

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2013-01-11** | Period of Report: **2013-01-01**
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ISSUER

PALMETTO BANCSHARES INC

CIK: [706874](#) | IRS No.: **742235055** | State of Incorpor.: **SC** | Fiscal Year End: **1231**
SIC: **6022** State commercial banks

Mailing Address

*306 EAST NORTH STREET
GREENVILLE SC 29601*

Business Address

*306 EAST NORTH STREET
GREENVILLE SC 29601
864-250-6050*

REPORTING OWNER

LYNCH JAMES J

CIK: [1222379](#)
Type: **4** | Act: **34** | File No.: [001-35282](#) | Film No.: **13525226**

Mailing Address

*PATRIOT FINANCIAL
PARTNERS, LP
2929 ARCH STREET, 27TH
FLOOR
PHILADELPHIA PA 19104*

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person LYNCH JAMES J			2. Issuer Name and Ticker or Trading Symbol PALMETTO BANCSHARES INC [PLMT]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 01/01/2013			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
Patriot Financial Partners, LP, 2929 Arch Street, 27th Floor Philadelphia, PA 19104			4. If Amendment, Date Original Filed (Month/Day/Year)					
(City)	(State)	(Zip)						

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D) Price			
Common Stock, \$0.01 par value	01/01/2013		A		1,201	A \$ 0	4,370	D	
Common Stock, \$0.01 par value							2,445,341	I	See Footnotes (1) (2)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date					

Explanation of Responses:

1. Patriot Financial Partners, GP, L.P. ("Patriot GP") is the sole general partner of each of Patriot Financial Partners, L.P. and Patriot Financial Partners Parallel, L.P. (together, the "Funds"). Accordingly, securities owned by the Funds may be regarded as being beneficially owned by Patriot GP. Patriot Financial Partners GP, LLC ("Patriot LLC") is the general partner of Patriot GP. Accordingly, securities owned or deemed to be owned by Patriot GP may be regarded as being beneficially owned by Patriot LLC. Mr. Lynch is a general partner of Patriot GP and a member of Patriot LLC. The Funds own 2,445,341 shares of common stock. In addition, Mr. Lynch owns directly 250 shares of restricted common stock granted to Mr. Lynch by the Issuer (100 shares of which remain unvested) and 4,120 shares of common stock issued to Mr. Lynch by the Issuer as a retainer for service as a director.
2. Mr. Lynch, the Funds and the related entities disclaim beneficially ownership of the reported securities except to the extent of their pecuniary interest therein, and this report shall not be deemed an admission that they are a beneficial owner of such securities for the purposes of Section 16.

Signatures

Lauren S Greer, with POA, Director of Accounting and Finance, The Palmetto Bank, a wholly owned subsidiary of Palmetto Bancshares, Inc.

01/11/2013

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.