GREENVILLE FIRST BANCSHARES INC
Form 10KSB
March 30, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

[X] Annual Report Pursuant To Section 13 Or 15(d)of The Securities Exchange Act Of 1934 For The Fiscal Year December 31, 2000.

Or

[ ] Transition Report Pursuant To Section 13 Or 15 (D) Of The Securities Exchange Act Of 1934

For the Transition Period from ___________ to ________________

Commission file number 333-83851

Greenville First Bancshares, Inc.
(Exact name of registrant as specified in its charter)

South Carolina	58-2459561
(State of Incorporation)	(I.R.S. Employer Identification No.)

112 Haywood Road

Greenville , S.C.	29607
(Address of principal executive offices)	(Zip Code)

864-679-9000
(Telephone Number)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: Common Stock

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 past 90 days.

Yes X No ____

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B in this form, and no disclosure will be contained, to

the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The issuer's loss for its most recent fiscal year was $661,553. As of March 15, 2001, 1,150,000 shares of Common Stock were issued and outstanding.

The estimated aggregate market value of the Common Stock held by non-affiliates of the Company on March 15, 2001 is $8,086,396. This calculation is based upon an estimate of the fair market value of the Common Stock of $9.25 per share, which was the price of the last trade of which management is aware prior to this date.

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

DOCUMENTS INCORPORATED BY REFERENCE

Company's Proxy Statement for the 2001 Annual Meeting of Shareholders

ITEM 1. DESCRIPTION OF BUSINESS

This Report contains statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on many assumptions and estimates and are not guarantees of future performance. Our actual results may differ materially from those projected in any forward-looking statements, as they will depend on many factors about which we are unsure, including many factors which are beyond our control. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," and "estimate," as well as similar expressions, are meant to identify such forward-looking statements. Potential risks and uncertainties include, but are not limited to:

- significant increases in competitive pressure in the banking and financial services industries;
- changes in the interest rate environment which could reduce anticipated or actual margins;
- changes in political conditions or the legislative or regulatory environment;
- general economic conditions, either nationally or regionally and especially in primary service area, becoming less favorable than expected resulting in, among other things, a deterioration in credit quality;
- changes occurring in business conditions and inflation;
- changes in technology;
- changes in monetary and tax policies;
- changes in the securities markets; and
- other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission.

GENERAL

Greenville First Bancshares, Inc., was incorporated to operate as a bank holding company pursuant to the Federal Bank Holding Company Act of 1956 and the South Carolina Banking and Branching Efficiency Act, and to purchase 100% of the issued and outstanding stock of Greenville First Bank, an association organized under the laws of the United States, to conduct a general banking business in Greenville, South Carolina.

On October 26, 1999 we commenced our initial public offering and completed the sale of 1,100,000 shares of our common stock at $10 per share and on November 30, 1999, we sold 50,000 additional shares pursuant to the underwriters' over-allotment option for a total of 1,150,000 shares of common stock. The offering raised $10,646,700 net of underwriting discounts and commissions. Our directors and executive officers purchased 266,900 shares of common stock in this offering. Upon purchase of these shares, we issued stock warrants to the organizers to purchase up to an additional 129,950 shares of common stock. The warrants, which are represented by separate warrant agreements, vest ratably over a three year period beginning on January 10, 2001 and will be exercisable in whole or part during the ten year period following the grant date.

On January 10, 2000, we opened the bank. Of the net proceeds from the offering, we used $9,500,000 to capitalize the bank. The bank's funds were applied primarily to provide funds for the bank's investments and lending operations, for leasing our temporary and permanent facilities, for furnishing and equipping the bank, and for other general corporate purposes.

MARKETING FOCUS

The bank is the first independent bank organized in the City of Greenville in over ten years. Because there are few locally owned banks left in Greenville, we believe we offer a unique banking alternative for the market by offering

a higher level of customer service and a management team more focused on the needs of the community than most of our competitors. We believe that this approach will be enthusiastically supported by the community. The bank uses the theme "Welcome to Hometown Banking," and it actively promotes it in our target market. While the bank has the ability to offer a breadth of products similar to large banks, we emphasize the client relationship. We believe that the proposed community focus of the bank will succeed in this market, and that the area will react favorably to the bank's emphasis on service to small businesses, individuals, and professional concerns. We plan to take advantage of existing contacts and relationships with individuals and companies in this area to more effectively market the services of the bank.

LOCATION AND SERVICE AREA

Our primary service area consists of Greenville County, South Carolina. We expect initially to draw a large percentage of our business from the central portion of Greenville County, within a ten mile radius of our main office. This principal service area is bounded by Rutherford Road to the north, Poinsett Highway to the west, Mauldin Road and Butler Road to the south, and Highway 14 and Batesville Road to the east. Included in this area is the highest per capita income tract in the county. Our expansion plans include the development of two "service centers" located along the periphery of our service area. These service centers will extend the market reach of our bank, and they will increase our personal service delivery capabilities to all of our customers.

LENDING ACTIVITIES

GENERAL. We emphasize a range of lending services, including real estate, commercial, and equity- line consumer loans to individuals and small- to medium-sized businesses and professional firms that are located in or conduct a substantial portion of their business in the bank's market area. We compete for these loans with competitors who are well established in the Greenville County area and have greater resources and lending limits. As a result, we may have to charge lower interest rates to attract borrowers.

LOAN APPROVAL AND REVIEW. The bank's loan approval policies provide for various levels of officer lending authority. When the amount of aggregate loans to a single borrower exceeds an individual officer's lending authority, the loan request will be considered and approved by an officer with a higher lending limit or the officers' loan committee. The officers' loan committee has lending limits, and any loans in excess of this lending limit will be approved by the directors' loan committee. The bank does not make any loans to any director, officer, or employee of the bank unless the loan is approved by the board of directors of the bank and is made on terms not more favorable to such person than would be available to a person not affiliated with the bank. The bank generally adheres to Federal National Mortgage Association and Federal Home Loan Mortgage Corporation guidelines in its mortgage loan review process, but may alter this policy in the future. The bank currently intends to sell its mortgage loans into the secondary market, but may choose to hold them in the portfolio in the future.

LENDING LIMITS. The bank's lending activities are subject to a variety of lending limits imposed by federal law. In general, the bank is subject to a legal limit on loans to a single borrower equal to 15% of the bank's capital and unimpaired surplus. Different limits may apply in certain circumstances based on the type of loan or the nature of the borrower, including the borrower's relationship to the bank. These limits will increase or decrease as the bank's capital increases or decreases. Based upon the capitalization of the bank with $9.5 million, the bank has a self-imposed loan limit of $1.2 million, which represents approximately 100% of our legal lending limit at December 31, 2000. However, these limits will drop as we expect to incur losses, and therefore have less capital, in the first several years of operations. Unless the bank is able to sell participations in its loans to other financial institutions, the bank will not be able to meet all of the lending needs of loan customers requiring aggregate extensions of credit above these limits.

REAL ESTATE AND MORTGAGE LOANS. We estimate that loans secured by first or second mortgages on real estate will make up at least 50% of the bank's loan portfolio. These loans will generally fall into one of three categories: commercial real estate loans, construction and development loans, or residential real estate loans. Each of these categories is discussed in more detail below, including their specific risks. Home equity loans are not included because they are classified as consumer loans, which are discussed below. Interest rates for all categories may be fixed or adjustable, and will more likely be fixed for shorter-term loans. The bank will generally charge an origination fee for each loan.

Real estate loans are subject to the same general risks as other loans. They are particularly sensitive to fluctuations in the value of real estate, which is generally the underlying security for real estate loans. Fluctuations in the value of real estate, as well as other factors arising after a loan has been made, could negatively affect a borrower's cash flow, creditworthiness, and

ability to repay the loan.

We have the ability to originate real estate loans for sale into the secondary market. We can limit our interest rate and credit risk on these loans by locking the interest rate for each loan with the secondary investor and receiving the investor's underwriting approval prior to originating the loan.

- COMMERCIAL REAL ESTATE LOANS. Commercial real estate loans generally have terms of five years or less, although payments may be structured on a longer amortization basis. We evaluate each borrower on an individual basis and attempt to determine its business risks and credit profile. We attempt to reduce credit risk in the commercial real estate portfolio by emphasizing loans on owner-occupied office and retail buildings where the loan-to-value ratio, established by independent appraisals, does not exceed 80%. We also generally require that debtor cash flow exceed 115% of monthly debt service obligations. We typically review all of the personal financial statements of the principal owners and require their personal guarantees. These reviews generally reveal secondary sources of payment and liquidity to support a loan request.

- CONSTRUCTION AND DEVELOPMENT REAL ESTATE LOANS. We offer adjustable and fixed rate residential and commercial construction loans to builders and developers and to consumers who wish to build their own home. The term of construction and development loans generally are limited to eighteen months, although payments may be structured on a longer amortization basis. Most loans mature and require payment in full upon the sale of the property. Construction and development loans generally carry a higher degree of risk than long term financing of existing properties. Repayment depends on the ultimate completion of the project and usually on the sale of the property. Specific risks include:

    - cost overruns;
    - mismanaged construction;
    - inferior or improper construction techniques;
    - economic changes or downturns during construction;
    - a downturn in the real estate market;
    - rising interest rates which may prevent sale of the property; and
    - failure to sell completed projects in a timely manner.

We attempt to reduce risk by obtaining personal guarantees where possible, and by keeping the loan-to-value ratio of the completed project below specified percentages. We also reduce risk by selling participations in larger loans to other institutions when possible.

- RESIDENTIAL REAL ESTATE LOANS. Residential real estate loans generally have longer terms up to 30 years. We offer fixed and adjustable rate mortgages. We have limited credit risk on these loans as most are sold to third parties soon after closing.

COMMERCIAL LOANS. The bank makes loans for commercial purposes in various lines of businesses. Commercial loans are generally considered to have greater risk than first or second mortgages on real estate because they may be unsecured, or if they are secured, the value of the security may be difficult to assess and more likely to decrease than real estate.

We offer small business loans utilizing government enhancements such as the Small Business Administration's 7(a) program and SBA's 504 programs. These

loans typically are partially guaranteed by the government, which helps to reduce the bank's risk. Government guarantees of SBA loans do not exceed 80% of the loan value and are generally less.

The well established banks in the Greenville County area make proportionately more loans to medium to large-sized businesses than we can. Many of the bank's commercial loans are made to small- to medium-sized businesses which may be less able to withstand competitive, economic, and financial conditions than larger borrowers.

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CONSUMER LOANS. The bank makes a variety of loans to individuals for personal and household purposes, including secured and unsecured installment loans and revolving lines of credit. Installment loans typically carry balances of less than $50,000 and be amortized over periods up to 60 months. Consumer loans are offered with a single maturity basis where a specific source of repayment is available. Revolving loan products typically require monthly payments of interest and a portion of the principal. Consumer loans are generally considered to have greater risk than first or second mortgages on real estate because they may be unsecured, or if they are secured, the value of the security may be difficult to assess and more likely to decrease than real estate.

We also offer home equity loans. Our underwriting criteria for and the risks associated with home equity loans and lines of credit will generally be the same as those for first mortgage loans. Home equity lines of credit typically have terms of 15 years or less, typically carry balances less than $125,000, and may extend up to 100% of the available equity of each property.

DEPOSIT SERVICES

We offer a full range of deposit services that are typically available in most banks and savings and loan associations, including checking accounts, commercial accounts, savings accounts, and other time deposits of various types, ranging from daily money market accounts to longer-term certificates of deposit. The transaction accounts and time certificates are tailored to our primary market area at rates competitive to those offered in the Greenville County area. In addition, we offer certain retirement account services, such as IRAs. We solicit these accounts from individuals, businesses, associations, organizations, and governmental authorities.

OTHER BANKING SERVICES

The bank offers other bank services including safe deposit boxes, traveler's checks, direct deposit, U.S. Savings Bonds, and banking by mail. The bank to is associated with the Honor, Cirrus, and Master-Money ATM networks, which are available to its customers throughout the country. We believe that by being associated with a shared network of ATMs, we are better able to serve our customers and are able to attract customers who are accustomed to the convenience of using ATMs, although we do not believe that maintaining this association is critical to our success. We began offering Internet services in the second quarter of 2000. We do not expect the bank to exercise trust powers during its first year of operation.

MARKET SHARE

As of June 30, 2000, total deposits in the bank's primary service area were almost $5.7 billion, which represented a 6.5% deposit growth rate from

1999. At June 30, 2000 the bank represented .55% of the market. Our plan over the next five years is to grow our deposit base to $175 million. Of course, we cannot be sure that these deposit growth rates will continue, or that we will accomplish this objective.

EMPLOYEES

As of March 15, 2001, the bank has 21 employees and the company has no full-time employees.

SUPERVISION AND REGULATION

Both the company and the bank are subject to extensive state and federal banking laws and regulations which impose specific requirements or restrictions on and provide for general regulatory oversight of virtually all aspects of operations. These laws and regulations are generally intended to protect depositors, not shareholders. The following summary is qualified by reference to the statutory and regulatory provisions discussed. Changes in applicable laws or regulations may have a material effect on our business and prospects. Beginning with the enactment of the Financial Institution Report Recovery and Enforcement Act in 1989 and following with the FDIC Improvement Act in 1991, numerous additional regulatory requirements have been placed on the national banking industry in the past several years, and additional changes have been proposed. Our operations may be affected by legislative changes and the policies of various regulatory authorities. We cannot predict the effect that fiscal or monetary policies, economic control, or new federal or state legislation may have on our business and earnings in the future.

GRAMM-LEACH-BLILEY ACT

On November 4, 1999, the U.S. Senate and House of Representatives each passed the Gramm-Leach-Bliley Act, previously known as the Financial Services Modernization Act of 1999. The Act was signed into law by President Clinton on November 12, 1999. Among other things, the Act repeals the restrictions on banks affiliating with securities firms contained in sections 20 and 32 of the Glass-Steagall Act. The Act also permits bank holding companies to engage in a statutorily provided list of financial activities, including insurance and securities underwriting and agency activities, merchant banking, and insurance company portfolio investment activities. The Act also authorizes activities that are "complementary" to financial activities.

The Act is intended, in part, to grant to community banks certain powers as a matter of right that larger institutions have accumulated on an ad hoc basis. Nevertheless, the Act may have the result of increasing the amount of competition that we face from larger institutions and other types of companies. In fact, it is not possible to predict the full effect that the Act will have on us. From time to time, other changes are proposed to laws affecting the national banking industry, and these changes could have a material effect on our business and prospects.

The Act also contains provisions regarding consumer privacy. These provisions require financial institutions to disclose their policy for collecting and protecting confidential information. Customers generally may prevent financial institutions from sharing personal financial information with nonaffiliated third parties except for third parties that market an institution's own products and services. Additionally, financial institutions generally may not disclose consumer account numbers to any nonaffiliated third

party for use in telemarketing, direct mail marketing, or other marketing to the consumer.

GREENVILLE FIRST BANCSHARES, INC.

We own the outstanding capital stock of the bank, and therefore we are considered to be a bank holding company under the federal Bank Holding Company Act of 1956 and the South Carolina Banking and Branching Efficiency Act.

THE BANK HOLDING COMPANY ACT. Under the Bank Holding Company Act, we are subject to periodic examination by the Federal Reserve and required to file periodic reports of its operations and any additional information that the Federal Reserve may require. Our activities at the bank and holding company level are limited to:

- banking and managing or controlling banks;
- furnishing services to or performing services for its subsidiaries; and
- engaging in other activities that the Federal Reserve determines to be so closely related to banking and managing or controlling banks as to be a proper incident thereto.

INVESTMENTS, CONTROL, AND ACTIVITIES. With certain limited exceptions, the Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve before:

- acquiring substantially all the assets of any bank;
- acquiring direct or indirect ownership or control of any voting shares of any bank if after the acquisition it would own or control more than 5% of the voting shares of such bank (unless it already owns or controls the majority of such shares); or
- merging or consolidating with another bank holding company.

In addition, and subject to certain exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with regulations thereunder, require Federal Reserve approval prior to any person or company acquiring "control" of a bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of a bank holding company. Control is rebuttably presumed to exist if a person acquires 10% or more, but less than 25%, of any class of voting securities and either the company has registered securities under Section 12 of the Securities Exchange Act of 1934 or no other person owns a greater percentage of that class of voting securities immediately after the transaction. Our common stock is registered under the Securities Exchange Act of 1934. The regulations provide a procedure for challenge of the rebuttable control presumption.

Under the Bank Holding Company Act, a bank holding company is generally prohibited from engaging in, or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in nonbanking activities unless the Federal Reserve Board, by order or regulation, has found those activities to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the activities that the Federal Reserve Board has determined by regulation to be proper incidents to the business of a bank holding company include:

- making or servicing loans and certain types of leases;
- engaging in certain insurance and discount brokerage activities;
- performing certain data processing services;

- acting in certain circumstances as a fiduciary or investment or financial adviser;
- owning savings associations; and
- making investments in certain corporations or projects designed primarily to promote community welfare.

The Federal Reserve Board imposes certain capital requirements on the company under the Bank Holding Company Act, including a minimum leverage ratio and a minimum ratio of "qualifying" capital to risk-weighted assets. These requirements are described below under "Capital Regulations." Subject to its capital requirements and certain other restrictions, we are able to borrow money to make a capital contribution to the bank, and these loans may be repaid from dividends paid from the bank to the company. Our ability to pay dividends will be subject to regulatory restrictions as described below in "Greenville First Bank - Dividends." We are also able to raise capital for contribution to the bank by issuing securities without having to receive regulatory approval, subject to compliance with federal and state securities laws.

SOURCE OF STRENGTH; CROSS-GUARANTEE. In accordance with Federal Reserve Board policy, we are expected to act as a source of financial strength to the bank and to commit resources to support the bank in circumstances in which we might not otherwise do so. Under the Bank Holding Company Act, the Federal Reserve Board may require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary, other than a nonbank subsidiary of a bank, upon the Federal Reserve Board's determination that such activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal bank regulatory authorities have additional discretion to require a bank holding company to divest itself of any bank or nonbank subsidiary if the agency determines that divestiture may aid the depository institution's financial condition.

SOUTH CAROLINA STATE REGULATION. As a South Carolina bank holding company under the South Carolina Banking and Branching Efficiency Act, we are subject to limitations on sale or merger and to regulation by the South Carolina Board of Financial Institutions. Prior to acquiring the capital stock of a national bank, we are not required to obtain the approval of the Board, but we must notify them at least 15 days prior to doing so. We must receive the Board's approval prior to engaging in the acquisition of a South Carolina state chartered bank or another South Carolina bank holding company.

GREENVILLE FIRST BANK

The bank operates as a national banking association incorporated under the laws of the United States and subject to examination by the Office of the Comptroller of the Currency. Deposits in the bank are insured by the FDIC up to a maximum amount, which is generally $100,000 per depositor subject to aggregation rules.

The Office of the Comptroller of the Currency and the FDIC regulate or monitor virtually all areas of the bank's operations, including:

- security devices and procedures;
- adequacy of capitalization and loss reserves;
- loans;
- investments;
- borrowings;
- deposits;
- mergers;
- issuances of securities;

- payment of dividends;
- interest rates payable on deposits;
- interest rates or fees chargeable on loans;
- establishment of branches;
- corporate reorganizations;
- maintenance of books and records; and
- adequacy of staff training to carry on safe lending and deposit gathering practices.

The Office of the Comptroller of the Currency requires the bank to maintain specified capital ratios and imposes limitations on the bank's aggregate investment in real estate, bank premises, and furniture and fixtures. The Office of the Comptroller of the Currency requires the bank to prepare quarterly reports on the bank's financial condition and to conduct an annual audit of its financial affairs in compliance with its minimum standards and procedures.

Under the FDIC Improvement Act, all insured institutions must undergo regular on site examinations by their appropriate banking agency. The cost of examinations of insured depository institutions and any affiliates may be assessed by the appropriate agency against each institution or affiliate as it deems necessary or appropriate. Insured institutions are required to submit annual reports to the FDIC, their federal regulatory agency, and their state supervisor when applicable. The FDIC Improvement Act directs the FDIC to develop a method for insured depository institutions to provide supplemental disclosure of the estimated fair market value of assets and liabilities, to the extent feasible and practicable, in any balance sheet, financial statement, report of condition or any other report of any insured depository institution. The FDIC Improvement Act also requires the federal banking regulatory agencies to prescribe, by regulation, standards for all insured depository institutions and depository institution holding companies relating, among other things, to the following:

- internal controls;
- information systems and audit systems;
- loan documentation;
- credit underwriting;
- interest rate risk exposure; and
- asset quality.

National banks and their holding companies which have been chartered or registered or have undergone a change in control within the past two years or which have been deemed by the Office of the Comptroller of the Currency or the Federal Reserve Board to be troubled institutions must give the Office of the Comptroller of the Currency or the Federal Reserve Board thirty days' prior notice of the appointment of any senior executive officer or director. Within the 30 day period, the Office of the Comptroller of the Currency or the Federal Reserve Board, as the case may be, may approve or disapprove any such appointment.

DEPOSIT INSURANCE. The FDIC establishes rates for the payment of premiums by federally insured banks and thrifts for deposit insurance. A separate Bank Insurance Fund and Savings Association Insurance Fund are maintained for commercial banks and savings associations with insurance premiums from the industry used to offset losses from insurance payouts when banks and thrifts fail. In 1993, the FDIC adopted a rule which establishes a risk-based deposit insurance premium system for all insured depository institutions. Under this system, until mid-1995 depository institutions paid to Bank Insurance Fund or Savings Association Insurance Fund from $0.23 to $0.31 per $100 of insured

deposits depending on its capital levels and risk profile, as determined by its primary federal regulator on a semiannual basis. Once the Bank Insurance Fund reached its legally mandated reserve ratio in mid-1995, the FDIC lowered premiums for well-capitalized banks, eventually eliminating premiums for well-capitalized banks, with a minimum semiannual assessment of $1,000. However, in 1996 Congress enacted the Deposit Insurance Funds Act of 1996, which eliminated even this minimum assessment. It also separated the Financial Corporation assessment to service the interest on its bond obligations. The amount assessed on individual institutions, including the bank, by Financial Corporation assessment is in addition to the amount paid for deposit insurance according to the risk-related assessment rate schedule. Increases in deposit insurance premiums or changes in risk classification will increase the bank's cost of funds, and we may not be able to pass these costs on to our customers.

TRANSACTIONS WITH AFFILIATES AND INSIDERS. The bank is subject to the provisions of Section 23A of the Federal Reserve Act, which places limits on the amount of loans or extensions of credit to, or investments in, or certain other transactions with, affiliates and on the amount of advances to third parties collateralized by the securities or obligations of affiliates. The aggregate of all covered transactions is limited in amount, as to any one affiliate, to 10% of the bank's capital and surplus and, as to all affiliates combined, to 20% of the bank's capital and surplus. Furthermore, within the foregoing limitations as to amount, each covered transaction must meet specified collateral requirements. Compliance is also required with certain provisions designed to avoid the taking of low quality assets.

The bank is subject to the provisions of Section 23B of the Federal Reserve Act which, among other things, prohibits an institution from engaging in certain transactions with certain affiliates unless the transactions are on terms substantially the same, or at least as favorable to such institution or its subsidiaries, as those prevailing at the time for comparable transactions with nonaffiliated companies. The bank is subject to certain restrictions on extensions of credit to executive officers, directors, certain principal shareholders, and their related interests. Such extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and (ii) must not involve more than the normal risk of repayment or present other unfavorable features.

DIVIDENDS. A national bank may not pay dividends from its capital. All dividends must be paid out of undivided profits then on hand, after deducting expenses, including reserves for losses and bad debts. In addition, a national bank is prohibited from declaring a dividend on its shares of common stock until its surplus equals its stated capital, unless there has been transferred to surplus no less than one-tenth of the bank's net profits of the preceding two consecutive half-year periods (in the case of an annual dividend). The approval of the Office of the Comptroller of the Currency is required if the total of all dividends declared by a national bank in any calendar year exceeds the total of its net profits for that year combined with its retained net profits for the preceding two years, less any required transfers to surplus.

BRANCHING. National banks are required by the National Bank Act to adhere to branch office banking laws applicable to state banks in the states in which they are located. Under current South Carolina law, the bank may open branch offices throughout South Carolina with the prior approval of the Office of the Comptroller of the Currency. In addition, with prior regulatory approval, the bank is able to acquire existing banking operations in South Carolina. Furthermore, federal legislation has been passed which permits interstate branching. The new law permits out-of-state acquisitions by bank holding

companies, interstate branching by banks if allowed by state law, and interstate merging by banks.

COMMUNITY REINVESTMENT ACT. The Community Reinvestment Act requires that, in connection with examinations of financial institutions within their respective jurisdictions, the Federal Reserve, the FDIC, or the Office of the Comptroller of the Currency shall evaluate the record of each financial institution in meeting the credit needs of its local community, including low and moderate income neighborhoods. These factors are also considered in evaluating mergers, acquisitions, and applications to open a branch or facility. Failure to adequately meet these criteria could impose additional requirements and limitations on the bank.

OTHER REGULATIONS. Interest and other charges collected or contracted for by the bank are subject to state usury laws and federal laws concerning interest rates. The bank's loan operations are also subject to federal laws applicable to credit transactions, such as:

- the federal Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- the Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- the Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- the Fair Credit Reporting Act of 1978, governing the use and provision of information to credit reporting agencies;
- the Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies; and
- the rules and regulations of the various federal agencies charged with the responsibility of implementing such federal laws.

The deposit operations of the bank also are subject to:

- the Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and
- the Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve Board to implement that act, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services.

CAPITAL REGULATIONS. The federal bank regulatory authorities have adopted risk-based capital guidelines for banks and bank holding companies that are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies and account for off-balance sheet items. The guidelines are minimums, and the federal regulators have noted that banks and bank holding companies contemplating significant expansion programs should not allow expansion to diminish their capital ratios and should maintain ratios in excess of the minimums. We have not received any notice indicating that either the company or the bank is subject to higher capital requirements. The current guidelines require all bank holding companies and federally-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4% must be Tier 1 capital. Tier 1

capital includes common shareholders' equity, qualifying perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, but excludes goodwill and most other intangibles and excludes the allowance for loan and lease losses. Tier 2 capital includes the excess of any preferred stock not included in Tier 1 capital, mandatory convertible securities, hybrid capital instruments, subordinated debt and intermediate term-preferred stock, and general reserves for loan and lease losses up to 1.25% of risk-weighted assets.

Under these guidelines, banks' and bank holding companies' assets are given risk-weights of 0%, 20%, 50%, or 100%. In addition, certain off-balance sheet items are given credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight applies. These computations result in the total risk-weighted assets. Most loans are assigned to the 100% risk category, except for first mortgage loans fully secured by residential property and, under certain circumstances, residential construction loans, both of which carry a 50% rating. Most investment securities are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% rating, and direct obligations of or obligations guaranteed by the United States Treasury or United States Government agencies, which have a 0% rating.

The federal bank regulatory authorities have also implemented a leverage ratio, which is equal to Tier 1 capital as a percentage of average total assets less intangibles, to be used as a supplement to the risk-based guidelines. The principal objective of the leverage ratio is to place a constraint on the maximum degree to which a bank holding company may leverage its equity capital base. The minimum required leverage ratio for top-rated institutions is 3%, but most institutions are required to maintain an additional cushion of at least 100 to 200 basis points.

The FDIC Improvement Act established a new capital-based regulatory scheme designed to promote early intervention for troubled banks which requires the FDIC to choose the least expensive resolution of bank failures. The new capital-based regulatory framework contains five categories of compliance with regulatory capital requirements, including "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." To qualify as a "well capitalized" institution, a bank must have a leverage ratio of no less than 5%, a Tier 1 risk-based ratio of no less than 6%, and a total risk-based capital ratio of no less than 10%, and the bank must not be under any order or directive from the appropriate regulatory agency to meet and maintain a specific capital level. Initially, we will qualify as "well capitalized."

Under the FDIC Improvement Act regulations, the applicable agency can treat an institution as if it were in the next lower category if the agency determines (after notice and an opportunity for hearing) that the institution is in an unsafe or unsound condition or is engaging in an unsafe or unsound practice. The degree of regulatory scrutiny of a financial institution increases, and the permissible activities of the institution decreases, as it moves downward through the capital categories. Institutions that fall into one of the three undercapitalized categories may be required to do some or all of the following:

o submit a capital restoration plan;
o raise additional capital;
o restrict their growth, deposit interest rates, and other activities;

o improve their management;

- eliminate management fees; or
- divest themselves of all or a part of their operations.

Bank holding companies controlling financial institutions can be called upon to boost the institutions' capital and to partially guarantee the institutions' performance under their capital restoration plans.

These capital guidelines can affect us in several ways. If we grow at a rapid pace, our capital may be depleted too quickly, and a capital infusion from the holding company may be necessary which could impact our ability to pay dividends. Our capital levels currently are more than adequate; however, rapid growth, poor loan portfolio performance, poor earnings performance, or a combination of these factors could change our capital position in a relatively short period of time.

Failure to meet these capital requirements would mean that a bank would be required to develop and file a plan with its primary federal banking regulator describing the means and a schedule for achieving the minimum capital requirements. In addition, such a bank would generally not receive regulatory approval of any application that requires the consideration of capital adequacy, such as a branch or merger application, unless the bank could demonstrate a reasonable plan to meet the capital requirement within a reasonable period of time.

ENFORCEMENT POWERS. The Financial Institution Report Recovery and Enforcement Act expanded and increased civil and criminal penalties available for use by the federal regulatory agencies against depository institutions and certain "institution-affiliated parties." Institution-affiliated parties primarily include management, employees, and agents of a financial institution, as well as independent contractors and consultants such as attorneys and accountants and others who participate in the conduct of the financial institution's affairs. These practices can include the failure of an institution to timely file required reports or the filing of false or misleading information or the submission of inaccurate reports. Civil penalties may be as high as $1,000,000 a day for such violations. Criminal penalties for some financial institution crimes have been increased to 20 years. In addition, regulators are provided with greater flexibility to commence enforcement actions against institutions and institution-affiliated parties. Possible enforcement actions include the termination of deposit insurance. Furthermore, banking agencies' power to issue cease-and-desist orders were expanded. Such orders may, among other things, require affirmative action to correct any harm resulting from a violation or practice, including restitution, reimbursement, indemnification or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts, or take other actions as determined by the ordering agency to be appropriate.

EFFECT OF GOVERNMENTAL MONETARY POLICIES. Our earnings are affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The Federal Reserve Bank's monetary policies have had, and are likely to continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The monetary policies of the Federal Reserve Board have major effects upon the levels of bank loans, investments and deposits through its open market operations in United States government securities and through its regulation of the discount rate on borrowings of member banks and the reserve requirements against member bank deposits. It is not possible to predict the nature or impact of future changes in monetary and fiscal policies.

ITEM 2. DESCRIPTION OF PROPERTY

Our main office facility opened on January 16, 2001 at 112 Haywood Road, Greenville, South Carolina. We intend to lease the main office for approximately $25,000 per month for 20 years. The facility is located at the corner of Haywood Road and Halton Road in downtown Greenville. The bank is leasing approximately 11,600 square feet of the building. The building is a full service banking facility with three drive-though banking stations and an automatic teller machine. We had previously operated our headquarters and a full-service branch in a temporary facility that was located on the same site as the permanent facility since January 10, 1999, the date the bank opened for business.

ITEM 3. LEGAL PROCEEDINGS.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Since our public offering on October 26, 1999, our common stock has been quoted on the OTC Bulletin Board under the symbol "GVBK." However, trading and quotations in our common stock have been limited and sporadic and we do not believe that there is a publicly established trading market in the common stock. The price of the last trade of which we are aware is $9.25 per share, but we have not determined that this trade was the result of arm's length negotiations between the parties and we can provide no assurance this price reflects the market value of our common stock. Our articles of incorporation authorize us to issue up to 10,000,000 shares of common stock, of which 1,150,000 shares, for a total of $11,500,000, were sold in the initial public offering and are outstanding as of March 15, 2001. We have 46 shareholders of record. To date, we have not paid cash dividends on our common stock. We currently intend to retain earnings to support operations and finance expansion and therefore do not anticipate paying cash dividends in the foreseeable future.

All of our outstanding shares of common stock are entitled to share equally in dividends from funds legally available when, and if, declared by the board of directors.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

GENERAL

The following is a discussion of the our financial condition as of December 31, 2000 and the results of operations for the three months and year ended December 31, 2000. These comments should be read in conjunction with our condensed consolidated financial statements and accompanying footnotes appearing in this report.

Until January 10, 2000, our principal activities related to our organization, the conducting of our initial public offering, the pursuit of approvals from the OCC for our application to charter the bank, the pursuit of approvals from the FDIC for our application for insurance of the deposits of the bank, hiring the appropriate personnel and implementing operating procedures. We

received approval from both the FDIC and the OCC on January 7, 2000. The bank opened for business on January 10, 2000.

We completed our stock offering on November 30, 1999, upon the issuance of 1,150,000 shares for a total of $11.5 million. We initially capitalized the bank with $8.5 million of the proceeds from the stock offering. On April 18, 2000, we increased our investment in the bank by $1.0 million utilizing proceeds from the initial offering. We do not currently anticipate raising additional capital.

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FINANCIAL CONDITION

At December 31, 2000, we had total assets of $61.4 million, consisting principally of $46.0 million in loans, $13.3 million in investments and $931 thousand in cash and due from banks. Liabilities at December 31, 2000 totaled $52.0 million, consisting principally of $50.0 million in deposits. At December 31, 2000, shareholders' equity was $9.5 million.

At December 31, 2000, the bank's loan portfolio consisted primarily of $21.4 million of commercial real estate loans, $ 9.3 million of commercial business loans, and $16.0 million of consumer and home equity loans. At December 31, 2000, there were no non-performing loans. At December 31, 2000, the bank's allowance for loan losses was $600 thousand. Management believes that the reserve for loan losses is adequate to absorb possible loan losses in the portfolio. Management bases its belief on its consideration of a number of factors, including internal credit ratings and assumptions about future events, which assumptions may or may not be accurate. There can be no assurance that loan losses in future periods will not exceed the allowance for loan losses or that additional allocations will not be required. At December 31, 2000 the bank had $50.0 million in deposits. The $50.0 million in deposits consisted primarily of $6.0 million in personal checking, $3.7 million in business checking, $27.6 million in certificates of deposit and $12.7 million of money market accounts of which 66% are business accounts.

RESULTS OF OPERATIONS

We incurred a net loss of $662 thousand for the year ended December 31, 2000. The net loss for the three months ended December 31, 2000 was $110 thousand compared to net losses of $112 thousand, $166 thousand and $274 thousand for the three-month periods ended September 30, 2000, June 30, 2000 and March 31, 2000, respectively. Included in the net losses are non-cash expenses for provision for loan losses. The provision for loan losses for the year ended December 31, 2000 was $600 thousand. The provision for the fourth quarter was $170 thousand, which was $20 thousand higher than the provision for the third quarter. Net interest income for the year ended December 31, 2000 was $1.6 million. Net interest income continues to increase each quarter. This increase resulted primarily from growth in both earning assets and interest bearing deposits. Net interest income was $574 thousand for the fourth quarter. This is an increase of $103 thousand compared to the third quarter. Interest income for the year ended December 31, 2000 was $3.1 million of which $1.2 million or 38.8% relates to the three months ended December 31, 2000. Interest expense for the year ended December 31, 2000 was $1.5 million of which $650 thousand or 42.7% relates to the fourth quarter of 2000.

As a result of growth in interest earning assets and interest bearing deposits, net interest income for the fourth quarter was $514 thousand or 35.3% of the net interest income for the year ended December 31, 2000. During the same

three-month period, general and administrative expenses were $503 thousand that represents only 28.2% of the total for the year. The bank has been able to increase net interest income each quarter while general and administrative expenses have remained relatively unchanged. During the fourth quarter of the year 2000, the net interest income exceeded the general and administrative expenses by $71 thousand.

The bank incurred general and administrative expenses of $1.8 million for the year ended December 31, 2000. The related expense for the fourth quarter of the year 2000 was $503 thousand compared to $455 thousand for the three months ended September 30, 2000. Salaries and benefits represented 55.6% for the total expense for the year ended December 31, 2000. Salaries and benefits were $991 thousand for the year 2000 and $229 thousand for the fourth quarter of 2000. Another significant expense was $284 thousand for occupancy cost for year 2000. This expense was $74 thousand in the fourth quarter compared to $70 for the third quarter of 2000. The bank anticipates that both compensation and occupancy expense will increase in the first quarter of 2001 as a result of both hiring additional personnel and moving into the bank's new main office. The bank plans to increase both its loan and deposit relationships to support the growth in additional personnel and other costs. However no assurance can be given that the growth in the first quarter will be adequate to cover the additional costs.

In the second quarter of 2000 we recorded an income tax benefit of $74 thousand related to the future value of our current operating losses. No provision or benefit was recorded in the third of fourth quarters of the year 2000.

NET INTEREST INCOME

Net interest income, the largest component of our income, was $1.6 million for the year ended December 31, 2000. Interest income for the year was $3.1 million and includes $2.3 million on loans and $780 thousand on investments and federal funds sold. Interest expense related to deposit accounts was $1.5 million for the year ended December 31, 2000.

Our earning assets to deposit spread for the year ended December 31, 2000 was 3.18% and was 3.27% for the three months ended December 31, 2000. The bank's net yield on earning assets was 4.41% for the year ended December 31, 2000 compared to 4.18% for the three months ended December 31, 2000. The net yield on earning assets is calculated as net interest income divided by year-to-date average earning assets.

AVERAGE BALANCES, YIELDS AND RATES

Average loans and investments for the year 2000 were $23.8 million and $13.0 million, respectively. The average loans during the three months ended December 31, 2000 increased by $11.9 million while average investments declined by $530 thousand. The average loans were $40.9 million for the quarter ended December 31, 2000, while average investments were $13.2 million. The average yields on loans and investments for the three months ended December 31, 2000 were 9.72% and 6.63%, respectively. The average yields on loans and investments for the year ended December 31, 2000 were 9.74% and 6.39%, respectively.

The average balance of deposits for the year ended December 31, 2000 was $28.2 million, while the average balance for the fourth quarter was $46.6 million. This represents a $12.3 million or 35.7% increase compared to the average for the third quarter of the year 2000. The weighted average rate on deposits for the year ended December 31, 2000 was 5.38% and was 5.69% for the

fourth quarter of the year 2000.

The following table sets forth, for the year ended December 31, 2000, information related to our average balance sheet and average yields on assets and average costs of liabilities. We derived these yields by dividing income or expense by the average balance of the corresponding assets or liabilities. We derived average balances from the daily balances throughout the periods indicated. Because the bank did not open until January 10, 2000, we have omitted similar data for 1999.

AVERAGE BALANCES, INCOME AND EXPENSES, AND RATES

	For the year ended December 31, 2000 (Dollars in thousands)		
	Average Balance	Income/ Expense	Yield/ Rate
Federal funds sold	6,059	388	6.40%
Investment securities	6,934	442	6.37%
Loans	23,798	2,318	9.74%
Total earning assets	36,791	3,148	8.56%
Deposits	28,230	1,524	5.38%
Net interest spread			3.18%
Net interest income/margin		1,624	4.41%

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In pricing deposits, we considered our liquidity needs, the direction and levels of interest rates and local market conditions. As such, higher rates have been paid initially to attract deposits.

RATE/VOLUME ANALYSIS

Net interest income can be analyzed in terms of the impact of changing rates and changing volume. As this was the first period of operations for the bank, all interest income and expense is attributable to volume and therefore we have omitted the table analyzing the changes in net interest income as it would not be meaningful.

LIQUIDITY AND INTEREST RATE SENSITIVITY

Asset/liability management is the process by which we monitor and control the mix and maturities of our assets and liabilities. The essential purposes of asset/liability management are to ensure adequate liquidity and to maintain an appropriate balance between interest sensitive assets and

liabilities to minimize potentially adverse impacts on earnings from changes in market interest rates. The bank's asset/liability management committee ("ALCO") monitors and considers methods of managing exposure to interest rate risk. The ALCO consists of members of senior management of the bank. The ALCO is charged with the responsibility to maintain the level of interest rate sensitivity of the bank's interest sensitive assets and liabilities within Board-approved limits.

Our primary sources of liquidity are a stable base of deposits, scheduled repayments on our loans, and interest and maturities on our investments. All of our securities have been classified as available-for-sale. If necessary, we might sell a portion of our investment securities in connection with the management of our interest sensitivity gap or to manage our liquidity. We may also utilize our cash and due from banks and federal funds sold to meet liquidity needs. Additionally, we have a federal fund purchased line of credit with our correspondent bank in the amount of $2.8 million, on which no borrowings have been drawn, that can be utilized if needed. We also have collateral that would support in excess of $4.0 million of advances from the Federal Home Loan Bank. We believe that our liquidity and ability to manage assets will be sufficient to meet our cash requirements over the near future.

The principal monitoring technique we employ is the measurement of our interest sensitivity "gap," which is the positive or negative dollar difference between assets and liabilities that are subject to interest rate repricing within a given period of time. Interest rate sensitivity can be managed by repricing assets or liabilities, selling securities available-for-sale, replacing an asset or liability at maturity, or adjusting the interest rate during the life of an asset or liability. Managing the amount of assets and liabilities repricing in this same time interval helps to hedge the risk and minimize the impact on net interest income of rising or falling interest rates. We generally would benefit from increasing market rates of interest when we have an asset-sensitive gap position and generally would benefit from decreasing market rates of interest when we are liability-sensitive.

Because the bank has only been open since Janaury 10, 2000 and maintained a higher than normal level of short-term liquidity the bank is asset sensitive during the first three months, but is only 2.7% liability sensitive at the one-year mark. Our gap analysis is not a precise indicator of our interest sensitivity position. The analysis presents only a static view of the timing of maturities and repricing opportunities, without taking into consideration that changes in interest rates do not affect all assets and liabilities equally. For example, rates paid on a substantial portion of core deposits may change contractually within a relatively short time frame, but those rates are viewed by management as significantly less interest-sensitive than market-based rates such as those paid on non-core deposits. Net interest income may be impacted by other significant factors in a given interest rate environment, including changes in the volume and mix of earning assets and interest-bearing liabilities.

INTEREST RATE SENSITIVITY ANALYSIS

The following table presents our rate sensitivity at each of the time intervals indicated as of December 31, 2000. The table may not be indicative of our rate sensitivity position at other points in time. In addition, the table's maturity distribution may differ from the contractual maturities of the earning assets and interest bearing liabilities presented due to consideration of prepayment speeds under various interest rate change scenarios in the application of the interest rate sensitivity methods described above.

	Within three months	After three but within twelve months	After one but within five years	After five years	
	(Dollars in thousands)				
Interest-earning assets:					
Federal funds sold	$ 3,920	$ ---	$ ---	$ ---	$
Investment securities	2,996	2,862	3,191	296	
Loans	32,183	816	12,975	651	
Total earning assets	$ 39,099	$ 3,678	$ 16,166	$ 947	$
Interest-bearing liabilities:					
Money market and NOW	$ 19,251	$ ---	$ ---	$ ---	$
Regular savings	80	---	---	---	
Time deposits	8,040	16,995	2,550	---	
Total interest-bearing liabilities	$ 27,371	$ 16,995	$ 2,550	$ ---	$
Period gap	$ 11,728	$ (13,317)	$ 13,616	$ 347	$
Cumulative gap	$ 11,728	$ (1,589)	$ 12,027	$12,974	$
Ratio of cumulative gap to total earning assets	19.58%	(2.65)%	20.08%	21.66%	

LOAN PORTFOLIO

Since loans typically provide higher interest yields than do other types of interest earning assets, it is our intent to channel a substantial percentage of our earning assets into the loan portfolio. Average loans were $23.8 million for the year 2000. Total loans outstanding at December 31, 2000 were $46.6 million before allowance for loan losses.

The following table summarizes the composition of the loan portfolio at December 31, 2000.

	Amount (Dollars in thousands)	Percent of Total
Commercial business	$ 9,239	19.88%
Real estate:		
Residential	7,163	15.36%
Non-residential	13,995	30.02%
Construction	13,377	28.69%
Consumer and other	2,821	6.05%
Total Loans	$ 46,625	100.00%

Allowance for loan losses	(600)
Total net loans	$ 46,025

Management attempts to maintain a relatively diversified loan portfolio to help reduce the risk inherent in concentration of collateral. Due to the short time the portfolio has existed, the current mix of loans may not be indicative of the ongoing portfolio mix.

MATURITIES AND SENSITIVITY OF LOANS TO CHANGES IN INTEREST RATES

The information in the following table is based on the contractual maturities of individual loans, including loans which may be subject to renewal at their contractual maturity. Renewal of such loans is subject to review and credit approval, as well as modification of terms upon their maturity. Actual repayments of loans may differ from maturities reflected below because borrowers have the right to prepay obligations with or without prepayment penalties.

The following table summarizes the loan maturity distribution, by type, and related interest rate characteristics at December 31, 2000 (Dollars in thousands):

	One year or less	After one but Within five Years	After Five years	Total
Commercial Business	$ 3,458	$ 5,769	$ 42	$ 9,269
Real estate:				
Residential	1,390	12,605	-	13,995
Non-residential	1,767	10,513	1,097	13,377
Construction	3,364	3,331	468	7,163
	6,521	17,175	1,607	34,535
Consumer and other	1,853	918	50	2,821
Total loans	$ 11,832	$ 33,136	$ 1,657	$ 46,625
Loan maturing after one year with:				
Fixed interest rates				$ 13,648
Floating interest rates				$ 21,145

INVESTMENT PORTFOLIO

At December 31, 2000, the investment securities portfolio represented

approximately 15.2% of our earning assets at $9.3 million. We were invested in U.S. Government agency securities and mortgage-backed securities with a fair value of $9.0 million and an amortized cost of $9.3 million, with an unrealized gain of $37 thousand. At December 31, 2000, the bank was required to own $255 thousand and $41 thousand in the stock of the Federal Reserve Bank and The Federal Home Loan Bank, respectively.

Contractual maturities and yields on our investments (all available for sale) at December 31, 2000 are shown in the following table. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. (Dollars in thousands).

	Within One year	Yield	After one but Withhin Five Years	Yield	Over Five years	Yield
U.S. Government agencies	$ 2,992	6.38%	$ 4,419	7.00%	1,000	7.
Mortgage-backed securities	---	---	638	6.32%	---	
Total	$ 2,992	6.38%	$ 5,056	6.92%	$ 1,000	7.

At December 31, 2000, short-term investments comprised 6.3% of total earning assets at $3.9 million. These funds were invested in federal funds sold on an overnight basis.

DEPOSITS AND OTHER INTEREST-BEARING LIABILITIES

Our primary source of funds for loans and investments is our deposits. Average total deposits were $28.2 million and average interest-bearing deposits were $25.1 million in 2000. The following is a table of deposits by category at year-end.

	Amount (in thousands)	Percent
Demand deposit accounts	$ 3,088	6.18%
NOW accounts	6,637	13.28%
Money market accounts	12,613	25.23%
Savings accounts	80	.16%
Time deposits less than $100,000	14,446	28.89%
Time deposits of $100,000 or more	13,130	26.26%
Total deposits	$ 49,994	100.00%

Core deposits, which exclude time deposits of $100,000 or more, provide a relatively stable funding source for our loan portfolio and other earning

assets. Our core deposits were $37.7 million at December 31, 2000. Our loan-to-deposit ratio was 92.1% at year-end. The maturity distribution of our time deposits of $100,000 or more at December 31, 2000 is as follows (Dollars in thousands):

Three months or less	$ 4,413
Over three through twelve months	7,717
Over twelve months	1,000
Total	$ 13,130

SHORT-TERM BORROWINGS

As of December 31, 2000, we had no outstanding balances under short-term borrowings.

RETURN ON EQUITY AND ASSETS

The following table shows the return on average assets (net income divided by average total assets), return on average equity (net income divided by average equity), and equity to assets ratio (average equity divided by average total assets) for 2000. Since our inception, we have not paid cash dividends.

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Return on average assets	-1.6%
Return on average equity	-6.8%
Equity to assets ratio	15.4%

CAPITAL RESOURCES

Total shareholders' equity amounted to $9.5 million at December 31, 2000. This is compared to $10.1 million at December 31, 1999. The decrease resulted primarily from the $662 thousand loss from operations for the year ended December 31, 2000.

The Federal Reserve Board and bank regulatory agencies require bank holding companies and financial institutions to maintain capital at adequate levels based on a percentage of assets and off-balance sheet epxosures, adjusted for risk weights ranging from 0% to 100%. The Federal Reserve guidelines also contain an exemption from the capital requirements for bank holding companies with less than $150 million in consolidated assets. Because we had less than $150 million in assets, we are not currently subject to these guidelines. However, the bank falls under these rules as set per bank regulatory agencies.

Under the capital adequacy guidelines, capital is classified into two tiers. These guidelines require an institution to maintain a certain level of Tier 1 and Tier 2 capital to risk-weighted assets. Tier 1 capital consists of common stockholders' equity, excluding the unrealized gain or loss on securities available for sale, minus certain intangible assets. In determining the amount of risk-weighted assets, all assets, including certain off-balance sheet assets, are multiplied by a risk-weight factor of 0% to 100% based on the risks believed inherent in the type of asset. Tier 2 capital consists of Tier 1 capital plus the general reserve for loan losses subject to certain limitations. The bank is also required to maintain capital at a minimum level based on total average assets, which is known as the Tier 1 leverage ratio.

The following table sets forth the company's and the bank's various capital ratios at December 31, 2000. We are both subject to various regulatory capital requirements administered by the federal banking agencies. At December 31, 2000, we were in compliance with each of the applicable regulatory capital requirements.

	The Company	The Bank
Total risk-based capital	20.5%	18.0%
Tier 1 risk-based capital	19.3%	16.8%
Leverage capital	16.9%	14.7%

We believe that capital is sufficient to fund the activities of the bank in its initial stages of operation and that the rate of asset growth will not negatively impact the capital base. As of December 31, 2000, there were no significant firm commitments outstanding for capital expenditures. However, the bank plans to lease its permanent main office building beginning in the first quarter of the year 2001.

LIQUIDITY MANAGEMENT

Liquidity management involves monitoring our sources and uses of funds in order to meet our day-to-day cash flow requirements while maximizing profits. Liquidity represents the ability of a company to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management is made more complicated because different balance sheet components are subject to varying degrees of management control. For example, the timing of maturities of the investment portfolio is fairly predictable and subject to a high degree of control at the time the investment decisions are made. However, net deposit inflows and outflows are far less predictable and are not subject to nearly the same degree of control.

At December 31, 2000, our liquid assets, consisting of cash and due from banks and federal funds sold, amounted to $4.9 million, representing 7.9% of total assets. Investment securities amounted to $9.3 million, representing 15.2% of total assets; these securities provide a secondary source of liquidity since they can be converted into cash in a timely manner. Our ability to maintain and expand our deposit base and borrowing capabilities also serves as a source of liquidity.

We plan to meet our future cash needs through the liquidation of temporary investments, maturities of loans and investment securities, and generation of deposits. In addition, the bank maintains a federal funds purchased line of credit with a correspondent bank in the amount of $2.8 million. The bank is also a member of the Federal Home Loan Bank of Atlanta from which application for borrowings can be made for leverage purposes, if so desired. Management believes that its existing stable base of core deposits along with continued growth in this deposit base will enable us to successfully meets our long term liquidity needs.

IMPACT OF INFLATION AND CHANGING PRICES

The effect of relative purchasing power over time due to inflation has not been taken into effect in our financial statements. Rather, the statements have been prepared on an historical cost basis in accordance with generally accepted accounting principles.

Since most of the assets and liabilities of a financial institution are monetary in nature, the effect of changes in interest rates will have a more significant impact on our performance than will the effect of changing prices and inflation in general. Interest rates may generally increase as the rate of inflation increases, although not necessarily in the same magnitude.

ACCOUNTING AND FINANCIAL REPORTING ISSUES

SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", SFAS 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133" and SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133", establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position, and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or a firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign corporation. SFAS 137 amends SFAS 133 to delay the required adoption date by one year. SFAS 138 amends SFAS 133 to address a limited number of issues causing implementation difficulties. This statement is effective for fiscal quarters in fiscal years beginning after June 15, 2000. We adopted this statement January 1, 2001, with no expected material impact on our financial statements.

INDUSTRY DEVELOPMENTS

From time to time, various bills are introduced in the United States Congress with respect to the regulation of financial institutions. Certain of these proposals, if adopted, could significantly change the regulation of banks and the financial services industry. We cannot predict whether any of these proposals will be adopted, or if adopted, how these proposals would affect us.

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ITEM 7. FINANCIAL STATEMENTS

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GREENVILLE FIRST BANCSHARES, INC.
AND SUBSIDIARY

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS ENDED DECEMBER 31, 2000 AND 1999

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Directors

GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY

Greenville, South Carolina

We have audited the accompanying consolidated balance sheets of GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY as of December 31, 2000 and 1999 and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2000 and for the period from February 22, 1999 (inception) to December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY as of December 31, 2000 and 1999 and the results of their operations and their cash flows for the year ended December 31, 2000 and for the period from February 22, 1999 to December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

February 9, 2001
Greenville, South Carolina

GREENVILLE FIRST BANCSHARES, INC. & SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	200
ASSETS	
Cash and due from banks	$ 9
Federal funds sold	3,9
Investment securities available for sale	9,0
Other investments, at cost	2
Loans, net	46,0
Accrued interest	5
Property and equipment	6
Deferred taxes	
Other assets	
Total assets	$ 61,4
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Deposits	$ 49,9
Officialchecks outstanding	1,1
Accrued interest payable	5
Accounts payable	
Accrued expenses	2
Total liabilities	51,9
COMMITMENTS AND CONTINGENCIES - NOTE 9	
STOCKHOLDERS' EQUITY	
Preferred stock, par value $.01 per share, 10,000,000 shares authorized, no shares issued	
Common stock, par value $.01 per share, 10,000,000 shares authorized, 1,150,000 issued	
Additional paid-in capital	10,6
Unrealized gain on securities available for sale	
Retained deficit	(1,1
Total stockholders' equity	9,4
Total liabilities and stockholders' equity	$ 61,4

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See notes to consolidated financial statements that are an integral part of these statements.

GREENVILLE FIRST BANCSHARES, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE YE ENDED DECEMBER 31 2000
INTEREST INCOME	
Loans	$ 2,318,2
Investment securities	441,6
Federal funds sold	388,3
Total interest income	3,148,2
Interest expense	1,523,6
Net interest income before provision for loan losses	1,624,6
Provision for loan losses	600,0
Net interest income after provision for loan losses	1,024,6
NONINTEREST INCOME	
Loan fee income	12,5
Service fees on deposit accounts	36,1
Other income	9,6
Total other income	58,3
NONINTEREST EXPENSES	
Salariesand benefits	990,8
Professional fees	148,1
Marketing	45,6
Insurance	22,3
Occupancy	283,5
Other outside services	104,5
Telephone	19,9
Other	167,5

Total expenses	1,782,5
Loss before provision for income taxes	(699,5
INCOME TAX BENEFIT	38,0
NET LOSS	$ (661,5
BASIC NET LOSS PER SHARE	$ (.
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	1,150,0

See notes to consolidated financial statements that are an integral part of these statements.

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GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMMON SHARES	STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	
PROCEEDS FROM THE SALE OF STOCK (NET OF OFFERING EXPENSES OF $853,300)	1,150,000	$ 11,500	$ 10,635,200	$ -	$
NET LOSS	-	-	-	-	
BALANCE, DECEMBER 31, 1999	1,150,000	11,500	$ 10,635,200	$ -	$
NET LOSS	-	-	-	-	
COMPREHENSIVE LOSS, NET OF TAX UNREALIZED HOLDING GAIN ON SECURITIES AVAILABLE FOR SALE	-	-	-	24,162	
COMPREHENSIVE LOSS	-	-	-	-	
BALANCE, DECEMBER 31, 2000	1,150,000	$ 11,500	$ 10,635,200	$24,162	$(1

See notes to consolidated financial statements that are an integral part of

these statements.

GREENVILLE FIRST BANCSHARES, INC.AND SUBSIDIARY
STATEMENTS OF CASH FLOWS

		FOR THE YEA ENDED DECEMBER 3 2000
OPERATING ACTIVITIES		
Net loss	$	(661,5
Adjustments to reconcile net loss to cash provided by (used for) operating activities:		
Provision for loan losses		600,0
Depreciation and other amortization		66,1
Accretion and amortization of securities discounts and premium, net		(27,7
Increase in other assets, net		(356,3
Increase in other liabilities, net		1,929,4
Net cash provided by (used for) operating activities		1,549,9
INVESTING ACTIVITIES		
Increase (decrease) in cash realized from:		
Origination of loans, net		(46,625,0
Purchase property and equipment		(571,5
Purchase of securities available for sale		(11,961,7
Payments and maturity of securities available for sale		10,999,5
Net cash used for investing activities		(48,158,8
FINANCING ACTIVITIES		
Increase in deposits, net		49,994,4
Proceeds from sale of stock		
Proceeds from borrowings on line of credit		
Repayment of borrowings on line of credit		
Net cash provided by financing activities		49,994,4
Net increase in cash		3,385,5
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		1,465,8

CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4,851,3
SUPPLEMENTAL INFORMATION	
CASH PAID FOR	
Interest paid	$ 965,4
Income taxes paid	
SUPPLEMENTAL SCHEDULE OF NON-CASH TRANSACTION	
Unrealized gain on securities, net of income taxes	$ 24,1

See notes to consolidated financial statements that are an integral part of these statements.

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GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

GREENVILLE FIRST BANCSHARES, INC. (the "Company") is a South Carolina corporation organized for the purpose of owning and controlling all of the capital stock of GREENVILLE FIRST BANK (the "Bank"). The Bank is a national bank under the laws of the United States located in Greenville County, South Carolina. The Company received approval to begin banking operations from both the Federal Deposit Insurance Corporation ("FDIC") and the Office of the Comptroller of the Currency ("OCC") on January 7, 2000. The Bank began operations on January 10, 2000.

On October 26, 1999, the Company sold 1,100,000 shares of its common stock at $10 per share and on November 30, 1999 sold 50,000 additional shares for a total of 1,150,000 shares. The offering raised $10,646,700 net of underwriting discounts, commissions and offering expenses. The directors and executive officers of the Company purchased 266,900 shares of common stock at $10 per share, for a total of $2,669,000. The Company used $9.5 million of the proceeds to capitalize the Bank.

The following is a description of the more significant accounting and reporting policies which the Company follows in preparing and presenting consolidated financial statements.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Greenville First Bank (the "Bank"). In consolidation all significant intercompany items and transactions have been eliminated. The accounting and reporting policies conform to generally accepted accounting principles and to general practices in the banking industry. The company uses the accrual basis of accounting.

ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of income and expenses during the reporting periods. Actual results could differ from those estimates.

CONCENTRATIONS OF CREDIT RISK

The Bank makes loans to individuals and businesses in and around "Upstate" South Carolina for various personal and commercial purposes. The Bank has a diversified loan portfolio and the borrowers' ability to repay their loans is not dependent upon any specific economic sector.

INVESTMENT SECURITIES

The Company accounts for investment securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". The statement requires investments in equity and debt securities to be classified into three categories:

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES, CONTINUED

1. Available for sale securities: These are securities that are not classified as either held to maturity or as trading securities. These securities are reported at fair market value. Unrealized gains and losses are reported, net of income taxes, as separate components of stockholders' equity (accumulated other comprehensive income (loss).

2. Held to maturity securities: These are investment securities that the Company has the ability and intent to hold until maturity. These securities are stated at cost, adjusted for amortization of premiums and the accretion of discounts. The Company has no held to maturity securities.

3. Trading securities: These are securities that are bought and held principally for the purpose of selling in the near future. Trading securities are reported at fair market value, and related unrealized gains and losses are recognized in the income statement. The Company has no trading securities.

Gains or losses on dispositions of investment securities are based on the differences between the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method. Premiums and discounts are amortized or accrued into interest income by a method that approximates a level yield.

LOANS, INTEREST AND FEE INCOME ON LOANS

Loans are stated at the principal balance outstanding. Unamortized net loan fees and the allowance for possible loan losses are deducted from total loans in the balance sheet. Interest income is recognized over the term of the loan based on the principal amount outstanding. The net of loan origination fees received and direct costs incurred in the origination of loans is deferred and amortized to interest income over the contractual life of the loans

adjusted for actual principal prepayments using a method approximating the interest method.

Loans are generally placed on non-accrual status when principal or interest becomes ninety days past due, or when payment in full is not anticipated. When a loan is placed on non-accrual status, interest accrued but not received is generally reversed against interest income. If collectibility is in doubt, cash receipts on non-accrual loans are not recorded as interest income, but are used to reduce principal.

ALLOWANCE FOR POSSIBLE LOAN LOSSES

The provision for possible loan losses charged to operating expenses reflects the amount deemed appropriate by management to establish an adequate reserve to meet the present and foreseeable risk characteristics of the current loan portfolio. Management's judgement is based on periodic and regular evaluation of individual loans, the overall risk characteristics of the various portfolio segments, past experience with losses and prevailing and anticipated economic conditions. Loans that are determined to be uncollectable are charged against the allowance. Provisions for possible loan losses and recoveries on loans previously charged off are added to the allowance.

The Bank accounts for impaired loans in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan". This standard requires that all lenders value loans at the loan's fair value if it is probable that the lender will be unable to collect all amounts due according to the terms of the loan agreement. Fair value may be determined based upon the present value of expected cash flows, market price of the loan, if available, or value of the underlying collateral. Expected cash flows are required to be discounted at the loan's effective interest rate.

Under SFAS No. 114 when the ultimate collectibility of an impaired loan's principal is in doubt, wholly or partially, all cash receipts are applied to principal. Once the reported principal balance has been reduced to zero, future cash receipts are applied to interest income, to the extent that any interest has been foregone. Further cash receipts are recorded as recoveries of any amounts previously charged off.

A loan is also considered impaired if its terms are modified in a trouble debt restructuring. For these accruing impaired loans, cash receipts are typically applied to principal and interest receivable in accordance with the terms of the restructured loan agreement. Interest income is recognized on these loans using the accrual method of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES, CONTINUED

NON-PERFORMING ASSETS

Non-performing assets include real estate acquired through foreclosure or deed taken in lieu of foreclosure, and loans on non-accrual status. Loans are placed on non-accrual status when, in the opinion of management, the collection of additional interest is questionable. Thereafter no interest is taken into income unless received in cash or until such time as the borrower demonstrates the ability to pay principal and interest.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Major repairs are charged to operations, while major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gain or loss is included in income from operations.

ORGANIZATION COSTS

Organization costs include incorporation, legal and consulting fees incurred in connection with establishing the Company. In accordance with Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities," organization costs are expensed when incurred.

INCOME TAXES

The financial statements have been prepared on the accrual basis. When income and expenses are recognized in different periods for financial reporting purposes versus for purposes of computing income taxes currently payable, deferred taxes are provided on such temporary differences. The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". Under SFAS 109, deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the consolidated financial statements or tax return. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled.

ADVERTISING AND PUBLIC RELATIONS EXPENSE

Advertising, promotional and other business development costs are generally expenses as incurred. External costs incurred in producing media advertising are expensed the first time the advertising takes place. External costs relating to direct mailing costs are expensed in the period in which the direct mailings are sent.

BASIC NET LOSS PER COMMON SHARE

Basic net loss per common share is computed on the basis of the weighted average number of common shares outstanding in accordance with SFAS No. 128, "Earnings per Share". For purposes of calculating net loss per share, the stock was assumed to be outstanding all of 1999. The treasury stock method is used to compute the effect of stock options on the weighted average number of common shares outstanding for the diluted method. No dilution occurs under the treasury stock method as the exercise price of stock options equals or exceeds the market value of the stock.

STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet captions "Cash and Due From Banks and Federal Funds Sold." Cash and cash equivalents have an original maturity of three months or less.

RECLASSIFICATIONS

Certain amounts, previously reported, have been reclassified to state all periods on a comparable basis which had no effect on stockholders' equity or net income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES, CONTINUED

RISKS AND UNCERTAINTIES

In the normal course of its business the Company encounters two significant types of risks: economic and regulatory. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk to the degree that its interest-bearing liabilities mature or reprice at different speeds, or on different bases, than its interest-earning assets. Credit risk is the risk of default on the Company's loan portfolio that results from borrower's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of collateral underlying loans receivable and the valuation of real estate held by the Company.

The Company is subject to the regulations of various governmental agencies. These regulations can and do change significantly from period to period. The Company also undergoes periodic examinations by the regulatory agencies, which may subject it to further changes with respect to asset valuations, amounts of required loss allowances and operating restrictions resulting from the regulators' judgments based on information available to them at the time of their examination.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." All derivatives are to be measured at fair market value and recognized in the balance sheet as assets and liabilities. SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" was issued in June 2000 and amends the accounting and reporting standards of SFAS No. 133 for certain derivative instruments and hedging activities. The two statements are to be adopted concurrently and are effective for fiscal years and quarters beginning after June 15, 2000. The company does not currently use derivative instruments. Therefore, the adoption of SFAS No. 133 and SFAS No. 138 did not have a material impact on the presentation of the Company's financial results or financial position.

Other accounting standards that have been issued or proposed by the Financial Accounting Standards Board that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

NOTE 2 - RESTRICTIONS ON CASH AND DUE FROM BANKS

The Bank is required to maintain average reserve balances, computed by applying prescribed percentages to its various types of deposits, either at the bank or on deposit with the Federal Reserve Bank. At December 31, 2000 and 1999 these required reserves were met by vault cash.

NOTE 3 - FEDERAL FUNDS SOLD

Bank cash reserves (Note 2) in excess of the required amount may be lent to other banks on a daily basis. At December 31, 2000 and 1999 federal funds sold amounted to $3,920,000 and $1,460,000.

NOTE 4 - INVESTMENT SECURITIES

The amortized costs and fair value of investment securities available for sale are as follows:

	DECEMBER 31, 2000			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Federal agencies	$8,372,194	$ 38,089	$ -	$ 8,410,283
Mortgage-backed	639,915	-	1,480	638,435
Total securities	$9,012,109	$ 38,089	$ 1,480	$ 9,048,718

NOTE 4 - INVESTMENT SECURITIES, CONTINUED

At December 31, 1999, the Company owned federal agencies with a cost and fair market value of $8,317,872.

Other investments at December 31, 2000 include Federal Reserve Bank stock with cost of $255,000 and Federal Home Loan Bank stock with cost of $40,800.

The Bank is required to own stock in the Federal Reserve Bank and Federal Home Loan Bank as a member institution. No ready market exists for the stock and it has no quoted market value. However, redemption of the stock has historically been at par value.

The amortized costs and fair values of investment securities at December 31, 2000, by contractual maturity, are shown in the following chart. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	AMORTIZED COST	FAIR VALUE
Due in less than one year	$ 2,990,779	$ 2,991,975
Due after one through three years	3,016,415	3,036,188
Due after three through five years	2,004,915	2,020,555
Due after five through ten years	1,000,000	1,000,000
Total investment securities	$ 9,012,109	$ 9,048,718

No investment securities were sold in 2000 or 1999. Accordingly, no gains or losses were recorded. At December 31, 2000 $5,544,800 of securities were pledged as collateral for public funds. At December 31, 1999, there were no securities pledged as collateral for public funds.

NOTE 5 - LOANS

The composition of net loans by major loan category as follows:

DECEMBER 31,

	2000
Commercial	$ 22,646,855
Real estate - construction	7,162,759
Real estate - mortgage	13,994,086
Consumer	2,821,327
Loans, gross	46,625,027
Less allowance for possible loan losses	(600,000)
Loans, net	$ 46,025,027

At December 31, 1999, the Bank had no loans. At December 31, 2000, there were no nonaccruing loans and no impaired loans. Variable and fixed rate loans totaled $31,923,745 and $14,701,282 at December 31, 2000.

NOTE 6 - ALLOWANCE FOR POSSIBLE LOAN LOSSES

The allowance for possible loan losses is available to absorb future loan charge-offs. The allowance is increased by provisions charged to operating expenses and by recoveries of loans which were previously written-off. The allowance is decreased by the aggregate loan balances, if any, which were deemed uncollectible during the year.

Activity within the allowance for possible loan losses account follows:

NOTE 6 - ALLOWANCE FOR POSSIBLE LOAN LOSSES, CONTINUED

	FOR THE PERIODS EN DECEMBER 3	
	2000	
Balance, beginning of year	$ -	$
Recoveries of loans previously charged against the allowance	-	
Provision for loan losses	600,000	
Loans charged against the allowance	-	
Balance, end of year	$ 600,000	$

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Components of property and equipment included in the consolidated balance sheets are as follows:

	DECEMBER 31, 2000	1999
Leasehold improvements	$ 146,232	$ -
Furniture and equipment	440,476	93,664

Software 96,025	17,528	
	682,733	111,192
Accumulated depreciation	(66,112)	-
Total property and equipment	$ 616,621	$ 111,192

Leasehold improvements and furniture and fixtures include items for the Company's main office. The Company occupied its main office on January 16, 2001. The office is leased for twenty years (see note 9).

Depreciation expense for the year ended December 31, 2000 amounted to $66,112. No depreciation expense was recorded in 1999. Depreciation is charged to operations over the estimated useful lives of the assets. The estimated useful lives and methods of depreciation for the principal items follow:

TYPE OF ASSET	LIFE IN YEARS	DEPRECIATION METHOD
Software and computer equipment	3	Straight-line
Furniture and equipment	5 to 7	Straight-line
Buildings and improvements	5 to 40	Straight-line

NOTE 8 - DEPOSITS

The following is a detail of the deposit accounts:

	DECEMBER 31, 2000
Non-interest bearing	$ 3,087,715
Interest bearing:	
NOW accounts	6,637,257
Money market accounts	12,613,368
Savings	79,572
Time, less than $100,000	14,446,620
Time, $100,000 and over	13,129,897
Total deposits	$ 49,994,429

NOTE 8 - DEPOSITS, CONTINUED

The Bank had no deposits at December 31, 1999.

Interest expense on time deposits greater than $100,000 was $360,130 in 2000.

At December 31, 2000 the scheduled maturities of certificates of deposit are as follows:

2001	$ 24,883,711
2002	1,847,342
2003	410,000
2004 and thereafter	435,464
	$ 27,576,517

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company has entered into an employment agreement with its president and chief executive officer that includes a three year compensation term, annual bonus, incentive program, stock option plan and a one-year non-compete agreement upon termination.

The Company has also entered into a thirty-six month operating lease on an automobile that is used by the Company's president and chief executive officer. The monthly payments are $620. At December 31, 2000, twenty-one lease payments remained.

The Company has entered into an agreement with a data processor with a remaining term of four years to provide ATM services, item processing and general ledger processing. Components of this contract include monthly charges of approximately $7,500.

The Bank may become party to litigation and claims in the normal course of business. As of December 31, 2000, there is no litigation pending.

The Bank has a twenty-year lease on its main office building that begins in January 2001. The monthly rent for the first year is $23,521. The lease provides for annual lease rate escalations based on cost of living adjustments.

Future minimum lease payments under this operating lease is summarized as follows:

For the year ended December 31,	
2001	$ 282,252
2002	289,174
2003	296,303
2004	303,646
2005	311,210
Thereafter*	5,715,450
	$ 7,198,035

*Amount is estimated based on an increase of 2.49 percent per year. Actual lease will be adjusted annually by the cost of living index as stated in the Consumer Price Index.

NOTE 10 - UNUSED LINES OF CREDIT

At December 31, 2000, the Bank had an unused line of credit to purchase federal funds of $2.8 million. These lines of credit are available on a one to seven day basis for general corporate purposes of the Bank. All of the lenders have reserved the right to withdraw these lines at their option. The Bank had a second line of credit with the Federal Home Loan Bank to borrow funds, subject to a pledge of qualified collateral. The Bank has collateral that would support approximately $4,000,000 in borrowings.

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NOTE 11 - INCOME TAXES

A income tax benefit of $38,000 was recorded in 2000 and reflects the

value of net operating losses available for offset against future taxable income. The resulting deferred tax asset at December 31, 2000, was partially offset by $12,447 of a deferred tax liability that relates to an unrealized gain on securities available for sale, which has been recorded directly to stockholders' equity. Net operating losses available to offset future taxable income expire in 2015. The resulting net deferred tax asset is presented with other assets in the consolidated balance sheets.

NOTE 12 - RELATED PARTY TRANSACTIONS

Certain directors, executive officers and companies with which they are affiliated, are customers of and have banking transactions with the Bank in the ordinary course of business. These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms-length transactions.

A summary of loan transactions with directors, including their affiliates, and executive officers for the year ended December 31, 2000 is as follows:

Balance, beginning of year	$ -
New loans	479,768
Less loan payments	(119,587)
Balance, end of year	$ 360,181

Deposits by officers and directors and their related interests at December 31, 2000, were $171,926.

There were no loans to or deposits by officers and directors and their related interests at December 31, 1999. The Bank has a lease on its main office building with a director of the bank beginning in 2001. The lease is for twenty years, with a $23,521 monthly payment for the first year. The bank is of the opinion that the lease payments represent a market cost that could have been obtained in an "arms length" transaction.

NOTE 13 - FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

In the ordinary course of business, and to meet the financing needs of its customers, the Company is a party to various financial instruments with off balance sheet risk. These financial instruments, which include commitments to extend credit and standby letters of credit, involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the balance sheets. The contract amount of those instruments reflects the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amounts of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any material condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. At December 31, 2000, unfunded commitments to extend credit were $18,431,819, of which $5,529,546 is at fixed rates and $12,902,273 is at variable rates. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral varies but may

include accounts receivable, inventory, property, plant and equipment, and commercial and residential real estate.

At December 31, 2000, there was a $234,063 commitment under a letter of credit. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral varies but may include accounts receivable, inventory, equipment, marketable securities and property. Since most of the letters of credit are expected to expire without being drawn upon, they do not necessarily represent future cash requirements.

NOTE 14 - EMPLOYEE BENEFIT PLAN

On January 1, 2000, the Company adopted the Greenville First Bancshares, Inc. Profit Sharing and 401(k) Plan for the benefit of all eligible employees. The Company contributes to the Plan annually upon approval by the Board of Directors. Contributions made to the Plan in 2000 amounted to $74,500. No contributions were made to the Plan in 1999.

NOTE 15 - STOCK OPTIONS AND WARRANTS

On March 21, 2000, the Company adopted a stock option plan for the benefit of the directors, officers and employees. The Board may grant up to 172,500 options at an option price per share not less than the fair market value on the date of grant. The options granted to officers and employees vest either at 20 percent over four years or 25 percent over five years and expire 10 years from the grant date. The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the stock option plan. Had compensation cost been determined based on the fair value at the grant date for the above stock option awards consistent with the provisions of SFAS No. 123, the Company's net income (loss) and net income (loss) per common share would have changed to the pro forma amounts indicated below:

	FOR THE PERIODS ENDED DECEMBER 31,	
	2000	1999
Net loss		
As reported	$ (661,553)	$ (534,329)
Pro forma	(695,213)	(534,329)
Basic net loss per common share		
As reported	(.58)	(.46)
Pro forma	(.60)	(.46)

The fair value of the option grant is estimated on the date of grant using the Black-Scholes option pricing model and the minimum value method allowed by SFAS 123. The risk free interest rate used was 5.90 percent, the expected option life was 4 to 5 years and the assumed dividend rate was zero.

A summary of the status of the plan as of December 31, 2000, and changes during the year ending is presented below:

2000

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	-	$ -
Granted	97,000	10.00
Exercised	-	-
Forfeited or expired	-	-
Outstanding at end of year	97,000	$ 10.00
Options exercisable at year-end	-	-
Shares available for grant	75,500	

Upon completion of the 1999 stock offering, the Company issued warrants to each of its organizers to purchase up to an additional 129,950 shares of common stock at $10 per share. These options vest over a three year period and expire on October 27, 2009.

NOTE 16 - DIVIDENDS

There are no current plans to initiate payment of cash dividends and future dividend policy will depend on the Bank's and the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Company's Board of Directors. The Bank is restricted in its ability to pay dividends under the national banking laws and regulations of the OCC. Generally, these restrictions require the Bank to pay dividends derived solely from net profits. Moreover, OCC prior approval is required if dividends declared in any calendar year exceed the Bank's net profit for that year combined with its retained net profits for the preceding two years.

NOTE 17 - COMMON STOCK AND LOSS PER SHARE

SFAS No. 128, "Earnings per Share" requires that the Company present basic and diluted net income (loss) per common share. The assumed conversion of stock options and warrants can create a difference between basic and diluted net income (loss) per common share. Since all stock options and warrants were considered to be anti-dilutive, the weighted average number of common shares outstanding for both basic net loss per share and diluted net loss per common share is the same and diluted loss per share is not presented. Loss per share is calculated by dividing net income by the weighted average number of common shares outstanding for each period presented. The weighted average number of common shares outstanding for basic net loss per common share was 1,150,000 shares in 2000 and 1999.

NOTE 18 - REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy

guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2000, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2000, the most recent notification of the Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category. The Bank's actual capital amounts and ratios and minimum regulatory amounts and ratios are presented as follows:

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES MINIMUM	
	AMOUNT	RATIO	AMOUNT	RATI
AS OF DECEMBER 31, 2000				
Total Capital (to risk weighted assets)	$ 8,815	18.0%	$ 3,918	8.0%
Tier 1 Capital (to risk weighted assets)	8,215	16.8	1,961	4.0
Tier 1 Capital (to average assets)	8,215	14.7	2,241	4.0

NOTE 19 - SELECTED QUARTERLY FINANCIAL DATA

FOLLOWING IS A SUMMARY OF OPERATIONS BY QUARTER FOR THE YEAR ENDED DECEMBER 31, 2000:

			QUARTER ENDED	
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEM
	TOTAL			
Interest income	$ 335,957	$ 642,027	$ 945,654	$
Interest expense	116,533	282,112	474,541	
Net interest income	219,424	359,915	471,113	
PROVISION FOR LOAN LOSS	100,000	180,000	150,000	
Noninterest income	2,362	9,490	21,567	

Noninterest expenses	395,905	428,906	454,995	
Loss before provision for income taxes	(274,119)	(239,501)	(112,315)	
Income tax (benefit) expense	-	(74,000)	-	
Net loss	$ (274,119)	$ (165,501)	$ (112,315)	$
Basic net loss per share	$ (0.24)	$ (0.14)	$ (0.10)	$
Weighted average number of common shares outstanding	1,150,000	1,150,000	1,150,000	

Selected quarterly financial data for 1999 has not been presented because the Company had no bank operations.

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NOTE 20 -FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" requires disclosure of fair value information, whether or not recognized in the balance sheets, when it is practical to estimate the fair value. SFAS No. 107 defines a financial instrument as cash, evidence of an ownership interest in an entity or contractual obligations which require the exchange of cash or other financial instruments. Certain items are specifically excluded from the disclosure requirements, including the Company's common stock, premises and equipment and other assets and liabilities.

Fair value approximates carrying value for the following financial instruments due to the short-term nature of the instrument: cash and due from banks and federal funds sold.

Securities are valued using quoted fair market prices. Fair value for the Company's off-balance sheet financial instruments is based on the discounted present value of the estimated future cash flows.

Fair value for variable rate loans that reprice frequently and for loans that mature in less than one year is based on the carrying value. Fair value for fixed rate mortgage loans, personal loans and all other loans (primarily commercial) maturing after one year is based on the discounted present value of the estimated future cash flows. Discount rates used in these computations approximate the rates currently offered for similar loans of comparable terms and credit quality.

Fair value for demand deposit accounts and interest-bearing accounts with no fixed maturity date is equal to the carrying value. Certificate of deposit accounts maturing within one year are valued at their carrying value. The fair value of certificate of deposit accounts after one year are estimated by discounting cash flows from expected maturities using current interest rates on similar instruments.

The Company has used management's best estimate of fair value based on the above assumptions. Thus, the fair values presented may not be the amounts

which could be realized in an immediate sale or settlement of the instrument. In addition, any income taxes or other expenses which would be incurred in an actual sale or settlement are not taken into consideration in the fair value presented.

The estimated fair values of the Company's financial instruments are as follows:

	DECEMBER		
	2000		
	CARRYING AMOUNT	FAIR VALUE	
FINANCIAL ASSETS:			
Cash and due from banks	$ 931,372	$ 931,372	$
Federal funds sold	3,920,000	3,920,000	
Investment securities	9,344,518	9,344,518	
Other Investments	295,800	295,800	
Loans, net	46,025,027	46,300,000	
FINANCIAL LIABILITIES:			
Deposits	49,994,429	50,018,000	
FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK:			
Commitments to extend credit	18,431,819	18,431,819	
Standby letters of credit	234,063	234,063	

NOTE 21 - PARENT COMPANY FINANCIAL INFORMATION

Following is condensed financial information of Greenville First Bancshares, Inc. (parent company only):

During 2000, the Company capitalized the Bank with $8,500,000 and transferred all remaining assets, including losses incurred through December 31, 2000 totaling $490,670 to the Bank subsidiary.

CONDENSED BALANCE SHEETS

	20
ASSETS	
Cash and cash equivalents	$ 1,2
Investment in Bank subsidiary	8,2
Securities available for sale	
Other assets	
Total assets	$ 9,4

LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable	$
Stockholders' equity	9,4
Total liabilities and stockholders' equity	$ 9,4

CONDENSED STATEMENTS OF OPERATIONS

	FO
REVENUES	
Interest income	$ 1
EXPENSES	
Salaries and benefits	
Professional fees	
Other expenses	
Total expenses	
Income (loss) before equity in undistributed net loss of Bank subsidiary	1
Equity in undistributed net loss of Bank subsidiary	(7
Net loss	$ (6

NOTE 21 - PARENT COMPANY FINANCIAL INFORMATION (CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS

	F
OPERATING ACTIVITIES	
Net loss	$
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	
Equity in undistributed net loss of	

the bank subsidiary	
(Decrease) increase in accounts payable	
Decrease in other assets	
Net cash provided by (used for) operating activities	
INVESTING ACTIVITIES	
Transfer of securities available for sale to bank subsidiary	8
Purchase of securities available for sale	
Maturity of investment securities	
Purchase of property and equipment	
Net cash provided by (used for) investing activities	8
FINANCING ACTIVITIES	
Proceeds from borrowing on line of credit	
Repayment of borrowing on line of credit	
Proceeds from sale of stock	
Investment in Bank subsidiary	(8
Net cash provided by (used for) financing activities	(8
Net increase in cash and cash equivalents	
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE

EXCHANGE ACT

In response to this Item, the information contained on pages 3 through 5 of our Proxy Statement for the Annual Meeting of Shareholders to be held on

May 15, 2001 is incorporated herein by reference.

ITEM 10. EXECUTIVE COMPENSATION

In response to this Item, the information contained on page 6 of our Proxy Statement for the Annual Meeting of Shareholders to be held on May15, 2001 is incorporated herein by reference.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

In response to this Item, the information contained on page 8 of our Proxy Statement for the Annual Meeting of Shareholders to be held on May 15, 2001 is incorporated herein by reference.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In response to this Item, the information contained on page 10 of our Proxy Statement for the Annual Meeting of Shareholders to be held on May 15, 2001 is incorporated herein by reference.

ITEM 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1.1 Form of Underwriting Agreement between Greenville First Bancshares and Wachovia Securities (incorporated by reference to Exhibit 1.1 of the Registration Statement on Form SB-2, File No. 333-83851).

3.1. Articles of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of the Registration Statement on Form SB-2, File No. 333-83851).

3.2. Bylaws (incorporated by reference to Exhibit 3.2 of the Registration Statement on Form SB-2, File No. 333-83851).

4.1. See Exhibits 3.1 and 3.2 for provisions in Greenville First Bancshares's Articles of Incorporation and Bylaws defining the rights of holders of the common stock (incorporated by reference to Exhibit 4.1 of the Registration Statement on Form SB-2, File No. 333-83851).

4.2. Form of certificate of common stock (incorporated by reference to Exhibit 4.2 of the Registration Statement on Form SB-2, File No. 333-83851).

5.1. Opinion Regarding Legality (incorporated by reference to Exhibit 5.1 of the Registration Statement on Form SB-2, File No. 333-83851).

10.1. Employment Agreement dated July 27, 1999 between Greenville First Bancshares and Art Seaver (incorporated by reference to Exhibit 10.1 of the Registration Statement on Form SB-2, File No. 333-83851).

10.2. Lease Agreement incorporated by reference between Greenville First Bank and Halton Properties, LLC, formerly Cothran Properties, LLC (incorporated by reference to Exhibit 10.2 of Form 10-k filed on March 28, 2000).

10.3 Data Processing Services Agreement dated June 28, 1999 between Greenville First Bancshares and the Intercept Group (incorporated by reference to Exhibit 10.3 of the Registration Statement on Form SB-2, File No. 333-83851).

10.4 Form of Stock Warrant Agreement (incorporated by reference to Exhibit 10.4 of the Registration Statement on Form SB-2, File No. 333-83851).

10.5 Promissory Note dated February 22, 1999 from Greenville First Bancshares, Inc. in favor of John J. Meindl, Jr. (incorporated by reference to Exhibit 10.5 of the Registration Statement on Form SB-2, File No. 333-83851).

10.6 Standard Form of Agreement between Greenville First Bancshares, Inc. and AMI Architects (incorporated by reference to Exhibit 10.2 of Form 10-k filed on March 28, 2000).

(b) Reports on Form 8-K

We did not file any reports on Form 8-K during the fourth quarter of 1999.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREENVILLE FIRST BANCSHARES, INC.

Date: March 28, 2001

By: /s/ R. Arthur Seaver, Jr.

R. Arthur Seaver, Jr.
President and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints R. Arthur Seaver, Jr., his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-KSB, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James M. Austin James M. Austin, III	Chief Financial Officer, Principal Financial and Accounting Officer	March 28, 2001
/s/ Andrew B. Cajka Andrew B. Cajka	Director	March 28, 2001
/s/ Mark A. Cothran Mark A. Cothran	Director	March 28, 2001
/s/ Leighton M. Cubbage Leighton M. Cubbage	Director	March 28, 2001
/s/ David G. Ellison David G. Ellison	Director	March 28, 2001
/s/ Anne S. Ellefson Anne S. Ellefson	Director	March 28, 2001
/s/ Tecumseh Hooper Tecumseh Hooper, Jr.	Director	March 28, 2001
/s/ Rudolph G. Johnstone Rudolph G. Johnstone, III, M.D.	Director	March 28, 2001

Signature	Title	Date
/s/ Keith J. Marrero Keith J. Marrero	Director	March 28, 2001
/s/ James B. Orders James B. Orders, III	Director, Chairman	March 28, 2001
/s/ William B. Sturgis		

William B. Sturgis	Director	March 28, 2001
/s/ R. Arthur Seaver R. Arthur Seaver, Jr.	Director, Chief Executive Officer and President (PRINCIPAL EXECUTIVE OFFICER)	March 28, 2001
/s/ Fred Gilmer Fred Gilmer, Jr.	Director, Senior Vice-President	March 28, 2001

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EXHIBIT INDEX

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