balance | Income/<br>Expense | Yield/<br>Rate <sup>(3)</sup> | Average<br>Balance                           | Income/<br>Expense | Yield/<br>Rate <sup>(3)</sup> |
| (dollars in thousands)                           |                    |                    |                               |                    |                    |                               |                                              |                    |                               |
| <b>Interest-earning assets</b>                   |                    |                    |                               |                    |                    |                               |                                              |                    |                               |
| Federal funds sold and interest-bearing deposits | \$ 89,522          | \$ 47              | 0.21%                         | \$ 112,473         | \$ 51              | 0.18%                         | \$ 46,101                                    | \$ 103             | 0.90%                         |
| Investment securities, taxable                   | 85,136             | 245                | 1.17%                         | 83,260             | 273                | 1.30%                         | 66,640                                       | 381                | 2.30%                         |
| Investment securities, nontaxable <sup>(2)</sup> | 11,000             | 73                 | 2.68%                         | 9,311              | 68                 | 2.89%                         | 3,815                                        | 19                 | 2.05%                         |
| Loans <sup>(10)</sup>                            | 2,209,569          | 22,465             | 4.12%                         | 2,182,619          | 23,171             | 4.22%                         | 2,003,554                                    | 23,367             | 4.69%                         |
| Total interest-earning assets                    | 2,395,227          | 22,830             | 3.87%                         | 2,387,663          | 23,563             | 3.93%                         | 2,120,110                                    | 23,870             | 4.53%                         |
| Noninterest-earning assets                       | 101,932            |                    |                               | 90,519             |                    |                               | 111,338                                      |                    |                               |
| Total assets                                     | \$2,497,159        |                    |                               | \$2,478,182        |                    |                               | \$2,231,448                                  |                    |                               |
| <b>Interest-bearing liabilities</b>              |                    |                    |                               |                    |                    |                               |                                              |                    |                               |
| NOW accounts                                     | \$ 280,737         | 46                 | 0.07%                         | \$ 276,780         | 42                 | 0.06%                         | \$ 227,688                                   | 168                | 0.30%                         |
| Savings & money market                           | 1,084,467          | 586                | 0.22%                         | 1,058,573          | 903                | 0.34%                         | 956,588                                      | 3,369              | 1.42%                         |
| Time deposits                                    | 213,378            | 523                | 0.99%                         | 260,579            | 916                | 1.40%                         | 329,664                                      | 1,637              | 2.00%                         |
| Total interest-bearing deposits                  | 1,578,582          | 1,155              | 0.30%                         | 1,595,932          | 1,861              | 0.46%                         | 1,513,940                                    | 5,174              | 1.37%                         |
| FHLB advances and other borrowings               | 2,809              | 5                  | 0.72%                         | 272                | -                  | -                             | 43,470                                       | 158                | 1.46%                         |
| Subordinated debentures                          | 36,008             | 380                | 4.28%                         | 35,981             | 383                | 4.23%                         | 35,900                                       | 436                | 4.88%                         |
| Total interest-bearing liabilities               | 1,617,399          | 1,540              | 0.39%                         | 1,632,185          | 2,244              | 0.55%                         | 1,593,310                                    | 5,768              | 1.46%                         |
| Noninterest-bearing liabilities                  | 648,969            |                    |                               | 625,422            |                    |                               | 427,992                                      |                    |                               |
| Shareholders' equity                             | 230,791            |                    |                               | 220,575            |                    |                               | 210,146                                      |                    |                               |
| Total liabilities and shareholders' equity       | \$2,497,159        |                    |                               | \$2,478,182        |                    |                               | \$2,231,448                                  |                    |                               |
| Net interest spread                              |                    |                    | 3.48%                         |                    |                    | 3.38%                         |                                              |                    | 3.07%                         |
| Net interest income (tax equivalent) / margin    |                    | \$21,290           | 3.60%                         |                    | \$21,319           | 3.55%                         |                                              | \$18,102           | 3.43%                         |
| Less: tax-equivalent adjustment <sup>(2)</sup>   |                    | 17                 |                               |                    | 16                 |                               |                                              | 4                  |                               |
| Net interest income                              |                    | \$21,273           |                               |                    | \$21,303           |                               |                                              | \$18,098           |                               |

[Footnotes to table located on page 6]

Net interest income was \$21.3 million for the first quarter of 2021, a slight decrease from the fourth quarter of 2020, resulting from a \$733 thousand decrease in interest income, on a tax-equivalent basis, partially offset by a \$704 thousand decrease in interest expense. The decrease in interest income was driven by a reduction in yield on our interest-earning assets, while the decrease in interest expense was driven by a reduction in cost of our interest-bearing deposits. In comparison to the first quarter of 2020, net interest income increased \$3.2 million resulting primarily from lower deposit costs, partially offset by lower yields on interest-earning assets. Our net interest margin, on a tax-equivalent basis, was 3.60% for the first quarter of 2021, a five-basis point increase from 3.55% for the fourth quarter of 2020 and a 17-basis point increase from 3.43% for the first quarter of 2020. Reduced rates on our interest-bearing liabilities, partially offset by lower yields on our interest-earning assets resulted in the improvement to the net interest margin during the first quarter of 2021.

## BALANCE SHEETS - Unaudited

|                                                                 | Ending Balance |             |              |           |           |
|-----------------------------------------------------------------|----------------|-------------|--------------|-----------|-----------|
|                                                                 | March 31       | December 31 | September 30 | June 30   | March 31  |
| (in thousands, except per share data)                           | 2021           | 2020        | 2020         | 2020      | 2020      |
| <b>Assets</b>                                                   |                |             |              |           |           |
| Cash and cash equivalents:                                      |                |             |              |           |           |
| Cash and due from banks                                         | \$ 12,621      | 12,920      | 14,916       | 47,292    | 17,521    |
| Federal funds sold                                              | 68,456         | 66,023      | 83,106       | 87,743    | 40,277    |
| Interest-bearing deposits with banks                            | 74,268         | 21,744      | 64,893       | 103,371   | 83,314    |
| Total cash and cash equivalents                                 | 155,345        | 100,687     | 162,915      | 238,406   | 141,112   |
| Investment securities:                                          |                |             |              |           |           |
| Investment securities available for sale                        | 92,997         | 94,729      | 87,991       | 70,997    | 70,507    |
| Other investments                                               | 1,770          | 3,635       | 2,589        | 2,610     | 5,341     |
| Total investment securities                                     | 94,767         | 98,364      | 90,580       | 73,607    | 75,848    |
| Mortgage loans held for sale                                    | 57,073         | 60,257      | 63,823       | 44,169    | 34,948    |
| Loans <sup>(5)</sup>                                            | 2,183,682      | 2,142,867   | 2,078,540    | 2,036,801 | 2,030,261 |
| Less allowance for loan losses                                  | (43,499)       | (44,149)    | (42,219)     | (31,602)  | (22,462)  |
| Loans, net                                                      | 2,140,183      | 2,098,718   | 2,036,321    | 2,005,199 | 2,007,799 |
| Bank owned life insurance                                       | 48,869         | 41,102      | 40,821       | 40,551    | 40,281    |
| Property and equipment, net                                     | 61,710         | 60,236      | 61,386       | 61,344    | 58,656    |
| Deferred income taxes                                           | 9,813          | 9,518       | 6,510        | 4,017     | 4,087     |
| Other assets                                                    | 12,162         | 13,705      | 17,055       | 15,002    | 9,518     |
| Total assets                                                    | \$ 2,579,922   | 2,482,587   | 2,479,411    | 2,482,295 | 2,372,249 |
| <b>Liabilities</b>                                              |                |             |              |           |           |
| Deposits                                                        | \$ 2,258,751   | 2,142,758   | 2,181,056    | 2,188,643 | 2,025,698 |
| Federal Home Loan Bank advances                                 | -              | 25,000      | -            | -         | 65,000    |
| Subordinated debentures                                         | 36,025         | 35,998      | 35,971       | 35,944    | 35,917    |
| Other liabilities                                               | 45,624         | 50,537      | 43,635       | 41,554    | 35,159    |
| Total liabilities                                               | 2,340,400      | 2,254,293   | 2,260,662    | 2,266,141 | 2,161,774 |
| <b>Shareholders' equity</b>                                     |                |             |              |           |           |
| Preferred stock - \$.01 par value; 10,000,000 shares authorized | -              | -           | -            | -         | -         |
| Common Stock - \$.01 par value; 10,000,000 shares authorized    | 79             | 78          | 77           | 77        | 77        |
| Nonvested restricted stock                                      | (1,075)        | (698)       | (989)        | (1,001)   | (1,105)   |
| Additional paid-in capital                                      | 111,181        | 108,831     | 108,337      | 108,031   | 107,529   |
| Accumulated other comprehensive income (loss)                   | (90)           | 1,023       | 865          | 805       | 410       |
| Retained earnings                                               | 129,427        | 119,060     | 110,459      | 108,242   | 103,564   |
| Total shareholders' equity                                      | 239,522        | 228,294     | 218,749      | 216,154   | 210,475   |
| Total liabilities and shareholders' equity                      | \$ 2,579,922   | 2,482,587   | 2,479,411    | 2,482,295 | 2,372,249 |
| <b>Common Stock</b>                                             |                |             |              |           |           |
| Book value per common share                                     | \$ 30.58       | 29.37       | 28.27        | 27.95     | 27.27     |
| Stock price:                                                    |                |             |              |           |           |
| High                                                            | 54.09          | 35.80       | 27.96        | 30.49     | 42.72     |
| Low                                                             | 35.15          | 24.15       | 23.30        | 24.21     | 21.64     |
| Period end                                                      | 46.88          | 35.35       | 24.15        | 27.71     | 28.37     |
| Common shares outstanding                                       | 7,853          | 7,773       | 7,738        | 7,735     | 7,718     |

[Footnotes to table located on page 6]

## ASSET QUALITY MEASURES - Unaudited

|                                                                 | Quarter Ended    |                     |                      |                 |                  |
|-----------------------------------------------------------------|------------------|---------------------|----------------------|-----------------|------------------|
|                                                                 | March 31<br>2021 | December 31<br>2020 | September 30<br>2020 | June 30<br>2020 | March 31<br>2020 |
| (dollars in thousands)                                          |                  |                     |                      |                 |                  |
| <b>Nonperforming Assets</b>                                     |                  |                     |                      |                 |                  |
| <b>Commercial</b>                                               |                  |                     |                      |                 |                  |
| Owner occupied RE                                               | \$ -             | -                   | -                    | -               | -                |
| Non-owner occupied RE                                           | 1,127            | 1,143               | 1,059                | 2,428           | 3,268            |
| Construction                                                    | 135              | 139                 | 143                  | -               | -                |
| Commercial business                                             | 190              | 195                 | 201                  | 229             | 231              |
| <b>Consumer</b>                                                 |                  |                     |                      |                 |                  |
| Real estate                                                     | 2,762            | 2,536               | 2,518                | 1,324           | 1,821            |
| Home equity                                                     | 439              | 547                 | 632                  | 360             | 427              |
| Construction                                                    | -                | -                   | -                    | -               | -                |
| Other                                                           | -                | -                   | -                    | -               | -                |
| Nonaccruing troubled debt restructurings                        | 3,150            | 3,509               | 4,198                | 4,669           | 4,186            |
| Total nonaccrual loans                                          | 7,803            | 8,069               | 8,751                | 9,010           | 9,933            |
| Other real estate owned                                         | -                | 1,169               | 1,684                | -               | -                |
| Total nonperforming assets                                      | \$ 7,803         | 9,238               | 10,435               | 9,010           | 9,933            |
| Nonperforming assets as a percentage of:                        |                  |                     |                      |                 |                  |
| Total assets                                                    | 0.30%            | 0.37%               | 0.42%                | 0.36%           | 0.42%            |
| Total loans                                                     | 0.36%            | 0.43%               | 0.50%                | 0.44%           | 0.49%            |
| Accruing troubled debt restructurings (TDRs)                    | \$ 4,379         | 4,893               | 5,277                | 7,332           | 7,939            |
| Classified assets/tier 1 capital plus allowance for loan losses | 14.42%           | 8.18%               | 7.00%                | 7.51%           | 7.99%            |

  

|                                                   | Quarter Ended    |                     |                      |                 |                  |
|---------------------------------------------------|------------------|---------------------|----------------------|-----------------|------------------|
|                                                   | March 31<br>2021 | December 31<br>2020 | September 30<br>2020 | June 30<br>2020 | March 31<br>2020 |
| (dollars in thousands)                            |                  |                     |                      |                 |                  |
| <b>Allowance for Loan Losses</b>                  |                  |                     |                      |                 |                  |
| Balance, beginning of period                      | \$ 44,149        | 42,219              | 31,602               | 22,462          | 16,642           |
| Loans charged-off                                 | (406)            | (1,000)             | (1,064)              | (1,083)         | (266)            |
| Recoveries of loans previously charged-off        | 56               | 630                 | 581                  | 23              | 86               |
| Net loans charged-off                             | (350)            | (370)               | (483)                | (1,060)         | (180)            |
| Provision for loan losses                         | (300)            | 2,300               | 11,100               | 10,200          | 6,000            |
| Balance, end of period                            | \$ 43,499        | 44,149              | 42,219               | 31,602          | 22,462           |
| Allowance for loan losses to gross loans          | 1.99 %           | 2.06 %              | 2.03 %               | 1.55 %          | 1.11 %           |
| Allowance for loan losses to nonaccrual loans     | 557.47 %         | 547.14 %            | 482.43 %             | 350.74 %        | 226.14 %         |
| Net charge-offs to average loans QTD (annualized) | 0.07 %           | 0.07 %              | 0.09 %               | 0.20 %          | 0.04 %           |

Total nonperforming assets decreased by \$1.4 million to \$7.8 million for the first quarter of 2021, representing 0.30% of total assets, compared to the fourth quarter of 2020. The decrease in nonperforming assets was primarily a result of the sale of \$1.2 million in other real estate owned. The allowance for loan losses as a percentage of nonaccrual loans was 557.47% on March 31, 2021, compared to 547.14% on December 31, 2020 and 226.14% on March 31, 2020. During the first quarter of 2021, our classified asset ratio rose to 14.42% as a result of seven, or \$26.2 million in the aggregate, hotel loans we downgraded to substandard. We believe that the hospitality and tourism industry is still at risk for credit loss due to reduced business and recreational travel in our markets. We will not know the depth of the impact of the pandemic on the hospitality and tourism industry until a significant portion of the population has received the vaccine and travel restrictions have been lifted. Downgrading these loans reflects our commitment to closely monitor our most at-risk clients.

On March 31, 2021, the allowance for loan losses was \$43.5 million, or 1.99% of total loans, compared to \$44.1 million, or 2.06% of total loans, at December 31, 2020 and \$22.5 million, or 1.11% of total loans, at March 31, 2020. Net charge-offs were \$350 thousand, or 0.07% on an annualized basis, for the first quarter of 2021 compared to \$370 thousand, or 0.07% of net charge-offs, annualized, for the fourth quarter of 2020. Net charge-offs were \$180 thousand for the first quarter of 2020. There was a negative provision for loan losses of \$300 thousand for the first quarter of 2021 compared to \$2.3 million for the fourth quarter of 2020 and \$6.0 million for the first quarter of 2020. The negative provision for the quarter ended March 31, 2021 was driven by a reduction in qualitative adjustment factors related to improvement in the economic and business conditions at both the national and regional levels as of March 31, 2021, partially offset by downgrades in our hotel loan portfolio as we believe the tourism and hospitality industry remains at risk for credit losses due to the pandemic.

## LOAN COMPOSITION - Unaudited

| (dollars in thousands)                  | Quarter Ended    |                     |                      |                 |                  |
|-----------------------------------------|------------------|---------------------|----------------------|-----------------|------------------|
|                                         | March 31<br>2021 | December 31<br>2020 | September 30<br>2020 | June 30<br>2020 | March 31<br>2020 |
| <b>Commercial</b>                       |                  |                     |                      |                 |                  |
| Owner occupied RE                       | \$ 448,505       | 433,320             | 419,316              | 420,858         | 422,124          |
| Non-owner occupied RE                   | 584,187          | 585,269             | 570,139              | 554,566         | 534,846          |
| Construction                            | 51,996           | 61,467              | 64,063               | 71,761          | 74,758           |
| Business                                | 303,895          | 307,599             | 303,760              | 310,212         | 317,702          |
| Total commercial loans                  | 1,388,583        | 1,387,655           | 1,357,278            | 1,357,397       | 1,349,430        |
| <b>Consumer</b>                         |                  |                     |                      |                 |                  |
| Real estate                             | 574,541          | 536,311             | 496,684              | 437,742         | 427,697          |
| Home equity                             | 154,157          | 156,957             | 161,795              | 173,739         | 183,099          |
| Construction                            | 44,170           | 40,525              | 39,355               | 45,629          | 45,240           |
| Other                                   | 22,231           | 21,419              | 23,428               | 22,294          | 24,795           |
| Total consumer loans                    | 795,099          | 755,212             | 721,262              | 679,404         | 680,831          |
| Total gross loans, net of deferred fees | 2,183,682        | 2,142,867           | 2,078,540            | 2,036,801       | 2,030,261        |
| Less—allowance for loan losses          | (43,499)         | (44,149)            | (42,219)             | (31,602)        | (22,462)         |
| Total loans, net                        | \$ 2,140,183     | 2,098,718           | 2,036,321            | 2,005,199       | 2,007,799        |

## DEPOSIT COMPOSITION - Unaudited

| (dollars in thousands)                              | Quarter Ended    |                     |                      |                 |                  |
|-----------------------------------------------------|------------------|---------------------|----------------------|-----------------|------------------|
|                                                     | March 31<br>2021 | December 31<br>2020 | September 30<br>2020 | June 30<br>2020 | March 31<br>2020 |
| Non-interest bearing                                | \$ 677,282       | 576,610             | 575,195              | 573,548         | 437,855          |
| Interest bearing:                                   |                  |                     |                      |                 |                  |
| NOW accounts                                        | 304,530          | 268,739             | 284,490              | 285,953         | 260,320          |
| Money market accounts                               | 1,064,659        | 1,042,745           | 1,025,518            | 1,006,233       | 979,861          |
| Savings                                             | 31,589           | 27,254              | 23,837               | 22,675          | 19,563           |
| Time, less than \$100,000                           | 31,856           | 36,454              | 38,510               | 41,610          | 43,596           |
| Time and out-of-market deposits, \$100,000 and over | 148,835          | 190,956             | 233,506              | 258,624         | 284,503          |
| Total deposits                                      | \$ 2,258,751     | 2,142,758           | 2,181,056            | 2,188,643       | 2,025,698        |

### Footnotes to tables:

- (1) Total revenue is the sum of net interest income and noninterest income.
- (2) The tax-equivalent adjustment to net interest income adjusts the yield for assets earning tax-exempt income to a comparable yield on a taxable basis.
- (3) Annualized for the respective three-month period.
- (4) Noninterest expense divided by the sum of net interest income and noninterest income.
- (5) Excludes mortgage loans held for sale.
- (6) Excludes out of market deposits and time deposits greater than \$250,000.
- (7) March 31, 2021 ratios are preliminary.
- (8) The common equity tier 1 ratio is calculated as the sum of common equity divided by risk-weighted assets.
- (9) The tangible common equity ratio is calculated as total equity less preferred stock divided by total assets.
- (10) Includes mortgage loans held for sale.

## ABOUT SOUTHERN FIRST BANCSHARES

Southern First Bancshares, Inc., Greenville, South Carolina is a registered bank holding company incorporated under the laws of South Carolina. The company's wholly-owned subsidiary, Southern First Bank, is the largest bank headquartered in South Carolina. Southern First Bank has been providing financial services since 1999 and now operates in 12 locations in the Greenville, Columbia, and Charleston markets of South Carolina as well as the Charlotte, Triangle and Triad regions of North Carolina and Atlanta, Georgia. Southern First Bancshares has consolidated assets of approximately \$2.6 billion and its common stock is traded on The NASDAQ Global Market under the symbol "SFST." More information can be found at [www.southernfirst.com](http://www.southernfirst.com).

## FORWARD-LOOKING STATEMENTS

Certain statements in this news release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements are identified by words such as "believe," "expect," "anticipate," "estimate," "intend," "plan," "target," and "project," as well as similar expressions. Such statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should

not be construed as a representation by our company or any person that the future events, plans, or expectations contemplated by our company will be achieved.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) competitive pressures among depository and other financial institutions may increase significantly and have an effect on pricing, spending, third-party relationships and revenues; (2) the strength of the United States economy in general and the strength of the local economies in which the company conducts operations may be different than expected, including, but not limited to, due to the negative impacts and disruptions resulting from the national political turmoil as well as continuing impact of the novel coronavirus, or COVID-19, on the economies and communities the company serves, which may have an adverse impact on the company's business, operations and performance, and could have a negative impact on the company's credit portfolio, share price, borrowers, and on the economy as a whole, both domestically and globally; (3) the rate of delinquencies and amounts of charge-offs, the level of allowance for loan loss, the rates of loan growth, or adverse changes in asset quality in our loan portfolio, which may result in increased credit risk-related losses and expenses; (4) changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, including, but not limited to, changes affecting oversight of the financial services industry or consumer protection; (5) the impact of changes to the U.S. presidential administration and Congress on the regulatory landscape, capital markets, and the response to and management of the COVID-19 pandemic; (6) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) could have a negative impact on the company; (7) changes in interest rates, which may affect the company's net income, prepayment penalty income, mortgage banking income, and other future cash flows, or the market value of the company's assets, including its investment securities; and (8) changes in accounting principles, policies, practices, or guidelines. Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found in our reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the SEC and available at the SEC's Internet site (<http://www.sec.gov>). All subsequent written and oral forward-looking statements concerning the company or any person acting on its behalf is expressly qualified in its entirety by the cautionary statements above. We do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

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