

# SECURITIES AND EXCHANGE COMMISSION

## FORM SB-2

Optional form for registration of securities to be sold to the public by small business issuers

Filing Date: **1999-07-27**  
SEC Accession No. **0000950144-99-009181**

([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

### FILER

#### **GREENVILLE FIRST BANCSHARES INC**

CIK: **1090009** | IRS No.: **582459561** | State of Incorporation: **SC** | Fiscal Year End: **1231**  
Type: **SB-2** | Act: **33** | File No.: **333-83851** | Film No.: **99671224**

Mailing Address  
*1805 LAURENS RD  
GREENVILLE SC 29607*

Business Address  
*1805 LAURENS RD  
GREENVILLE SC 29607  
8642417806*

As filed with the SEC on July 27, 1999  
Registration No. \_\_\_\_\_

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM SB-2  
REGISTRATION STATEMENT  
Under  
THE SECURITIES ACT OF 1933  
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GREENVILLE FIRST BANCSHARES, INC.  
(Exact name of registrant as specified in its charter)

<TABLE>		
<CAPTION>		
South Carolina	6021	58-2459561
<S>	<C>	<C>
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)
</TABLE>		

1805 Laurens Road  
Greenville, South Carolina 29607  
(864) 241-7806  
(Address and Telephone Number of Intended Principal Place of Business)

-----  
R. Arthur Seaver, Jr.  
Chief Executive Officer  
1805 Laurens Road  
Greenville, South Carolina 29607  
(864) 241-7806  
(Name, Address, and Telephone Number of Agent For Service)

Copies of all communications, including copies of all communications sent to  
agent for service, should be sent to:

<TABLE>	
<S>	<C>
Neil E. Grayson, Esq. C. Russell Pickering, Esq. J. Brennan Ryan, Esq. Nelson Mullins Riley & Scarborough, L.L.P. 999 Peachtree Street, N.E., Suite 1400 Atlanta, Georgia 30309 (404) 817-6000 (404) 817-6225 (Fax)	Boyd C. Campbell, Jr., Esq. Smith Helms Mulliss & Moore, L.L.P. 201 North Tryon Street 30th Floor Charlotte, North Carolina 28202 (704) 343-2000 (704) 334-8467 (Fax)
</TABLE>	

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as  
practicable after this Registration Statement becomes effective.

If this form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act of 1933, check the following  
box and list the Securities Act of 1933 registration statement number of the  
earlier effective registration statement for the same offering. [ ]  
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If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act of 1933, check the following box and list the  
Securities Act of 1933 registration statement number of the earlier effective  
registration statement for the same offering. [ ]  
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If this Form is a post-effective amendment filed pursuant to Rule 462(d)  
under the Securities Act of 1933, check the following box and list the  
Securities Act of 1933 registration statement number of the earlier effective  
registration statement for the same offering. [ ]  
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If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [ ]

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CALCULATION OF REGISTRATION FEE  
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<TABLE>  
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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM OFFERING AGGREGATE PRICE	AMOUNT OF REGISTRATION FEE
<S> Common Stock, \$.01 par value....	<C> 1,380,000	<C> \$10.00	<C> \$13,800,000	<C> \$3,836

</TABLE>

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the SEC is effective. This prospectus is not an offer to buy these securities in any state where the offer or sale is not permitted.

THIS IS A PRELIMINARY PROSPECTUS AND IS NOT YET COMPLETE. JULY 27, 1999

GREENVILLE FIRST BANCSHARES, INC.

A proposed bank holding company for

[BANK LOGO HERE]

GREENVILLE FIRST BANK (PROPOSED)

1,200,000 Shares of Common Stock  
\$10.00 per share  
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We are offering shares of common stock of Greenville First Bancshares, Inc. to fund the start-up of a new community bank, Greenville First Bank, N.A., proposed. Greenville First Bancshares, Inc. will be the holding company and sole owner of the bank. The bank will be headquartered in Greenville County, South Carolina, and we expect to open the bank in the fourth quarter of 1999 or the first quarter of 2000. This is our first offering of stock to the public, and there is no public market for our shares. This a firm commitment underwriting. The maximum purchase is 5% of the offering, although we may at our discretion accept subscriptions for more. We will request that quotations for the common shares be reported on the Nasdaq OTC Bulletin Board under the symbol "GVBK" or "GVFB".

THIS IS A NEW BUSINESS. AS WITH ALL NEW BUSINESSES, AN INVESTMENT WILL INVOLVE RISKS. IT IS NOT A DEPOSIT OR AN ACCOUNT AND IS NOT INSURED BY THE FDIC OR ANY OTHER GOVERNMENT AGENCY. YOU SHOULD NOT INVEST IN THIS OFFERING UNLESS YOU CAN AFFORD TO LOSE SOME OR ALL OF YOUR INVESTMENT. SOME OF THE RISKS OF THIS INVESTMENT ARE DESCRIBED UNDER THE HEADING "RISK FACTORS" BEGINNING ON PAGE 6.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED WHETHER THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>  
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	PER SHARE	TOTAL
	-----	-----
<S>	<C>	<C>
Public Offering Price.....	\$10.00	\$12,000,000
Underwriter's Discount.....	\$ .63	\$ 756,000
Proceeds to Greenville First Bancshares .....	\$ 9.37	\$11,244,000

</TABLE>

We will pay an underwriter's discount of \$.35 on shares sold to our officers and directors and certain other investors, up to 30% of the offering, and \$.75 on all other shares sold. The underwriter's discount shown in the table reflects a blended rate based on the assumption that 30% of the shares will have the lower discount. Wachovia Securities has the right to purchase up to an additional 180,000 shares at \$10.00 per share, less the underwriter's discount of \$.75 per share, within 30 days from the date of this prospectus to cover over-allotments.

THE UNDERWRITER EXPECTS TO DELIVER THE SHARES OF COMMON STOCK ON \_\_\_\_\_, 1999.

[WACHOVIA LOGO HERE]

\_\_\_\_\_, 1999

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GREENVILLE FIRST BANCSHARES, INC.  
GREENVILLE FIRST BANK  
PROPOSED MARKET AREA

[INSERT MAP OF SOUTH CAROLINA AND GREENVILLE COUNTY SHOWING MARKET AREA]

## SUMMARY

We encourage you to read the entire prospectus carefully before investing. Unless otherwise stated, all information in this prospectus assumes that the underwriter will not exercise its over-allotment option.

## GREENVILLE FIRST BANCSHARES AND GREENVILLE FIRST BANK

We incorporated Greenville First Bancshares, Inc. in March of 1999 to organize and serve as the holding company for Greenville First Bank, a new national bank proposed to be located in Greenville County. The bank will focus on the local community, emphasizing personal service to individuals and businesses in Greenville County. We have filed for regulatory approval to open the new bank with the Office of the Comptroller of the Currency and for deposit insurance for the bank with the FDIC. We have also filed for approval of the Federal Reserve Board to become a bank holding company and acquire all of the stock of the new bank. We expect to receive all final regulatory approvals in the fourth quarter of 1999 and to open for business in the fourth quarter of 1999 or the first quarter of 2000.

## WHY WE ARE ORGANIZING A NEW BANK IN GREENVILLE COUNTY

Greenville County has a growing and dynamic economic environment that we believe will support Greenville First Bank. It is South Carolina's most populous county with over 340,000 residents, and its growth in median household income and population have consistently outpaced that of the rest of South Carolina. The county and surrounding area is home to several large manufacturing and engineering concerns which provide a stable business foundation and a skilled labor force. In February of 1999, the unemployment rate was approximately 3%. One factor in this growth is Greenville County's strategic location on I-85 between Atlanta and Charlotte. Within 12 months, the Southern Connector toll road should be completed. That road will connect I-85 and I-385 through the bank's service area, and should promote additional growth and commercial development.

We believe that there is an opportunity in Greenville County for a new locally managed bank focused on the community and personalized service to individuals and local businesses. The county's bank and thrift deposits grew over the last five years at an average annual rate of 6.8%, and should continue to grow with the community and its economy. The current trend of consolidation in the banking industry has led to the acquisition of several locally owned community banks in the Greenville County area by large regional and super-regional banks, and caused a decrease over the last two years in the number of financial institutions in the area. Despite the consolidation trend and growth of deposits in the area, excluding the effect of recent acquisitions, deposits at the large banks actually fell from 1997 to 1998. We believe that this indicates many residents in the area prefer the community bank experience to that provided by the larger and more impersonal regional and super-regional banks. We believe that the combination of fewer financial institutions, positive deposit growth rate, good economic conditions, and the consolidation of existing community banks into larger banks creates an excellent environment for a new community oriented bank.

Taking advantage of this opportunity, Greenville First Bank will be the first independent bank organized in the City of Greenville in over ten years. We will emphasize personal service and the client relationship. We will foster client relationships by establishing "relationship teams" composed of senior officers who will work directly with individual clients to match specific loan and deposit specialties with their needs. We will emphasize our local ownership and management and our strong ties to the Greenville County community. Our target market will be primarily individuals and small- to medium-sized businesses who desire a consistent and professional relationship with a local banker. We believe our client oriented approach will appeal to the individuals and small businesses in Greenville County and will stand in contrast to the "one size fits all" philosophies of our larger competitors.

## OUR BOARD OF DIRECTORS AND MANAGEMENT

Greenville First Bancshares was founded by ten local business leaders who have lived in Greenville for many years. They are also community leaders and serve on numerous charitable and service organizations

throughout Greenville County. We believe our directors' long-standing ties to the community and their significant business experience will provide Greenville First Bank with the ability to effectively assess and address the needs of our proposed market area.

Our Board of Directors consists of the following:

- |                        |                               |
|------------------------|-------------------------------|
| - Andrew B. Cajka, Jr. | - Rudolph G. Johnstone, III   |
| - Mark A. Cothran      | - Keith J. Marrero            |
| - Leighton M. Cubbage  | - James B. Orders, III        |
| - Fred Gilmer, Jr.     | - R. Arthur "Art" Seaver, Jr. |
| - Tecumseh Hooper, Jr. | - William B. Sturgis          |

We have attracted a strong management team with many years of banking experience and service to the Greenville area. Our management team currently consists of the following individuals:

- Art Seaver will serve as the president and chief executive officer for the holding company and the bank. He has over 13 years of banking experience in the Greenville area. Until he began preparations to open Greenville First Bank, he served as an executive officer at Greenville National Bank, which was acquired by Regions Bank in 1998.
- Fred Gilmer, Jr. will serve as our senior vice president. Mr. Gilmer has over 40 years of experience in the financial services industry in the Greenville area. He was most recently the executive officer in charge of client relations for Greenville National Bank.
- Jim Austin will serve as our senior vice president and chief financial officer. Mr. Austin has 20 years of experience in the financial services industry in the Greenville area including 12 years as senior vice president and controller of American Federal Bank.

We are in the process of assembling our management team. We are looking for individuals who reside in the Greenville area and have significant local banking experience and a history of service to the community. Because of the recent merger and acquisition activity in the market, we believe there is an abundance of local experienced banking executives who would be interested in joining our community banking effort.

#### PRODUCTS AND SERVICES

We plan to offer most of the products and services offered by larger banks by utilizing modern delivery systems coupled with personalized service. Our lending services will include consumer loans and lines of credit, commercial and business loans and lines of credit, residential and commercial real estate loans, and construction loans. We will competitively price our deposit products which will include checking accounts, savings accounts, money market accounts, certificates of deposit, commercial checking accounts, and IRAs. We will also provide cashier's checks, credit cards, cash management services, safe deposit boxes, travelers checks, direct deposit, automatic drafts, and U.S. Savings Bonds. We intend to deliver our services through a variety of methods, including ATMs, banking by mail, telephone banking, internet banking, drive through banking, and courier services for commercial customers throughout Greenville County.

#### THE OFFERING AND OWNERSHIP BY MANAGEMENT

We are offering 1,200,000 shares of our common stock for \$10.00 per share. Our organizers and executive officers intend to purchase 181,500 shares, which represents 15.1% of the shares outstanding after the offering. To compensate them for their financial risk and efforts in organizing the bank, our organizers will receive warrants to purchase one share of common stock for \$10.00 per share for every two shares they purchase in this offering. We hope to sell the remaining shares to individuals and businesses in Greenville County who share our desire to support a new local community bank. The number of shares of common stock offered does

not include the exercise of the underwriter's over-allotment option to purchase up to 180,000 shares of our common stock.

#### USE OF PROCEEDS

We will use the first \$8,500,000 we raise in this offering to capitalize Greenville First Bank. This is the amount of capital we believe our banking regulators will require for us to open the bank. We will use the remaining net proceeds of the offering to pay our expenses of this offering and of organizing the holding company and the bank, and to provide general working capital for the holding company. The bank will use the funds it receives from Greenville First Bancshares to pay expenses, lease and furnish its offices, and provide working capital to operate the bank. For more detailed information see "Use of Proceeds" on page 10.

#### WE DO NOT INITIALLY PLAN TO PAY DIVIDENDS

Because we are a new business, we will not pay dividends in the foreseeable future. We intend to use all available earnings to fund the continued operation and growth of the bank.

#### LOCATION OF OFFICES

Our temporary executive offices are located at 1805 Laurens Road, Greenville, South Carolina 29607. Our telephone number is (864) 679-9000. Our permanent office will be located at the corner of Haywood Road and Halton Road in Greenville, South Carolina. During construction of our main office, we will utilize a modular bank facility located on the same site. We plan to open for business in this temporary modular office in the fourth quarter of 1999 or the first quarter of 2000. Within the first four years of operation, we also plan to open two "service centers" located strategically in our primary service area. These service centers will perform limited bank functions including deposit and ATM services. We believe these service centers will expand our market presence and provide additional convenience to our customers. We will need to obtain regulatory approval before we can open these centers. We believe that these facilities will adequately serve the bank's needs for its first four years of operation.

#### RISK FACTORS

The following is a summary of some of the risks which we will encounter in starting and operating the new bank. We may face other risks as well, which we have not anticipated. An investment in our common stock involves a significant degree of risk and you should not invest in the offering unless you can afford to lose some or all of your investment. Please read the entire prospectus for a more thorough discussion of the risks of an investment in our common stock.

#### SOUTH CAROLINA STATE LAW AND ANTI-TAKEOVER DEVICES WE HAVE ADOPTED WILL SIGNIFICANTLY LIMIT THE ABILITY OF OTHERS TO ACQUIRE US.

In many cases, shareholders receive a premium for their shares when a company is purchased by another. However, under South Carolina law no other financial institution may acquire control of Greenville First Bancshares until we have been in existence for five years. In addition, state and federal law and our articles of incorporation and bylaws make it difficult for anyone to purchase Greenville First Bancshares without approval of our board of directors. For a discussion of some of these provisions, please see "Description of Capital Stock - Anti-takeover Effects" on page 36.

#### WE ARE A NEW BUSINESS AND CANNOT BE SURE WHETHER WE WILL BE SUCCESSFUL.

Neither Greenville First Bancshares nor Greenville First Bank has any

operating history. The operations of new businesses are always risky. Because Greenville First Bank has not yet opened, we do not have historical financial data and similar information which would be available for a financial institution that has been operating for several years.

WE EXPECT TO INCUR CUMULATIVE LOSSES FOR AT LEAST TWO YEARS AND THERE IS A RISK WE MAY NEVER BECOME PROFITABLE.

In order for us to become profitable, we will need to attract a large number of customers to deposit and borrow money. This will take time. We expect to incur large initial expenses and may not be profitable for several years. Although we expect to become profitable in our second year, there is a risk that we may never become profitable and that you will lose part or all of your investment.

WE CANNOT OPEN THE BANK FOR BUSINESS UNTIL WE RECEIVE REGULATORY APPROVALS, WHICH ARE AT THE DISCRETION OF OUR REGULATORY AGENCIES.

We cannot begin operations until we receive all required regulatory approvals. We will not receive these approvals until we satisfy all requirements for new banks imposed by state and federal regulatory agencies. We have already filed applications with the FDIC and the Office of the Comptroller of the Currency, and we will file an application with the Federal Reserve prior to opening the bank. We do not expect to receive our preliminary regulatory approvals until late September or early October 1999. We expect to receive final approvals by the fourth quarter of 1999 or the first quarter of 2000, but it may take longer. If we ultimately do not open, we anticipate that we will dissolve the company, and return to our investors all funds remaining after paying the expenses incurred through such time.

ANY DELAY IN OPENING GREENVILLE FIRST BANK WILL RESULT IN ADDITIONAL LOSSES.

We intend to open the bank in the fourth quarter of 1999 or the first quarter of 2000. If we do not receive all necessary regulatory approvals as planned, the bank's opening will be delayed or may not occur at all. If the bank's opening is delayed, our organizational and pre-opening expenses will increase. Because the bank would not be open and generating revenue, these additional expenses would cause our accumulated losses to increase.

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WE WILL DEPEND HEAVILY ON ART SEAVER, AND OUR BUSINESS WOULD SUFFER IF SOMETHING WERE TO HAPPEN TO HIM OR IF HE WERE TO LEAVE.

Art Seaver will be our president and chief executive officer. He will provide valuable services to us, and he would be difficult to replace. We have an employment agreement with Mr. Seaver and carry \$600,000 of insurance on his life payable to the bank. Nevertheless, if he were to leave, our business would suffer.

THE OFFERING PRICE OF \$10.00 WAS DETERMINED ARBITRARILY AND IT WILL FLUCTUATE ONCE THE SHARES BECOME FREELY TRADED AFTER THE OFFERING.

Because we do not have any history of operations, we determined the price arbitrarily. The offering price is essentially the book value of the shares prior to deduction for expenses of the offering and the organization of the bank. The offering price may not be indicative of the present or future value of the common stock. As a result, the market price of the stock after the offering may be more susceptible to fluctuations than it otherwise might be. The market price will be affected by our operating results, which could fluctuate greatly. These fluctuations could result from expenses of operating and expanding the bank, trends in the banking industry, economic conditions in our market area, and other factors which are beyond our control. If our operating results are below expectations, the market price of the common stock would probably fall.

WE WILL NOT HAVE A LARGE NUMBER OF SHAREHOLDERS OR A LARGE NUMBER OF SHARES OUTSTANDING AFTER THE OFFERING, WHICH MAY LIMIT YOUR ABILITY TO SELL OR TRADE THE SHARES AFTER THE OFFERING.

Initially, there will be no established market for our common stock. After the offering, we will encourage broker-dealers to match buy and sell

orders for our common stock on the Over-the-Counter Bulletin Board. However, the trading markets on the OTC Bulletin Board lack the depth, liquidity, and orderliness necessary to maintain a liquid market. We do not expect a liquid market for our common stock to develop for several years, if at all. A public market having depth and liquidity depends on having enough buyers and sellers at any given time. Because this a relatively small offering, we do not expect to have enough shareholders or outstanding shares to support an active trading market. Accordingly, investors should consider the potential illiquid and long-term nature of an investment in our common stock.

WE WILL FACE STRONG COMPETITION FOR CUSTOMERS FROM LARGER AND MORE ESTABLISHED BANKS WHICH COULD PREVENT US FROM OBTAINING CUSTOMERS AND MAY CAUSE US TO HAVE TO PAY HIGHER INTEREST RATES TO ATTRACT CUSTOMERS.

We will encounter strong competition from existing banks and other types of financial institutions operating in the Greenville County area and elsewhere. Some of these competitors have been in business for a long time and have already established their customer base and name recognition. Most are larger than we will be and have greater financial and personnel resources than we will have. Some are large super-regional and regional banks, like First Union Bank, BB&T, Carolina First, Bank of America, and Wachovia. These institutions offer services, such as extensive and established branch networks and trust services, that we either do not expect to provide or will not provide for some time. Due to this competition, we may have to pay higher rates of interest to attract deposits. In addition, competitors that are not depository institutions are generally not subject to the extensive regulations that will apply to our bank. See "Proposed Business - Marketing Opportunities - Competition" on page 16 and "Supervision and Regulation" starting on page 23.

AN ECONOMIC DOWNTURN, ESPECIALLY ONE AFFECTING GREENVILLE COUNTY, SOUTH CAROLINA, COULD REDUCE OUR CUSTOMER BASE, OUR LEVEL OF DEPOSITS, AND DEMAND FOR FINANCIAL PRODUCTS SUCH AS LOANS.

As a holding company for a community bank, our ultimate success will be dependent on the economy of the community. We will operate in Greenville County, South Carolina, and in particular the central area of the county, which includes the City of Greenville. While the economy in this area has been strong in recent years, an economic downturn in the area would hurt our business.

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AS A BANK, OUR PROFITABILITY DEPENDS ON THE INTEREST RATES WHICH WE PAY ON DEPOSITS AND COLLECT ON LOANS. INTEREST RATES HAVE HISTORICALLY VARIED GREATLY AND WE CANNOT PREDICT OR CONTROL THEM.

Our profitability depends, in large part, on the difference in large part between the income we earn on loans and other assets and the interest we pay on deposits and other borrowings. This difference is largely determined by interest rates. Interest rates will be affected by the local, national, and international economies and by the credit policies of monetary authorities, particularly the Federal Reserve Board of Governors. Interest rates have historically varied widely and we cannot control or predict them. Large moves in interest rates may decrease or eliminate our profitability.

WE MAY NOT BE ABLE TO COMPETE WITH OUR LARGER COMPETITORS FOR LARGER CUSTOMERS BECAUSE OUR LENDING LIMITS WILL BE LOWER THAN THEIRS.

We will be limited in the amount we can loan a single borrower by the amount of the bank's capital. The legal lending limit is 15% of the bank's capital and surplus. We expect that our initial legal lending limit will be approximately \$1,275,000 immediately following the offering, but we intend to impose an internal limit on the bank of 80% of this amount, or approximately \$1,000,000. Until the bank is profitable, our capital will continue to decline and therefore our lending limit. Our lending limit will be significantly less than the limit for most of our competitors and may affect our ability to seek relationships with larger businesses in our market area. We intend to accommodate larger loans by selling participations in those loans to other financial institutions.

WE ARE AUTHORIZED TO ISSUE PREFERRED STOCK WHICH, IF ISSUED, MAY ADVERSELY AFFECT YOUR VOTING RIGHTS AND REDUCE THE MARKET PRICE OF OUR COMMON STOCK.

We are authorized by our articles of incorporation to issue shares of preferred stock without the consent of our shareholders. Preferred stock, when issued, may rank senior to common stock with respect to voting rights, payment of dividends, and amounts received by shareholders upon liquidation, dissolution, or winding up. The existence of rights which are senior to common stock may reduce the price of our shares. We do not have any plans to issue any shares of preferred stock at this time.

GOVERNMENT REGULATION MAY HAVE AN ADVERSE EFFECT ON OUR PROFITABILITY AND GROWTH.

We will be subject to extensive federal and state government supervision and regulation. Our ability to grow and achieve profitability may be adversely affected by state and federal laws and regulations that limit a bank's right to make loans, purchase securities, and pay dividends. These laws are intended primarily to protect Greenville First Bank's depositors and are not for the benefit of shareholders. In addition, the burdens and restrictions imposed by federal and state banking regulations may place us at a competitive disadvantage to competitors who are less regulated. Future legislation or governmental policy could also adversely affect the banking industry and Greenville First Bank's operations. See "Supervision and Regulation" on page 23.

THE EXERCISE OF WARRANTS AND STOCK OPTIONS WILL CAUSE STOCK DILUTION AND MAY ADVERSELY AFFECT THE VALUE OF OUR COMMON STOCK.

The organizers and officers may exercise warrants and options to purchase common stock, which would result in the dilution of your proportionate interests in Greenville First Bancshares. Upon completion of the offering, we will issue to the organizers warrants to purchase one share of common stock at \$10.00 per share for every two shares they purchase in the offering. If the organizers purchase 175,500 shares in the offering, we will issue warrants to purchase an additional 87,750 shares of common stock to them. In addition, after the offering, we expect to adopt a stock option plan which will permit us to grant options to our officers, directors, and employees. We anticipate that we will initially authorize the issuance of a number of shares under the stock option plan equal to 15% of the shares outstanding after the offering. We do not intend to issue stock options with an exercise price less than the fair market value of the common stock on the date of grant.

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WE MAY NEED TO RAISE ADDITIONAL CAPITAL WHICH COULD DILUTE YOUR OWNERSHIP.

Although we do not believe we will need additional capital during the next twelve months to start and maintain our planned business activities, we may need additional capital in the future to support our business, expand our operations, or maintain our minimum net capital requirements as set forth by our applicable bank regulatory agencies. There is no assurance that we will be able to sell additional shares to raise that capital. If we do sell additional shares of common stock in the future to raise capital, the sale could significantly dilute your ownership interest.

WE MAY NOT ALLOCATE ALL OF THE NET PROCEEDS IN THE MOST PROFITABLE MANNER.

After capitalizing Greenville First Bank with \$8,500,000, we will have broad discretion in allocating a total of approximately \$2,600,000, or 22% of the proceeds of the offering. Initially we plan to invest these proceeds in United States government securities or deposit them with the bank, and in the long term we intend to use them for general corporate purposes. We cannot predict the extent we will allocate these funds to income-generating assets, capital assets, or liquidity. Although we intend to utilize these funds to serve Greenville First Bancshares' best interest, we cannot assure you that our allocation will ultimately reflect the most profitable application of these proceeds.

IT IS POSSIBLE THAT OUR COMPUTER SYSTEMS OR THOSE OF OUR PROCESSING VENDORS OR LOAN CUSTOMERS COULD FAIL TO OPERATE ON JANUARY 1, 2000.

Like many financial institutions, we will rely upon computers for conducting our business and for information systems processing. There is concern among industry experts that on January 1, 2000, computers will be unable to read

or interpret the new year and there may be widespread computer malfunctions. We will generally rely on software and hardware developed by independent third parties to provide our information systems. We will request warranties about Year 2000 compliance from the primary third party hardware and software system providers we use. We believe that our other internal systems and software, including our network connections, will be programmed to comply with Year 2000 requirements, although there is a risk they may not comply. Based on information currently available, we believe that we will not incur significant expenses in connection with the Year 2000 issue.

The Year 2000 issue may also negatively affect the business of our customers. We intend to include Year 2000 readiness in our lending criteria to minimize this risk. However, we cannot be certain that this will eliminate the issue, and any financial difficulties our customers experience as a result of Year 2000 issues could impair their ability to repay loans to the bank.

There is a possibility that we may not open the bank until after January 1, 2000, at which time we believe that most of the uncertainty surrounding the Year 2000 issue should be resolved. In this event, our risks associated with computer malfunctions should be greatly reduced, but we will still seek to ensure that our computer systems and our major vendors' and clients' computer systems are in compliance and functioning properly. For more information on Year 2000 issues, please refer to page 14.

#### FORWARD-LOOKING STATEMENTS

This prospectus contains certain "forward-looking statements" concerning Greenville First Bancshares and Greenville First Bank and their operations, performance, financial conditions, and likelihood of success. These statements are based on many assumptions and estimates. Our actual results will depend on many factors about which we are unsure, including those discussed above. Many of these risks and factors are beyond our control. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," and "estimate," and similar expressions identify such forward-looking statements. The most significant of these risks, uncertainties, and other factors are discussed under the heading "Risk Factors" beginning on page 6 of this prospectus. We urge you to carefully consider these factors prior to making an investment.

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#### USE OF PROCEEDS

We estimate that we will receive net proceeds of \$11,038,000 from the sale of 1,200,000 shares of common stock in the offering, after deducting underwriting discounts and commissions and estimated organizational and offering expenses. If the underwriter exercises its over-allotment option in full, we will receive \$1,665,000 in additional proceeds. We have established a line of credit in the amount of \$600,000 at the prime rate to pay pre-opening expenses of the holding company and the bank prior to the completion of the offering. We intend to pay off this line of credit with proceeds that we receive from this offering. The following two paragraphs describe our proposed use of proceeds based on our present plans and business conditions.

#### USE OF PROCEEDS BY GREENVILLE FIRST BANCSHARES

The following table shows the anticipated use of the proceeds by Greenville First Bancshares. We describe the bank's anticipated use of proceeds in the following section. As shown, we will use \$8,500,000 to capitalize the bank. We will initially invest the remaining proceeds in United States government securities or deposit them with Greenville First Bank. In the long-term, we will use these funds for operational expenses and other general corporate purposes, including the provision of additional capital to the bank, if necessary. We may also use the proceeds to expand, for example by opening additional facilities or acquiring other financial institutions. We currently plan to open two limited operation "service centers" in the Greenville area in the next four years. We do not have any other definitive plans for expansion.

<TABLE>  
<CAPTION>

Total  
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<S>	<C>
Gross proceeds from offering.....	\$ 12,000,000
Underwriter's discount.....	\$ 756,000
Expense of organizing Greenville First Bancshares.....	\$ 25,000
Expense of offering.....	\$ 106,000
Investment in capital stock of the bank.....	\$ 8,500,000
	-----
Remaining proceeds.....	\$ 2,613,000

</TABLE>

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USE OF PROCEEDS BY GREENVILLE FIRST BANK

The following table shows the anticipated use of the proceeds by Greenville First Bank. All proceeds received by the bank will be in the form of an investment in the bank's capital stock by Greenville First Bancshares as described above. During the 10 month period between the opening of the bank and the completion of our permanent facilities, we will conduct operations from a modular facility. This facility will require an initial payment of \$13,050, a monthly lease payment for the modular unit of \$5,880, and a monthly lease payment for the land of \$500. When completed, we will then move into our permanent facility at an initial monthly lease payment of \$16,667 per month. We expect our main office to be completed by August 2000. The table shows the cost of the temporary and permanent facilities for a period of twelve months from the completion of the offering. Furniture, fixtures, and equipment will be capitalized and amortized over the life of the lease or over the estimated useful life of the asset. The bank will use the remaining proceeds to make loans, purchase securities, and otherwise conduct the business of the bank.

<TABLE>  
<CAPTION>

	Total
	-----
<S>	<C>
Investment by Greenville First Bancshares in the bank's capital stock.....	\$ 8,500,000
Organizational and pre-opening expenses of the bank.....	\$ 500,000
Furniture, fixtures and equipment.....	\$ 247,000
Initial payment and lease of temporary facilities and land (10 months).....	\$ 76,850
Lease of permanent facilities (2 months).....	\$ 33,330
Construction of leasehold improvements.....	\$ 65,000
	-----
Remaining proceeds.....	\$ 7,644,380

</TABLE>

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CAPITALIZATION

The following table shows Greenville First Bancshares' capitalization as of June 30, 1999, and the pro forma consolidated capitalization of Greenville First Bancshares' and the bank as adjusted to give effect to the sale of 1,200,000 shares in this offering, after deducting the underwriter's discount and expenses of the offering. Greenville First Bancshares' capitalization as of June 30, 1999 reflects the purchase of 10 shares by Art Seaver for \$10.00 per share. These shares will be redeemed after the offering. After the offering, we will have 1,200,000 shares outstanding. The "As Adjusted" column reflects the estimated cost of organizing Greenville First Bancshares and organizing and preparing to open Greenville First Bank through the expected opening date, which should be in the fourth quarter of 1999 or the first quarter of 2000. See "Use of Proceeds" above.

<TABLE>  
<CAPTION>

As Adjusted  
For

	June 30, 1999	The Offering
	-----	-----
<S>	<C>	<C>
SHAREHOLDERS' EQUITY:		
Common Stock, par value \$.01 per share; 10,000,000 shares authorized; 10 shares issued and outstanding; 1,200,000 shares issued and outstanding as adjusted.....	\$ 0.10	\$ 12,000
Preferred Stock, par value \$.01 per share; 10,000,000 shares authorized; no shares issued and outstanding..	0	0
Additional paid-in capital.....	\$ 99.90	\$ 11,232,000
Deficit accumulated during the pre-opening stage.....	\$ (631,000)	\$ (631,000)
	-----	-----
Total shareholders' equity (deficit).....	\$ (630,900)	\$ 10,613,000
	=====	=====
Book value per share	\$ N/A	\$ 8.84
	=====	=====

</TABLE>

#### DIVIDEND POLICY

We expect initially to retain all earnings to operate and expand the business. It is unlikely that we will pay any cash dividends in the near future. Our ability to pay any cash dividends will depend primarily on Greenville First Bank's ability to pay dividends to Greenville First Bancshares, which depends on the profitability of the bank. In order to pay dividends, the bank must comply with the requirements of all applicable laws and regulations. See "Supervision and Regulation - The Bank - Dividends" on page 26 and "Supervision and Regulation - The Bank - Capital Regulations" on page 27. In addition to the availability of funds from the bank, our dividend policy is subject to the discretion of our board of directors and will depend upon a number of factors, including future earnings, financial condition, cash needs, and general business conditions.

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#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

##### GENERAL

Greenville First Bancshares was formed to organize and own all of the capital stock of Greenville First Bank. In May 1999, the organizers filed applications with the Office of the Comptroller of the Currency to charter the bank as a national bank and with the FDIC to receive federal deposit insurance. Whether the charter is issued and deposit insurance is granted will depend upon, among other things, compliance with legal requirements imposed by the Office of the Comptroller of the Currency and the FDIC, including capitalization of the bank with at least a specified minimum amount of capital which we believe will be \$8,500,000. Upon approval from the Office of the Comptroller of the Currency and the FDIC, we will file an application with the Federal Reserve to become a bank holding company, which must be approved before we can acquire the capital stock of the bank. We expect to receive all regulatory approvals by the fourth quarter of 1999.

##### FINANCIAL RESULTS

As of June 30, 1999, Greenville First Bancshares had total assets of \$56,440, consisting primarily of cash and deferred organization and offering costs. Greenville First Bancshares incurred a net loss of \$152,109 for the period from its inception in February of 1999 through June 30, 1999.

##### EXPENSES

On completion of the offering and opening of the bank, we expect we will have incurred the following expenses:

- \$756,000 in commissions to the underwriter, which will be deducted from the proceeds of the offering.
- \$106,000 in other expenses of the offering, which will be subtracted from the proceeds of the offering.
- \$100,000 in expenses of organizing Greenville First Bancshares, which will be charged against the income of Greenville First Bancshares.
- \$500,000 in expenses to organize and prepare to open Greenville First Bank, consisting principally of salaries, overhead and other operating costs, which will be charged against the income of Greenville First Bank.

Prior to our completion of this offering, these expenses will be funded by a \$600,000 line of credit at the prime rate. We will use the proceeds of this offering to repay amounts due under our line of credit. We anticipate that the proceeds of the offering will be sufficient to satisfy the corporation's financial needs for at least the next twelve months.

#### OFFICES AND FACILITIES

Our main office will be located on a 1.3 acre site at the corner of Haywood Road and Halton Road in Greenville, South Carolina. We intend to construct a 10,000 square foot building there to serve as our main office. Cothran Properties, Inc., a company owned by one of the organizers and directors of Greenville First Bancshares, will finance the purchase of the site and the construction of the main building at a total expected cost of approximately \$1,623,000. Upon completion of the main office, which we expect to occur in the third quarter of 2000, we will lease the land and building for 20 years at an initial base rent of \$16,667 per month. Prior to the completion of our main office, we will utilize a temporary modular bank facility located on the same site. During this period, we will lease the site from Cothran Properties for \$500 per month and the modular facility from a third party lessor for \$5,880 per month. We plan to open the temporary office in the fourth quarter of 1999 or the first quarter of 2000. Within the first four years of operation, we also plan to open two "service centers" located strategically in our primary service area. These service centers will perform limited bank functions.

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They will expand our market presence and provide additional convenience to our customers. We believe that these facilities will adequately serve the bank's needs for its first four years of operation.

#### LIQUIDITY AND INTEREST RATE SENSITIVITY

Greenville First Bank, like most banks, will depend on its net interest income for its primary source of earnings. Net interest income is roughly the difference between the interest we charge on our loans and receive from our investments (our assets), and the interest we pay on deposits (our liabilities). Movements in interest rates will cause our earnings to fluctuate. To lessen the impact of these margin swings, we intend to structure our balance sheets so that we can reprice the rates applicable to our assets and liabilities in roughly equal amounts at approximately the same time. We will manage the bank's asset mix by regularly evaluating the yield, credit quality, funding sources, and liquidity of its assets. We will manage the bank's liability mix by expanding our deposit base and converting assets to cash as necessary. If there is an imbalance in our ability to reprice assets and liabilities at any point in time, our earnings may increase or decrease with changes in the interest rate, creating interest rate sensitivity.

Liquidity refers to our ability to provide steady sources of funds for loan commitments and investment activities, as well as to maintain sufficient funds to cover deposit withdrawals and payment of debt and operating obligations. We will manage our liquidity by actively monitoring the bank's sources and uses of funds to meet cash flow requirements and maximize profits.

Other than this offering, we know of no trends, demands, commitments, events, or uncertainties that should result in, or are reasonably likely to result in, Greenville First Bancshares' or the bank's liquidity increasing or decreasing in any material way in the foreseeable future. However, if the bank is open before January 1, 2000, we expect to increase our cash on hand because consumer uncertainty about the year 2000 may cause a higher than normal rate of

deposit withdrawal.

#### CAPITAL ADEQUACY

Capital adequacy for banks and bank holding companies is regulated by the Office of the Comptroller of the Currency, the Federal Reserve Board of Governors, and the FDIC. The primary measures of capital adequacy are (i) risk-based capital guidelines and (ii) the leverage ratio. Changes in these guidelines or in our levels of capital can affect our ability to expand and pay dividends. Please see "Capital Regulations" on page 27 for a more detailed discussion.

#### YEAR 2000 ISSUES

Like most financial institutions, we will rely upon computers for the daily conduct of our business and for information systems processing. There is concern among industry experts that on January 1, 2000 some computers will be unable to "read" the new year resulting in computer malfunctions.

We will be generally relying on independent third parties for our information processing needs. We have entered into an agreement with The InterCept Group, Inc. to process our daily account and transactional data; to provide our teller, accounting, and internet computer systems; and to provide our ATM switching and processing services. We plan to request and review year 2000 testing protocols and results from The Intercept Group and each of our primary vendors. We have budgeted \$\_\_\_\_\_ for Year 2000 testing and vendor monitoring. We will receive Year 2000 warranties from each vendor confirming their Year 2000 compliance, although the remedies available under such agreements generally include standard disclaimers of and limitations of liability and specifically exclude special, incidental, indirect, and consequential damages. The Intercept Group is an established provider of bank processing and software services to more than 100 financial institutions. The products and services we will receive from The Intercept Group will not materially differ from the products and services provided to these other institutions. Most of these other institutions have or are in the process of investigating the Year 2000 compliance of The Intercept Group in accordance with regulatory mandates. Because of this scrutiny, we do not believe that The Intercept Group will have any material Year 2000 issues related to the products or services we will receive from them.

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Our customers may also have Year 2000 issues. We may incur losses if these issues affect our loan customer's ability to repay their loans or if they suffer material harm to their businesses as a result. Prior to January 1, 2000, we intend to request certification from each commercial borrower that their systems are Year 2000 compliant and that they do not expect to be adversely affected by the year change. Although these certifications will be helpful, it would be very difficult for us to accurately assess the Year 2000 readiness of any borrower.

There is a possibility that we may not open the bank until after January 1, 2000, at which time we believe that most of the uncertainty surrounding the Year 2000 issue should be clarified. In this event, our risks associated with computer malfunctions should be greatly reduced, but we will still seek to ensure that our computer systems and our major vendors' and clients' computer systems are in compliance and functioning properly.

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#### PROPOSED BUSINESS

##### GENERAL

We initiated activity to form Greenville First Bank in February of 1999 and incorporated Greenville First Bancshares as a South Carolina corporation on March 29, 1999, to function as a holding company to own and control all of the capital stock of Greenville First Bank. We initially will engage in no business other than owning and managing the bank.

We have chosen this holding company structure because we believe it will provide flexibility that would not otherwise be available. Subject to Federal Reserve Board debt guidelines, the holding company structure can assist the bank in maintaining its required capital ratios by borrowing money and contributing the proceeds to the bank as primary capital. Additionally, a holding company may engage in certain non-banking activities that the Federal Reserve Board has deemed to be closely related to banking. Although we do not presently intend to engage in other activities, we will be able to do so with a proper notice or filing to the Federal Reserve if we believe that there is a need for these services in our market area and that such activities could be profitable.

We filed an application with the Office of the Comptroller of the Currency on May 25, 1999, to organize the bank as a national bank under the laws of the United States. We have also filed an application with the FDIC for deposit insurance and with the Board of Governors of the Federal Reserve System for approval to become a bank holding company. Subject to receiving regulatory approval from these agencies, we plan to open the bank in the last quarter of 1999 or the first quarter of 2000, and will engage in a general commercial and consumer banking business as described below. Final approvals will depend on compliance with regulatory requirements, including our capitalization of the bank with at least \$8.5 million from the proceeds of this offering.

#### MARKETING OPPORTUNITIES

**Service Area.** Our primary service area will consist 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 10 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. This area will also benefit from the construction of the Southern Connector, a toll road connecting I-85 and I-385 through southwestern Greenville County, which is predicted to open within the next twelve months. Completion of this road is expected to promote rapid commercial development along the corridor. 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.

**Economic and Demographic Factors.** Greenville County's median household income, household growth, and population growth trends have consistently outpaced growth trends in the rest of South Carolina. Greenville County is South Carolina's most populous county. Between 2000 and 2010, Greenville County's population is expected to increase by 10.2% to almost 400,000 people. The five county metropolitan area, which includes Greenville, Spartanburg, Anderson, Cherokee, and Pickens counties, is a business and high technology manufacturing center, and it boasts a large engineering firm presence. Major employers in the metropolitan area include: BMW, Michelin, Bi-Lo, Kemet Electronics, and Fluor Daniel, one of the largest engineering firms in the world. Greenville County has more engineers per capita than any other county in the United States. In February 1999, the unemployment rate in the area was 3.04%.

**Competition.** The banking business is highly competitive. The bank will compete as a financial intermediary with other commercial banks, savings and loan associations, credit unions, finance companies, and money market mutual funds operating in the Greenville County area and elsewhere. In 1998, there were more than 130 banking offices, representing 18 financial institutions, operating in Greenville County and holding over

\$5 billion in deposits. Many of these competitors are well established in the Greenville County area. Most of them have substantially greater resources and lending limits than the bank will have and many of these competitors offer services, such as extensive and established branch networks and trust services, that we either do not expect to provide or will not provide initially. Our competitors include large super-regional financial institutions like First Union

Bank, Bank of America, BB&T, and Wachovia, large regional financial institutions like Carolina First Bank, and local community banks like Summit National Bank, First Savers Bank, Palmetto Bank, and New Commerce Bank, a new community bank which recently opened an office in Simpsonville, South Carolina and plans to open another office in Mauldin in the third quarter of 1999. We believe that the opportunity created by recent mergers, our management team, and the economic and demographic dynamics of our service area combined with our business strategy will allow us to gain a meaningful share of the area's \$5 billion in deposits.

#### BUSINESS STRATEGY

Management Philosophy. Greenville First Bank will be 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 can 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 will use the theme "Welcome to Hometown Banking," and it will actively promote it in our target market. While the bank will have the ability to offer a breadth of products similar to large banks, we will 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.

Operating Strategy. In order to achieve the level of prompt, responsive service that we believe will be necessary to attract customers and to develop Greenville First Bank's image as a local bank with an individual focus, we will employ the following operating strategies:

- Experienced Senior Management. We have retained senior management with many years of experience in the financial services industry within our primary market area. Our senior management team currently consists of the following individuals:
  - Art Seaver will lead the management teams as the president and chief executive officer for both Greenville First Bancshares and Greenville First Bank. He has lived in Greenville for over 25 years and has over 13 years of banking experience in the Greenville area. Mr. Seaver began his banking career in 1986 with C&S National Bank and in 1992 joined Greenville National Bank. As senior vice president and executive officer, he was primarily responsible for business development, deposit product offerings, communication systems, and strategic planning. Mr. Seaver left Greenville National Bank in February 1999 following its acquisition by Regions Bank.
  - Fred Gilmer, Jr. will be a senior vice president for both Greenville First Bancshares and Greenville First Bank. Mr. Gilmer has over 40 years of experience in the financial services industry in the Greenville area. Mr. Gilmer was one of the original thirteen employees of Southern Bank and Trust Company in 1961. His career also includes management positions with South Carolina Federal and First Savings Bank. He was most recently the executive officer in charge of client relations for Greenville National Bank.
  - Jim Austin will be chief financial officer and senior vice president for both Greenville First Bancshares and Greenville First Bank. He has lived in Greenville for over 21 years and has over 20 years of experience in the financial services industry in the Greenville area. Mr. Austin was with KPMG Peat Marwick for 5 years specializing in bank audits, then for 12 years with American Federal Bank as Senior Vice President and Controller. His career also includes management positions with Regional Management Corporation and Homegold Financial, Inc.

- Other Executives. We are in the process of assembling a management team with significant banking experience. We expect these officers to be individuals who reside in the Greenville area and have local banking experience and a history of service to the community. Because of the recent merger and acquisition activity in the market, we believe there is an abundance of local experienced banking executives who would be interested in joining our community banking effort.
- Community-Oriented Board of Directors. Our management team will operate under the direction of our board of directors. As described in the Management Section beginning on page 30, our directors are long time residents and businessmen in the Greenville area, with significant community involvement. These directors are dedicated to the success of the bank, and will play a key part in marketing the new bank in the community.
- Client Relationship Management. Greenville First Bank will use a client-based philosophy. This philosophy is the basis of our relationship management initiative. We will focus on the overall relationship with each client as opposed to the general product "push" approach used by larger banks. To implement this strategy, we will establish "relationship teams" consisting of a senior vice president team leader/primary lender, and another senior officer who specializes in matching deposit specialties with clients' needs. With administrative assistance, our relationship teams will be able to provide clients with specific and consistent bankers who are responsible for managing their entire relationship. Executive officers' performance will be measured in part by their ability to maintain and cultivate client relationships. We believe this structure will ensure effective responsiveness to our clients' financial needs, a hallmark of the community approach to banking.
- Convenience Oriented Service Centers and ATMs. Within the first four years of operation, we plan to open two non-traditional "service centers" located strategically in our primary service area. These "service centers" will provide limited bank functions, including deposit and ATM services. Loan production services will remain concentrated in our main office. We believe these "service centers" will expand our market presence and provide additional convenience to our customers. The bank will provide additional convenience through strategically placed ATM's.
- Local Services and Decision Making. Clients will enjoy a professional bank environment with access to their specific bank officer and relationship team. We will emphasize local decision-making with experienced bankers, attention to lower employee turnover, and professional and responsive service.
- Capitalize on Need for Community Banks. The current trend of consolidation in the banking industry has led to the recent acquisition of three locally owned community banks in the Greenville County area of South Carolina by large national and regional banks headquartered outside of Greenville County. In 1998, over 90% of the total deposits were controlled by financial institutions headquartered outside of the area. Despite the market-share dominance of larger super-regional and regional banks, excluding the acquisition of local banks in the area, total deposits for these large banks actually fell from 1997 to 1998, while total deposits during the same period increased 3%. We believe these numbers reflect the desire of the residents of this area for a community bank relationship, and that they will support our new local bank as a result.
- Focus on Under-Serviced Market Sector. Although size gives larger banks certain advantages in competing for business from large corporations, including higher lending limits and the ability to offer services in other areas of South Carolina and Greenville County, we believe that there is a void in the community banking market in the Greenville County area and

that we can successfully fill this void. We will not compete with large institutions for the primary banking relationships of large corporations, but will compete for niches in this business and for the consumer business of their employees. We will also focus on small- to medium-sized businesses and their employees.

This includes retail, service, wholesale distribution, manufacturing, and international businesses. We intend to attract such businesses based on relationships and contacts which the bank's directors and management have outside our core service area.

LENDING ACTIVITIES

General. We intend to emphasize a range of lending services, including real estate, commercial, and equity-line and consumer loans to individuals and small- to medium-sized businesses and professional concerns that are located in or conduct a substantial portion of their business in the bank's market area. We will 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.

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

Loan Approval and Review. The bank's loan approval policies will provide for various levels of officer lending authority. When the amount of aggregate loans to a single borrower exceeds that 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 bank will establish an officers' loan committee that has lending limits, and any loan in excess of this lending limit will be approved by the directors' loan committee. The bank will 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 currently intends to adhere to Federal National Mortgage Association and Federal Home Loan Mortgage Corporation guidelines in its mortgage loan review process, but may choose to alter this policy in the future. The bank expects to sell residential mortgage loans that it originates on the secondary market.

Loan Distribution. We estimate that our initial percentage distribution of our loans for the first year will be as follows:

<TABLE>		
<S>		<C>
	Real Estate	50%
	Commercial Loans	35%
	Equity Line and Consumer Loans	15%
</TABLE>		

These are estimates only. Our actual deposit and loan distribution will depend on our customers and vary initially and over time.

Allowance for Loan Losses. We will maintain an allowance for loan losses, which we will establish through a provision for loan losses charged against income. We will charge loans against this allowance when we believe that the collectibility of the principle is unlikely. The allowance will be an estimated amount that we believe will be adequate to absorb losses inherent in the loan portfolio based on evaluations of its collectibility. We anticipate that initially our allowance for loan losses will equal approximately 1% of the average outstanding balance of our loans. Over time, we will base the loan loss reserves on our evaluation of factors such as changes in the nature and volume of the loan portfolio, overall portfolio quality, specific problem loans and commitments, and current anticipated economic conditions that may affect the borrower's ability to pay.

Lending Limits. The bank's lending activities will be subject to a variety of lending limits imposed by federal law. In general, the bank will be 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. The bank will initially have a self-imposed loan limit of \$1,000,000, which represents approximately 80% of our legal lending limit of \$1,275,000. 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.

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Credit Risk. The principal credit risk associated with each category of loans is the creditworthiness of the borrower. Borrower creditworthiness is affected by general economic conditions and the strength of the manufacturing, services, and retail market segments. General economic factors affecting a borrower's ability to repay include interest, inflation, and employment rates and the strength of local and national economy, as well as other factors affecting a borrower's customers, suppliers, and employees.

Real Estate Loans. We expect that loans secured by first or second mortgages on real estate will make up 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. On first and second mortgage loans we would typically not advance more than 80% of the lesser of the cost or appraised value of the property. We will require a valid mortgage lien on all real property loans along with a title lien policy which insures the validity and priority of the lien. We will also require borrowers to obtain hazard insurance policies and flood insurance if applicable.

We will have the ability to originate some 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 will generally have terms of five years or less, although payments may be structured on a longer amortization basis. We will evaluate each borrower on an individual basis and attempt to determine its business risks and credit profile. We will 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 will also generally require that debtor cash flow exceed 115% of monthly debt service obligations. We will 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 will 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 will generally be limited to eighteen months, although payments may be structured on a longer amortization basis. Most loans will 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 will attempt to reduce risk by obtaining personal guarantees where possible, and by keeping the

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loan-to-value ratio of the completed project below specified percentages. We may also reduce risk by selling participations in larger loans to other institutions when possible.

- Residential Real Estate Loans. Residential real estate loans will generally have longer terms up to 30 years. We will offer fixed and adjustable rate mortgages, and we intend to sell some or all of the residential real estate loans that we generate in the secondary market. By selling these loans in the secondary market, we can significantly reduce our exposure to credit risk because the loans will be underwritten through a third party agent without any recourse against the bank.

Commercial Loans. The bank will make loans for commercial purposes in various lines of businesses. Equipment loans will typically be made for a term of five years or less at fixed or variable rates, with the loan fully amortized over the term and secured by the financed equipment and with a loan-to-value ratio of 80% or less. We will focus our efforts on commercial loans of less than \$500,000. Working capital loans will typically have terms not exceeding one year and will usually be secured by accounts receivable, inventory, or personal guarantees of the principals of the business. For loans secured by accounts receivable or inventory, principal will typically be repaid as the assets securing the loan are converted into cash, and in other cases principal will typically be due at maturity. Trade letters of credit, standby letters of credit, and foreign exchange will be handled through a correspondent bank as agent for the bank.

We expect to also offer small business loans utilizing government enhancements such as the Small Business Administration's 7(a) program and SBA's 504 programs, and Appalachian Development Council. These loans will typically be partially guaranteed by the government which may help to reduce the bank's risk. Government guarantees of SBA loans will not exceed 80% of the loan value, and will generally be less.

Consumer Loans. The bank will make a variety of loans to individuals for personal and household purposes, including secured and unsecured installment loans and revolving lines of credit such as credit cards. Installment loans typically will carry balances of less than \$50,000 and be amortized over periods up to 60 months. Consumer loans may be offered on a single maturity basis where a specific source of repayment is available. Revolving loan products will 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.

We will 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 will typically have terms of 15 years or less, will typically carry balances less than \$125,000, and may extend up to 100% of the available equity of each property.

DEPOSIT SERVICES

We intend to 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 will be tailored to our principal market area at rates competitive to those offered in the Greenville County area. In addition, we intend to offer certain retirement account services, such as Individual Retirement Accounts (IRAs). We intend to solicit these accounts from individuals, businesses, and other organizations.

Deposit Distribution. We estimate that our initial percentage distribution of our deposits for the first year will be as follows:

<TABLE>		
<S>		<C>
	Demand Deposit	12%
	Savings & Money Market	32%
	Time and Savings Deposits	5%
	CD's under \$100,000	34%
	CD's over \$100,000	17%
</TABLE>		

#### OTHER BANKING SERVICES

We anticipate that the bank will offer other bank services including cash management services such as sweep accounts for commercial businesses. In addition, lines of credit, 24-hour telephone banking and PC/ internet delivery are being developed. We will offer drive up ATMs, safe deposit boxes, direct deposit of payroll and social security checks, U.S. Savings Bonds, travelers checks, and automatic drafts for various accounts. We plan for the bank to become associated with the Honor and Cirrus ATM networks that may be used by the bank's customers throughout the country. We believe that by being associated with a shared network of ATMs, we will be better able to serve our clients and will be able to attract clients who are accustomed to the convenience of using ATMs, although we do not believe that maintaining this association will be critical to our success. We intend to begin offering these services shortly after opening the bank. We also plan to offer a debit card and VISA credit card services through a correspondent bank as an agent for the bank. We do not expect the bank to exercise trust powers during its initial years of operation.

#### MARKET SHARE

In 1998, deposits in Greenville County exceeded \$5 billion. The average annual growth rate in deposits in Greenville County over the last five years was 6.8%. Based on a growth rate of 4%, the deposits in Greenville County will grow to approximately \$6.2 billion by 2004. Our plan over the next five years is to reach a 1.7% market share with deposits in excess of \$100 million. Of course, there can be no assurances that we will accomplish these objectives.

#### EMPLOYEES

We anticipate that, upon commencement of operations, the bank will have approximately 14 full time employees and 1 part time employee. By the end of 2000, we anticipate that it will have approximately 22 full time employees and 1 part time employee operating out of the bank's permanent facility. Greenville First Bancshares, as the holding company for the bank, will not have any employees other than its officers.

#### LEGAL PROCEEDINGS

Neither Greenville First Bancshares, Greenville First Bank, nor any of their properties are subject to any material legal proceedings.

Both Greenville First Bancshares and Greenville First 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 Reform, Recovery and Enforcement Act in 1989 and following with the FDIC Improvement Act in 1991, numerous additional regulatory requirements have been placed on the 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 in the future on our business and earnings.

#### GREENVILLE FIRST BANCSHARES

Because it will own the outstanding capital stock of the bank, Greenville First Bancshares will be a bank holding company under the federal Bank Holding Company Act of 1956 and the South Carolina Bank Holding Company Act. Our activities will also be governed by the Glass-Steagall Act of 1933.

The Bank Holding Company Act. Under the Bank Holding Company Act, Greenville First Bancshares will be 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 will be limited to:

- banking, 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, 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 such 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 the 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 Greenville First Bancshares 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. We will register our common stock 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 Greenville First Bancshares 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, Greenville First Bancshares is 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 Greenville First Bancshares. Our ability to pay dividends will be subject to regulatory restrictions as described below in "The Bank - Dividends." Greenville First Bancshares is 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, Greenville First Bancshares will be expected to act as a source of financial strength to the bank and to commit resources to support the bank in circumstances in which Greenville First Bancshares 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.

Glass-Steagall Act. We will also be restricted by the provisions of the Glass-Steagall Act, which prohibits Greenville First Bancshares from owning subsidiaries that are engaged principally in the issue, flotation, underwriting, public sale, or distribution of securities. The interpretation, scope, and application of the provisions of the Glass-Steagall Act currently are being considered and reviewed by regulators and legislators, and the interpretation and application of those provisions have been challenged in the federal courts.

South Carolina State Regulation. As a bank holding company registered under the South Carolina Bank Holding Company Act, we are subject to limitations on sale or merger and to regulation by the South Carolina Board of Financial Institutions. Consequently, we must receive their approval prior to engaging in the acquisition of banking or nonbanking institutions or assets. We must also file periodic reports with respect to our financial condition and operations, management, and intercompany relationships between Greenville First Bancshares and its subsidiaries.

#### THE BANK

The bank will operate 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 will be 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 will 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 will also require 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 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 thirty 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 (FICO) assessment to service the interest on its bond obligations. The amount assessed on individual institutions, including the bank, by FICO 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 will be 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 will also be 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 will be 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 will be able to acquire existing banking operations in South Carolina. Furthermore, federal legislation has recently 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 Greenville First Bancshares or Greenville First 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% 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:

- submit a capital restoration plan;
- raise additional capital;
- restrict their growth, deposit interest rates, and other activities;
- 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, a premature "squeeze" on capital could occur making a capital infusion necessary. The requirements could impact our ability to pay dividends. Our capital levels will initially be 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.

The FDIC Improvement Act requires the federal banking regulators to revise the risk-based capital standards to provide for explicit consideration of interest-rate risk, concentration of credit risk, and the risks of untraditional activities. We are uncertain what effect these regulations would have.

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 Reform 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 twenty 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's 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.

Recent Legislative Developments. From time to time, various bills are introduced in the United States Congress with respect to the regulation of financial institutions. Some 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, what effect these would have.

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.

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## MANAGEMENT

## GENERAL

The following table sets forth the number and percentage of outstanding shares of common stock we expect to be beneficially owned by the organizers and executive officers after the completion of this offering. All of our organizers will serve as directors. The addresses of our organizers are the same as the address of the bank. Prior to the offering, Art Seaver purchased 10 shares of common stock for \$10.00 per share. We will redeem this stock after the offering. This table includes shares based on the "beneficial ownership" concepts as defined by the SEC. Beneficial ownership includes spouses, minor children, and other relatives residing in the same household, and trusts, partnerships, corporations or deferred compensation plans which are affiliated with the principal. This table does not reflect warrants that will be granted to each organizer to purchase one share of common stock for every two shares of common stock purchased by the organizers during the offering because these warrants will not be exercisable within 60 days of the date of this prospectus.

<TABLE>  
<CAPTION>

NAME OF BENEFICIAL OWNER -----	SHARES ANTICIPATED TO BE OWNED FOLLOWING THE OFFERING	
	NUMBER -----	PERCENT -----
DIRECTORS AND EXECUTIVE OFFICERS		
<S>	<C>	<C>
James M. Austin, III	6,000	0.50%
Andrew B. Cajka, Jr.	5,000	0.42%
Mark A. Cothran	25,000	2.08%
Leighton M. Cabbage	60,000	5.00%
Fred Gilmer, Jr.	16,000	1.33%
Tecumseh Hooper, Jr.	10,000	0.83%
Rudolph G. Johnstone, III	5,000	0.42%

Keith J. Marrero	2,500	0.21%
James B. Orders, III	20,000	1.67%
R. Arthur Seaver, Jr.	12,000	1.00%
William B. Sturgis	20,000	1.67%
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All directors and executive officers as a group (11 persons) 181,500 15.13%

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EXECUTIVE OFFICERS AND DIRECTORS OF GREENVILLE FIRST BANCSHARES

The following table sets forth certain information about our executive officers and directors. The CEO and president, senior vice presidents, chief financial officer, and directors of Greenville First Bancshares will also hold these same positions with Greenville First Bank. Greenville First Bancshares' articles of incorporation provide for a classified board of directors so that, as nearly as possible, one-third of the directors are elected each year to serve three-year terms. The terms of office of the classes of directors expire as follows: Class I at the 2000 annual meeting of shareholders, Class II at the 2001 annual meeting of shareholders, and Class III at the 2002 annual meeting of shareholders. Executive officers serve at the discretion of the board of directors.

<TABLE>  
<CAPTION>

NAME	AGE	POSITION WITH GREENVILLE FIRST BANCSHARES
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<S>	<C>	<C>
James M. Austin, III	42	Senior Vice President, CFO
Andrew B. Cajka, Jr.	40	Director
Mark A. Cothran	41	Director
Leighton M. Cabbage	46	Director
Fred Gilmer, Jr.	63	Director, Senior Vice President
Tecumseh Hooper, Jr.	52	Director
Rudolph G. Johnstone, III , M.D.	39	Director
Keith J. Marrero	39	Director
James B. Orders, III	46	Director, Chair
R. Arthur Seaver, Jr.	35	Director, CEO, President
William B. Sturgis	64	Director

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James "Jim" M. Austin, III is the proposed senior vice president and chief financial officer of Greenville First Bank. He has over 20 years of experience in the financial services industry. From 1978 to 1983, Mr. Austin was employed by KPMG Peat Marwick specializing in bank audits. Mr. Austin was employed for 12 years with American Federal Bank as controller and senior vice president responsible for the financial accounting and budgeting. From 1995 until 1997, Mr. Austin was the senior vice president and chief financial officer of Regional Management Corporation, a 58-office consumer finance company where he was responsible for the finance and operations area of the company. From 1997 until July 1999, he was the director of corporate finance for Homegold Financial, a national sub-prime financial service company that specializes in mortgage loan originations. Mr. Austin is a 1978 graduate of the University of South Carolina with degrees in accounting and finance. He is also a Certified Public Accountant and graduate of the University of Georgia's Executive Management's Savings Bank program. He is a graduate of Leadership Greenville and is active in the First Presbyterian Church. He has served on the community boards of River Place Festival, Junior Achievement, and Pendleton Place, and he is the past president of the Financial Manager's Society of South Carolina and former board member of the Young Manager's Division of the Community of Financial Institutions of South Carolina.

Andrew B. Cajka , Class III Director, is the founder and president of Southern Hospitality Group, LLC, a hotel management and development company in Greenville, South Carolina. Prior to starting his own business, Mr. Cajka was a managing member of Hyatt Hotels Corporation from 1986 until 1998. He is a graduate of Bowling Green State University in 1982. Mr. Cajka is currently on the board of directors for the Greenville Chamber of Commerce and past president of the downtown area council. He is a member of the Greenville Hospital

Foundation Board, past chairman of the Children's Hospital, Board of Trustee member and chairman of the Foundation at St. Joseph High School, past chairman of the Greenville Tech Hospitality Board, board member of the Urban League, and past chairman of the Greenville Convention and Visitors Bureau.

Mark A. Cothran, Class I Director, is the president and principal owner of Cothran Company, Inc., a real estate construction and development company in Greenville, South Carolina. He has been with Cothran Company, Inc. since 1986. Mr. Cothran received his bachelors degree in finance and banking from the University of South Carolina in 1980 and is a licensed real estate broker in the State of South Carolina. He is currently on the board of directors of the Greenville Chamber of Commerce and member of their economic development board. He is past president of the state chapter of NAIOP and past member of the Advisory Board of Greenville National Bank.

Leighton M. Cabbage, Class II Director, was the co-founder, president, and chief operating officer of Corporate Telemanagement Group in Greenville, South Carolina from 1989 until 1995, when the company was acquired by LCI International. Since 1995, Mr. Cabbage has been a private investor maintaining investment interests in a telecommunications company, a car dealership, and a trucking company. He is a 1977 graduate of Clemson University with a bachelors degree in political science. Mr. Cabbage is on the board of directors for the Greenville United Way, a member of the Greenville Technical College Foundation Board, and a member of the Clemson University Entrepreneurial Board.

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Fred Gilmer, Jr, Class III Director, is the proposed senior vice president of Greenville First Bancshares and Greenville First Bank, is a seasoned banker with over 40 years of experience in the financial industry. He was the executive officer in charge of client relations for Greenville National Bank from 1994 until April 1999, when he resigned to help organize Greenville First Bank. Mr. Gilmer has held executive positions with three other banks in the Greenville area between 1959 and 1995. He graduated from the University of Georgia in 1958, and the LSU Graduate School of Banking of the South in Baton Rouge, Louisiana in 1970. Mr. Gilmer is very active in the Greenville community. He is a graduate of Leadership Greenville and presently serves numerous organizations, including the Greenville Rotary Club, Greenville Chamber of Commerce, YMCA, and the First Presbyterian Church. He is a past board member of Family Children Service, Goodwill Industries, Downtown Area Council, Greenville Little Theater, Greenville Cancer Society, South Carolina Arthritis Foundation, Freedom Weekend Aloft, and the Greenville Chamber of Commerce.

Tecumseh "Tee" Hooper, Jr., Class III Director, is the president of IKON Office Solutions in Greenville, South Carolina. He is also a director of Homegold, Inc., a sub-prime mortgage lender and a director of Peregrine Energy, Inc., an energy management company. From 1994 until 1997, he served as a director of Carolina Investors, a savings and loan institution. Mr. Hooper graduated from The Citadel in 1969 with a degree in business administration, and he received a Masters in Business Administration from the University of South Carolina in 1971. Mr. Hooper has served the community as a member of the Greenville County Development Board, the Greenville Chamber of Commerce, and the board of directors for Camp Greenville, as well as the vice chairman of communications for the United Way. Mr. Hooper also serves on the board of directors for Leadership Greenville, Leadership South Carolina, and the YMCA Metropolitan.

Rudolph "Trip" G. Johnstone, III, M.D., Class I Director, is a physician practicing with the Cross Creek Asthma, Allergy and Immunology medical clinic. He graduated from Washington & Lee University in 1982 with a degree in biology and from the Medical University of South Carolina in 1986. Mr. Johnstone is active with the Greenville Art Museum and served on the consulting board to Greenville National Bank from 1995 until 1998, when it was acquired by Regions Bank.

Keith J. Marrero, Class I Director, is the principal and owner of AMI Architects, an architectural firm located in Greenville, South Carolina that was founded in 1988. He is a registered architect with the South Carolina and Louisiana Boards of Architectural Examiners and the National Council of Architectural Registration Boards. Mr. Marrero is a previous advisory board member of BB&T. He graduated from the University of Notre Dame with a bachelors degree in Architecture in 1983. Mr. Marrero was appointed by former Governor David Beasley to the board of directors of the South Carolina Legacy Trust Fund. He is also an executive committee member of the Greenville Chamber of Commerce,

erving as vice chairman of Minority Business. Mr. Marrero is also an advisory board member of the Bi-Lo Center and serves on the Historic Architecture Review Board for the City of Greenville.

James B. Orders, III, Class II Director, is the Chairman of the Board for Greenville First Bancshares. He is the president of Park Place Corporation, a company engaged in the manufacture and sale of bedding and other furniture to the wholesale market. Mr. Orders is chairman of Comfortaire Corporation and a director of Orders Realty Co., Inc., a real estate development and management company that is a wholly owned subsidiary of Park Place Corporation. He attended Clemson University from 1970 until 1974. Mr. Orders is the past president of the Downtown Rotary Club, a past member of the advisory board of Greenville National Bank, and a past member of the advisory board of Carolina First Bank. In addition, he is a member of the Lay Christian Association Board and the Downtown Soccer Association Board.

R. Arthur "Art" Seaver, Jr., Class I Director, is the proposed president and chief executive officer of Greenville First Bank. He has over 13 years of banking experience. From 1987 until 1992, Mr. Seaver held various positions with The Citizens & Southern National Bank of South Carolina, including assistant vice president of corporate banking. From 1992 until February 1999, he was with Greenville National Bank, which was acquired by Regions Bank in 1998. He was the senior vice president in charge of Greenville National Bank's liability portion of the balance sheet prior to leaving to form the proposed Greenville First Bank. Mr. Seaver is a 1986 graduate of Clemson University with a bachelors degree in Finance and a 1999 graduate of the BAI Graduate School of Community Bank Management. He is very active in the Greenville community, where he works with

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numerous organizations, including Leadership Greenville, the South Carolina Network of Business and Education Partnership, Junior Achievement, the Greenville Convention and Visitors Bureau, the United Way, and the First Presbyterian Church.

William B. Sturgis, Class II Director, held various executive positions with W.R. Grace & Co. from 1984 until his retirement in 1997, including executive vice president of W.R. Grace's worldwide packaging operations and president of its North American Cryovac Division. Mr. Sturgis graduated from Clemson University in 1957 with a degree in chemical engineering and is a graduate of the Advanced Management Program at Harvard. He is active with Clemson University, serving on the Foundation Board, the President's Advisory Council, and the Engineering Advisory Board. He is also an advisory board member of the Peace Center and a member of the Downtown Rotary Club and Presbyterian Foundation Board.

Family Relationships. Dr. Johnstone is Mr. Gilmer's stepson. No other director has a family relationship with any other director or executive officer of Greenville First Bancshares closer than first cousin.

#### EMPLOYMENT AGREEMENTS

We have entered into an employment agreement with Art Seaver for a three-year term, pursuant to which he will serve as the president, the chief executive officer, and a director of Greenville First Bancshares and Greenville First Bank. Mr. Seaver will be paid an initial salary of \$123,000, plus his yearly medical insurance premium. He shall receive an annual increase in his salary equal to the previous year's salary times the increase in the Consumer Price Index during the previous year. The board of directors may increase Mr. Seaver's salary above this level, but not below it. He is entitled to receive a bonus of \$10,000 upon the opening of the bank and will be eligible to receive an annual bonus of up to 5% of the net pre-tax income of the bank, if the bank meets performance goals set by the board. He will be eligible to participate in any management incentive program of the bank or any long-term equity incentive program and will be eligible for grants of stock options and other awards thereunder. Upon the closing of the offering (or as soon thereafter as an appropriate stock option plan is adopted by the company), Mr. Seaver will be granted options to purchase a number of shares of common stock equal to 5% of the number of shares sold in this offering. These options will vest over a five-year period and will have a term of ten years. Additionally, Mr. Seaver will participate in the bank's retirement, welfare, and other benefit programs and is entitled to a life insurance policy and an accident liability policy and

reimbursement for automobile expenses, club dues, and travel and business expenses.

Mr. Seaver's employment agreement also provides that following termination of his employment and for a period of twelve months thereafter, he may not (a) compete with the company, the bank, or any of its affiliates by, directly or indirectly, forming, serving as an organizer, director or officer of, or consultant to, or acquiring or maintaining more than 1% passive investment in, a depository financial institution or holding company thereof if such depository institution or holding company has one or more offices or branches within radius of thirty miles from the main office of the company or any branch office of the company, (b) solicit major customers of the bank for the purpose of providing financial services, or (c) solicit employees of the bank for employment. If Mr. Seaver terminates his employment for good cause as that term is defined in the employment agreement or if he is terminated following a change in control of Greenville First Bancshares as defined in the agreement, he will be entitled to severance compensation of his then current monthly salary for a period of 12 months, plus accrued bonus, and all outstanding options and incentives shall vest immediately.

#### DIRECTOR COMPENSATION

We intend to pay each of our ten directors \$200 for each meeting they attend and \$50 for each committee meeting they attend. During the first year we expect to have 12 directors meetings. We expect 9 directors to attend each meeting for total directors' fees for the year of \$21,600. We also expect to hold 64 committee meetings during the first year. We expect 4 directors to attend each committee meeting for total fees for the year of \$12,800.

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#### STOCK OPTION PLAN

After the offering, we expect to adopt a stock option plan which will permit Greenville First Bancshares to grant options to its officers, directors, and employees. We anticipate that we will initially authorize the issuance of a number of shares under the stock option plan equal to 15% of the shares outstanding after the offering. We do not intend to issue stock options at less than the fair market value of the common stock on the date of grant.

#### STOCK WARRANTS

The organizers have invested significant time and effort to form Greenville First Bancshares and Greenville First Bank, and they have individually guaranteed a \$600,000 line of credit to the bank to cover organizational expenses. In recognition of the financial risk and efforts they have undertaken in organizing the bank, each organizer will also receive, for no additional consideration, a warrant to purchase one share of common stock at a purchase price of \$10.00 per share for every two shares purchased by that organizer in the offering. The warrants, which will be represented by separate warrant agreements, will become exercisable on the later of the date that the bank opens for business or one year from the date of this prospectus and will be exercisable in whole or in part during the ten year period following that date. The warrants and shares issued pursuant to the exercise of such warrants will be transferable, subject to compliance with applicable securities laws. If the Office of the Comptroller of the Currency issues a capital directive or other order requiring the bank to obtain additional capital, the warrants will be forfeited if not immediately exercised.

The organizers plan to purchase approximately 175,500 shares of common stock for a total investment of \$1,755,000. As a result, the organizers will own approximately 14.6% of the common stock outstanding upon completion of the offering. If each organizer exercises his warrant in full, the organizers' ownership of Greenville First Bancshares will increase to 20.4% of the outstanding common stock. Although they have not promised to do so, the organizers may purchase additional shares in the offering, including up to 100% of the offering. All shares purchased by the organizers will be for investment and not intended for resale. Because purchases by the organizers may be substantial, you should not assume that the sale of a specified offering amount indicates the merits of this offering.

#### EXCULPATION AND INDEMNIFICATION

Greenville First Bancshares's articles of incorporation contain a provision which, subject to certain limited exceptions, limits the liability of a director for any breach of duty as a director. There is no limitation of liability for:

- a breach of duty involving appropriation of a business opportunity;
- an act or omission which involves intentional misconduct or a knowing violation of law;
- any transaction from which the director derives an improper personal benefit; or
- as to any payments of a dividend or any other type of distribution that is illegal under Section 33-8-330 of the South Carolina Business Corporation Act of 1988.

In addition, if such act is amended to authorize further elimination or limitation of the liability of director, then the liability of each director shall be eliminated or limited to the fullest extent permitted by such provisions, as so amended, without further action by the shareholders, unless the law requires such action. The provision does not limit the right of the company or its shareholders to seek injunctive or other equitable relief not involving payments in the nature of monetary damages.

Greenville First Bancshares's bylaws contain certain provisions which provide indemnification to directors that is broader than the protection expressly mandated in Sections 33-8-510 and 33-8-520 of the South Carolina Business Corporation Act. To the extent that a director or officer has been successful, on the merits or otherwise, in the defense of any action or proceeding brought by reason of the fact that such person was a director or officer, Sections 33-8-510 and 33-8-520 would require Greenville First Bancshares to indemnify these persons

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against expenses, including attorney's fees, actually and reasonably incurred in connection with the matter. The South Carolina Business Corporation Act expressly allows Greenville First Bancshares to provide for greater indemnification rights to its officers and directors, subject to shareholder approval.

Our board of directors also has the authority to extend to officers, employees, and agents the same indemnification rights held by directors, subject to all of the accompanying conditions and obligations. The board of directors intends to extend indemnification rights to all of its executive officers.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of Greenville First Bancshares pursuant to the foregoing provisions, or otherwise, Greenville First Bancshares has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

#### INTERESTS OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

We expect to have banking and other transactions in the ordinary course of business with the organizers, directors, and officers and their affiliates, including members of their families or corporations, partnerships, or other organizations in which such organizers, officers, or directors have a controlling interest, on substantially the same terms, including price, or interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties. These transactions are also restricted by our regulatory agencies, including the Federal Reserve Board. For a discussion of the Federal Reserve Board regulations, please see "Transactions with Affiliates and Insiders" on page 26. These transactions are not expected to involve more than the normal risk of collectibility nor present other unfavorable features. Loans to individual directors and officers must also comply with the bank's lending policies, regulatory restrictions, and statutory lending limits, and directors with a personal interest in any loan application will be excluded from the consideration of such loan application. We intend for all of our transactions with organizers or other affiliates to be on terms no less favorable than could be obtained from an unaffiliated third party and to be

approved by a majority of our disinterested directors.

#### LEASE AND CONSTRUCTION OF MAIN OFFICE

We expect to lease our bank's main facility from Cothran Properties, LLC for a term of 20 years at an initial rental rate of \$16,667 per month. Mark A. Cothran, one of our directors, is a 50% owner of Cothran Properties, LLC. One of our other directors, Keith J. Marrero, is an architect and is designing the facility. Mr. Marrero will be paid approximately \$70,000 for his architectural services. Cothran Properties, LLC is purchasing the land and building the bank facility on the land to our specifications. We expect to complete construction of our main facility by August 2000, at which time we will begin to pay rent in the amount of \$16,667 per month. Prior to completion of the permanent bank facility, we will lease a modular bank facility on a month to month basis for an initial payment of \$13,050 and a monthly lease rate of \$5,880. The modular facility will be located on the same site as our future main office, and we will pay \$500 per month in rent to Cothran Properties, LLC for the use of this site prior to completion of the main office. We have conducted two separate appraisals of the lease and the property, which includes Mr. Marrero's architectural services, to ensure that the terms of the proposed lease are on substantially the same terms as those prevailing at the time for comparable transactions with unrelated parties.

#### LOAN GUARANTEE

Each of the directors has guaranteed the \$600,000 line of credit used to pay organizing expenses for the bank and holding company.

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#### DESCRIPTION OF CAPITAL STOCK OF GREENVILLE FIRST BANCSHARES

##### GENERAL

The authorized capital stock of Greenville First Bancshares consists of 10,000,000 shares of common stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share. The following summary describes the material terms of Greenville First Bancshares's capital stock. Reference is made to the articles of incorporation of Greenville First Bancshares which is filed as an exhibit to the Registration Statement of which this prospectus forms a part, for a detailed description of the provisions summarized below.

##### COMMON STOCK

Holders of shares of the common stock are entitled to receive such dividends as may from time to time be declared by the board of directors out of funds legally available for distribution. We do not plan to declare any dividends in the immediate future. See "Dividend Policy" on page 12. Holders of common stock are entitled to one vote per share on all matters on which the holders of common stock are entitled to vote and do not have any cumulative voting rights. Shareholders have no preemptive, conversion, redemption, or sinking fund rights. In the event of a liquidation, dissolution, or winding-up of the company, holders of common stock are entitled to share equally and ratably in the assets of the company, if any, remaining after the payment of all debts and liabilities of the company and the liquidation preference of any outstanding preferred stock. The outstanding shares of common stock are, and the shares of common stock offered by the company hereby when issued will be, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to any classes or series of preferred stock that the company may issue in the future.

##### PREFERRED STOCK

Greenville First Bancshares' articles of incorporation provide that the board of directors is authorized, without further action by the holders of the common stock, to provide for the issuance of shares of preferred stock in one or more classes or series and to fix the designations, powers, preferences, and relative, participating, optional and other rights, qualifications, limitations, and restrictions thereof, including the dividend rate, conversion rights, voting

rights, redemption price, and liquidation preference, and to fix the number of shares to be included in any such classes or series. Any preferred stock so issued may rank senior to the common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding-up, or both. In addition, any such shares of preferred stock may have class or series voting rights. Upon completion of this offering, we will not have any shares of preferred stock outstanding. Issuances of preferred stock, while providing the company with flexibility in connection with general corporate purposes, may, among other things, have an adverse effect on the rights of holders of common stock (for example, the issuance of any preferred stock with voting or conversion rights may adversely affect the voting power of the holders of common stock), and in certain circumstances such issuances could have the effect of decreasing the market price of the common stock. We do not plan to issue any shares of preferred stock, and will not issue preferred stock to organizers on terms more favorable than those on which it issues preferred stock to shareholders other than organizers.

#### ANTI-TAKEOVER EFFECTS

The provisions of the articles, the bylaws, and South Carolina law summarized in the following paragraphs may have anti-takeover effects and may delay, defer, or prevent a tender offer or takeover attempt that a shareholder might consider to be in such shareholder's best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders, and may make removal of management more difficult.

**Restriction on Acquisition.** Sections 34-25-50 and 34-25-240 of the Code of Laws of South Carolina prohibit a company from "acquiring" Greenville First Bancshares or Greenville First Bank until the bank has been in existence and continuous operation for five years.

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**Control Share Act.** Greenville First Bancshares has specifically elected to opt out of a provision of South Carolina law which may deter or frustrate unsolicited attempts to acquire certain South Carolina corporations. This statute, commonly referred to as the "Control Share Act" applies to public corporations organized in South Carolina, unless the corporation specifically elects to opt out. The Control Share Act generally provides that shares of a public corporation acquired in excess of certain specific thresholds will not possess any voting rights unless such voting rights are approved by a majority vote of the corporation's disinterested shareholders.

**Authorized but Unissued Stock.** The authorized but unissued shares of common stock and preferred stock will be available for future issuance without shareholder approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, and employee benefit plans. The existence of authorized but unissued and unreserved shares of common stock and preferred stock may enable the board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage any attempt to obtain control of Greenville First Bancshares by means of a proxy contest, tender offer, merger or otherwise, and thereby protect the continuity of the company's management.

**Number of Directors.** The bylaws provide that the number of directors shall be fixed from time to time by resolution by at least a majority of the directors then in office, but may not consist of fewer than five nor more than twenty-five members. Initially we will have 10 directors.

**Classified Board of Directors.** Our articles and bylaws divide the board of directors into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the board of directors will be elected at each annual meeting of shareholders. The classification of directors, together with the provisions in the Articles and bylaws described below that limit the ability of shareholders to remove directors and that permit the remaining directors to fill any vacancies on the board of directors, will have the effect of making it more difficult for shareholders to change the composition of the board of directors. As a result, at least two annual meetings of shareholders may be required for the shareholders to change a majority of the directors, whether or not a change in the board of directors would be beneficial and whether or not a majority of shareholders believe that such a change would be desirable.

Number, Term, and Removal of Directors. We currently have ten directors, but our bylaws authorize this number to be increased or decreased by our board of directors. Our directors are elected to three year terms by a plurality vote of our shareholders. Our bylaws provide that our shareholders, by a majority vote of those entitled to vote in an election of directors, or our board of directors, by a unanimous vote, excluding the director in question, may remove a director with or without cause. Our bylaws provide that all vacancies on our board may be filled by a majority of the remaining directors for the unexpired term.

Advance Notice Requirements for Shareholder Proposals and Director Nominations. The bylaws establish advance notice procedures with regard to shareholder proposals and the nomination, other than by or at the direction of the board of directors or a committee thereof, of candidates for election as directors. These procedures provide that the notice of shareholder proposals must be in writing and delivered to the secretary of the company no earlier than 30 days and no later than 60 days in advance of the annual meeting. Shareholder nominations for the election of directors must be made in writing and delivered to the secretary of the company no later than 90 days prior to the annual meeting, and in the case of election to be held at a special meeting of shareholders for the election of directors, the close of business on the 7th day following the date on which notice of the meeting is first given to shareholders. We may reject a shareholder proposal or nomination that is not made in accordance with such procedures.

Nomination Requirements. Pursuant to the bylaws, we have established certain nomination requirements for an individual to be elected as a director, including that the nominating party provide (i) notice that such party intends to nominate the proposed director; (ii) the name of and certain biographical information on the nominee; and (iii) a statement that the nominee has consented to the nomination. The chairman of any shareholders' meeting may, for good cause shown, waive the operation of these provisions. These provisions could reduce the likelihood that a third party would nominate and elect individuals to serve on the board of directors.

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#### SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have 1,200,000 shares of common stock outstanding. The shares sold in this offering will be freely tradable, without restriction or registration under the Securities Act of 1933, except for shares purchased by "affiliates" of Greenville First Bancshares, which will be subject to resale restrictions under the Securities Act of 1933. An affiliate of the issuer is defined in Rule 144 under the Securities Act of 1933 as a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the issuer. Rule 405 under the Securities Act of 1933 defines the term "control" to mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the person whether through the ownership of voting securities, by contract or otherwise. Directors will likely be deemed to be affiliates. These securities held by affiliates may be sold without registration in accordance with the provisions of Rule 144 or another exemption from registration.

In general, under Rule 144, an affiliate of the company or a person holding restricted shares may sell, within any three-month period, a number of shares no greater than 1% of the then outstanding shares of the common stock or the average weekly trading volume of the common stock during the four calendar weeks preceding the sale, whichever is greater. Rule 144 also requires that the securities must be sold in "brokers' transactions," as defined in the Securities Act of 1933, and the person selling the securities may not solicit orders or make any payment in connection with the offer or sale of securities to any person other than the broker who executes the order to sell the securities. This requirement may make the sale of the common stock by affiliates of Greenville First Bancshares pursuant to Rule 144 difficult if no trading market develops in the common stock. Rule 144 also requires persons holding restricted securities to hold the shares for at least one year prior to sale.

#### UNDERWRITING

Subject to the terms and conditions of the underwriting agreement among us and the underwriter named below, the underwriter has agreed to purchase from us, and we have agreed to sell to the underwriter, the number of shares of common stock listed opposite the underwriter's name below.

<TABLE>  
<CAPTION>

Underwriter -----	Number of Firms Share -----	Number of Over- Allotment Shares -----
<S> Wachovia Securities, Inc.....	<C>	<C>

</TABLE>

The underwriting agreement provides that the underwriter's obligations are subject to approval of certain legal matters by counsel and to various other conditions customary in a firm commitment underwritten public offering. The underwriter is required to purchase and pay for the shares offered by this prospectus other than those covered by the over-allotment option described below.

The underwriting discount that will apply to shares not purchased by our directors and executive officers in this offering will equal 7.5% of the public offering price listed on the cover page of this prospectus, or \$.75 per share. The underwriting discount that will apply to shares purchased in this offering by our directors and executive officers and certain other investors recommended by our directors and executive officers, up to 30% of the offering, will equal 3.5% of the public offering price, or \$.35 per share.

The underwriter proposes to offer the common stock directly to the public at the public offering price of \$10.00 per share and to certain securities dealers at the price less a concession not in excess of \$\_\_\_ per share. The underwriter may allow, and the selected dealers may reallocate, a concession not in excess of \$\_\_\_ per share to certain other broker and dealers. We expect that the shares of common stock will be ready for delivery on or about \_\_\_\_\_, 1999. After the offering, the offering price and other selling terms may change.

The public offering price was determined by negotiations between us and the underwriter based on several factors. These factors included prevailing market conditions, the price to earnings and price to book value multiples of comparable publicly traded companies and Greenville First Bank's growth potential and cash flow and earnings prospects.

We have granted the underwriter an option, exercisable within 30 days after the date of this prospectus, to purchase up to 180,000 additional shares of common stock to cover over-allotments, if any, at the public offering price listed on the cover page of this prospectus, less the 7.5% underwriting discount. The underwriter may purchase these shares only to cover over-allotments made in connection with this offering.

The underwriter does not intend to sell shares of common stock to any account over which it exercises discretionary authority.

We, and our directors and executive officers, have each agreed with the underwriter that we will not sell, contract to sell, or otherwise dispose of any shares of common stock or any securities that can be converted into or exchanged for shares of common stock for a period of 180 days from the date of this prospectus without the underwriter's prior written consent, except in limited circumstances. The underwriter may on occasion be a customer of, engage in transactions with, and perform services for us and Greenville First Bank in the ordinary course of business.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as currently in effect, or to contribute to payments that the underwriter may be required to make in connection with these liabilities.

In connection with this offering, the underwriter may purchase and sell common stock in the open market. These transactions may include over-allotment and stabilizing transactions, and purchases to cover syndicate short positions

created in connection with this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the common stock, and syndicate short positions involve the underwriter's sale of a greater number of shares of common stock than it is required to purchase from us in the offering. These activities may stabilize, maintain or otherwise affect the market price of the common stock, which may be higher than the price that might otherwise prevail in the open market. The underwriter may effect these transactions on the Nasdaq OTC Bulletin Board or otherwise and may discontinue them at any time.

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#### LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for Greenville First Bancshares by Nelson Mullins Riley & Scarborough, L.L.P., Atlanta, Georgia. Certain legal matters related to this offering will be passed upon for Wachovia Securities by Smith Helms Mulliss & Moore, L.L.P., Charlotte, North Carolina.

#### EXPERTS

Greenville First Bancshares's financial statements dated June 30, 1999 and for the period from February 1999 (inception), until June 30, 1999 have been audited by Elliott Davis & Company, L.L.P., as stated in their report appearing elsewhere herein, and have been so included in reliance on the report of this firm given upon their authority as an expert in accounting and auditing.

#### ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form SB-2 (together with all amendments, exhibits, schedules and supplements thereto, the "Registration Statement"), under the Securities Act of 1933 and the rules and regulations thereunder, for the registration of the common stock offered hereby. This prospectus, which forms a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement. For further information with respect to Greenville First Bancshares, Greenville First Bank, and the common stock, you should refer to the Registration Statement and the exhibits thereto.

You can examine and obtain copies of the Registration Statement at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at <http://www.sec.gov> that contains all of the reports, proxy and information statements and other information regarding registrants that file electronically with the SEC using the EDGAR filing system, including Greenville First Bancshares.

We have filed or will file various applications with the Office of the Comptroller of the Currency and the FDIC. You should only rely on information in this prospectus and in our related Registration Statement in making an investment decision. If other available information is inconsistent with information in this prospectus, including information in public files or provided by the Office of the Comptroller of the Currency and the FDIC, such other information is superseded by the information in this prospectus. Projections appearing in the applications to such agencies were based on assumptions that the organizers believed were reasonable at the time, but which may have changed or otherwise be wrong. Greenville First Bancshares and Greenville First Bank specifically disclaim all projections for purposes of this prospectus and caution prospective investors against placing reliance on them for purposes of making an investment decision. Statements contained in this prospectus regarding the contents of any contract or other document referred to are not necessarily complete. If such contract or document is an exhibit to the Registration Statement, you may obtain and read such document or contract for more information.

As a result of this offering, Greenville First Bancshares will become a reporting company subject to the full informational requirements of the Securities Exchange Act of 1934. We will fulfill our obligations with respect to such requirements by filing periodic reports and other information with the SEC.

We will furnish our shareholders with annual reports containing audited financial statements and with quarterly reports for the first three quarters of each fiscal year containing unaudited summary financial information. Our fiscal year ends on December 31.

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GREENVILLE FIRST BANCSHARES, INC  
(A DEVELOPMENT STAGE ENTERPRISE)  
GREENVILLE, SOUTH CAROLINA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Directors  
GREENVILLE FIRST BANCSHARES, INC.  
Greenville, South Carolina

We have audited the accompanying balance sheet of GREENVILLE FIRST BANCSHARES, INC. (a development stage enterprise) as of June 30, 1999 and the related statements of operations, changes in organizers' deficit and cash flows for the period from February 22, 1999 (date of inception) through June 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GREENVILLE FIRST BANCSHARES, INC. (a development stage enterprise) as of June 30, 1999 and the results of its operations and its cash flows for the period from February 22, 1999 through June 30, 1999 in conformity with generally accepted accounting principles.

Greenville, South Carolina  
July 8, 1999

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GREENVILLE FIRST BANCSHARES, INC  
(A DEVELOPMENT STAGE ENTERPRISE)  
BALANCE SHEET  
JUNE 30, 1999

ASSETS

<TABLE>		
<S>		<C>
Cash and cash equivalents	\$	31,625
Computer equipment		1,855
Deferred stock offering costs		22,960
		-----
Total assets	\$	56,440
		=====

LIABILITIES AND ORGANIZERS' DEFICIT

LIABILITIES		
Line of credit	\$	200,000
Interest payable		3,249
Salaries payable		5,200
		-----
		208,449

COMMITMENTS AND CONTINGENCIES - Notes 2 and 3

ORGANIZERS' DEFICIT

Preferred stock, par value \$.01 per share, 10,000,000 shares authorized, no shares issued		
Common stock, par value \$.01 per share, 20,000,000 shares authorized		
Additional paid-in capital		100
Retained deficit accumulated during the development stage		(152,109)
Total liabilities and organizers' deficit	\$	56,440
		=====

</TABLE>

The accompanying notes are an integral part of this financial statement.

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GREENVILLE FIRST BANCSHARES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
STATEMENT OF OPERATIONS  
FOR THE PERIOD FROM FEBRUARY 22, 1999 (DATE OF INCEPTION)  
THROUGH JUNE 30, 1999

EXPENSES

<TABLE>		<C>
<S>		
Salaries and payroll taxes	\$	68,966
Professional fees		38,000
Marketing		24,523
Insurance		4,721
Rent		2,400
Telephone and supplies		4,174
Interest		3,248
Other		6,077
		-----
Loss before provision for income taxes		(152,109)
PROVISION FOR INCOME TAXES		-
		-----
Net loss	\$	(152,109)
		=====

</TABLE>

The accompanying notes are an integral part of this financial statement.

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GREENVILLE FIRST BANCSHARES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
STATEMENT OF CHANGES IN ORGANIZERS' DEFICIT  
FOR THE PERIOD FROM FEBRUARY 22, 1999 (DATE OF INCEPTION)  
THROUGH JUNE 30, 1999

<TABLE>  
<CAPTION>

	COMMON STOCK		ADDITIONAL	RETAINED	TOTAL
	SHARES	AMOUNT	PAID-IN	DEFICIT	
	-----	-----	CAPITAL	ACCUMULATED	-----
			-----	DURING THE	
				DEVELOPMENT	
				STAGE	
				-----	
<S>	<C>	<C>	<C>	<C>	<C>
PROCEEDS FROM THE SALE OF STOCK TO ORGANIZERS	100	\$ --	\$ 100	\$ --	\$ 100
NET LOSS	--	--	--	\$ (152,109)	\$ (152,109)
BALANCE, JUNE 30, 1999	100	\$ --	\$ 100	\$ (152,109)	\$ (152,009)
	=====	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of this financial statement.

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GREENVILLE FIRST BANCSHARES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM FEBRUARY 22, 1999 (DATE OF INCEPTION)  
THROUGH JUNE 30, 1999

NET CASH USED FOR PRE-OPERATING ACTIVITIES

<S>	<C>
Net loss	\$ (152,109)
Deferred stock offering costs	(22,960)
Interest payable	3,249
Salaries payable	5,200
	-----
Net cash used for pre-operating activities	(166,620)
	-----

INVESTING ACTIVITIES

Purchase of computer equipment	(1,855)
	-----

FINANCING ACTIVITIES

Proceeds from borrowings on line of credit	200,000
Proceeds from issuance of stock to organizer	100
	-----
Net cash provided by financing activities	200,100
	-----
Net increase in cash	31,625

CASH AND CASH EQUIVALENTS, FEBRUARY 22, 1999  
(DATE OF INCEPTION)

CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 31,625
	=====

The accompanying notes are an integral part of this financial statement.

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GREENVILLE FIRST BANCSHARES, INC.  
(A DEVELOPMENT STAGE ENTERPRISE)  
NOTES TO 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 (in organization) (the "Bank"). The Bank is being organized as a national bank under the laws of the United States with the purpose of becoming a new bank to be located in Greenville County, South Carolina. The Company has filed a charter application with the OCC and an application for deposit insurance with the FDIC. Provided that the applications are timely approved and the necessary capital is raised, it is expected that banking operations will commence in January 2000.

The Company is a development stage enterprise as defined by Statement of Financial Accounting Standard No. 7, "Accounting and Reporting by Development Stage Enterprises", as it devotes substantially all its efforts to establishing a new business. The Company's planned principal operations have not commenced and revenue has not been recognized from the planned principal operations.

The Company intends to sell 1,200,000 shares of its common stock at \$10 per share. The offering will raise \$11,113,000 net of estimated underwriting discounts and commissions and offering expenses. The directors and executive offices of the Company plan to purchase 181,500 shares of common stock at \$10 per share, for a total of \$1,815,000. Upon purchase of these shares, the Company will issue stock warrants to the organizers to purchase up to an additional 87,750 shares of common stock. Additionally, the underwriter may exercise the over-allotment option and purchase up to 180,000 additional shares of common stock. The remaining shares will be sold through a public offering. The Company will use \$8.5 million of the proceeds to capitalize the proposed Bank.

YEAR-END

The Company has adopted a fiscal year ending on December 31, effective for the period ending December 31, 1999. A minimal amount of transactions occurred prior to the Company's incorporation have been combined in these financial statements for ease of presentation.

ESTIMATES

The financial statements include estimates and assumptions that effect the Company's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the FDIC insurance limits.

#### DEFERRED STOCK OFFERING COSTS

Deferred stock offering costs are expenses incurred by the Company in connection with the offering and issuance of its stock. The deferred stock offering costs will be deducted from the Company's additional paid-in capital after the stock offering. If the stock offering is deemed unsuccessful, all deferred stock offering costs will be charged to operations during the period in which the offering is deemed unsuccessful.

#### 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.

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

##### INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the financial reporting and income tax bases of assets and liabilities. At June 30, 1999, no taxable income has been generated and therefore, no tax provision has been included in these financial statements.

#### NOTE 2 - LINE OF CREDIT

The Company has established a \$600,000 line of credit with an individual to fund operating expenses of the Company during the development stage. The line is uncollateralized and is guaranteed by the organizers. The line bears interest at the prime rate and expires February 28, 2000. As of June 30, 1999, \$200,000 is outstanding on this line of credit.

#### NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company has engaged a law firm to assist in preparing and filing all organizational, incorporation, and bank applications and to assist in preparing stock offering documents and consummating the Company's initial offering. The aggregate cost of the services is expected to approximate \$40,000.

The Company leases temporary office space under a month-to-month operating lease requiring monthly payments of \$800. Additionally, the Company has entered into a 12-month operating lease for a modular unit to temporarily serve as its first commercial bank office. The lease requires monthly payments of approximately \$5,880.

The Company has also entered into an operating lease for the property of its first commercial bank office for \$500 a month. Future plans are to construct its main building on this site and to lease the building and property for \$16,667 per month for 20 years.

The Company has engaged a bank consultant to assist in establishing the Bank and bank holding company. The aggregate cost of the services is expected to approximate \$45,000.

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 early termination.

The Company has entered into an agreement with a data processor to provide ATM services, item processing and general ledger processing. Components of this contract include minimum charges based on volume and include initial setup costs of approximately \$56,200.

One of the organizers of the Company owns the land where the Company will lease the land and building for use as its main office (Note 3).

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT. WE HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION THAT IS DIFFERENT. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN [WACHOVIA LOGO HERE] OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED. THE INFORMATION IN THIS PROSPECTUS IS COMPLETE AND ACCURATE AS OF THE DATE ON THE COVER, BUT THE INFORMATION MAY CHANGE IN THE FUTURE.

UNTIL \_\_\_\_\_, ALL DEALERS THAT EFFECT TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE DEALER'S OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITER, AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

=====

1,200,000 SHARES  
COMMON STOCK

GREENVILLE FIRST BANCSHARES, INC.

A PROPOSED BANK HOLDING COMPANY FOR

[BANK LOGO HERE]

GREENVILLE FIRST BANK  
(PROPOSED)

PROSPECTUS

[WACHOVIA LOGO HERE]

AUGUST \_\_\_\_, 1999

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PART II

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Item 24. Indemnification of Directors and Officers

Greenville First Bancshares' articles of incorporation contain a provision which, subject to certain limited exceptions, limits the liability of a director to Greenville First Bancshares or its shareholders for any breach of duty as a director. There is no limitation of liability for: a breach of duty involving appropriation of a business opportunity of Greenville First Bancshares; an act or omission which involves intentional misconduct or a knowing violation of law; any transaction from which the director derives an improper personal benefit; or as to any payments of a dividend or any other type of distribution that is illegal under Section 33-8-330 of the South Carolina Business Corporation Act of 1988 (The "Corporation Act"). In addition, if at any time the Corporation Act shall have been amended to authorize further elimination or limitation of the liability of director, then the liability of each director of Greenville First Bancshares shall be eliminated or limited to the fullest extent permitted by such provisions, as so amended, without further action by the shareholders, unless the provisions of the Corporation Act require such action. The provision does not limit the right of Greenville First Bancshares or its shareholders to seek injunctive or other equitable relief not involving payments in the nature of monetary damages.

Greenville First Bancshares' bylaws contain certain provisions which provide indemnification to directors that is broader than the protection expressly mandated in Sections 33-8-510 and 33-8-520 of the Corporation Act. To the extent that a director or officer has been successful, on the merits or otherwise, in the defense of any action or proceeding brought by reason of the fact that such person was a director or officer, Sections 33-8-510 and 33-8-520 of the Corporation Act would require Greenville First Bancshares to indemnify those persons against expenses (including attorney's fees) actually and reasonably incurred in connection with that action or proceeding. The Corporation Act expressly allows Greenville First Bancshares to provide for greater indemnification rights to its officers and directors, subject to shareholder approval.

Insofar as indemnification for liabilities arising under the Corporation Act may be permitted to directors, officers, and controlling persons

in the articles of incorporation or bylaws, or otherwise, we have been advised that in the opinion of the SEC for matters under the securities laws, such indemnification is against public policy as expressed in the Corporation Act and is, therefore, unenforceable.

The board of directors also has the authority to extend to officers, employees and agents the same indemnification rights held by directors, subject to all of the accompanying conditions and obligations. The board of directors has extended or intends to extend indemnification rights to all of its executive officers.

We have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent against any liability asserted against him or incurred by him in any such capacity, whether or not we would have the power to indemnify him against such liability under the bylaws.

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Item 25. Other Expenses of Issuance and Distribution.

Estimated expenses (other than underwriting commissions) of the sale of the shares of common stock are as follows:

<TABLE>	<C>
<S>	
Registration Fee	\$ 3,836
NASD Filing Fee	1,880
Printing and Engraving	25,000
Legal Fees and Expenses	40,000
Accounting Fees	5,000
Blue Sky Fees and Expenses	15,000
Miscellaneous Disbursements	15,284
	-----
TOTAL	\$ 106,000
	=====

</TABLE>

Item 26. Recent Sales of Unregistered Securities.

From inception, Greenville First Bancshares has issued a total of 10 shares of its common stock to one of its organizers. The price per share was \$10.00 for a total purchase price of \$100.00. There were no underwriting discounts or commissions paid with respect to these transactions. These shares will be redeemed at \$10.00 per share after the offering. All sales were exempt under Section 4(2) of the Securities Act of 1933.

Item 27. Exhibits.

1. \*Form of Underwriting Agreement dated \_\_\_\_\_, 1999 between Greenville First Bancshares and Wachovia Securities
- 3.1. Articles of Incorporation, as amended
- 3.2. Bylaws
- 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
- 4.2. Form of certificate of common stock
- 5.1. Opinion Regarding Legality
- 10.1. \*Employment Agreement dated \_\_\_\_\_, 1999 between Greenville First Bancshares and Art Seaver
- 10.2. \*Lease Agreement dated \_\_\_\_\_, 1999 between Greenville First Bank and Cothran Properties, LLC
- 10.3. Data Processing Services Agreement dated June 28, 1999 between Greenville First Bancshares and the Intercept Group

- 10.4 Form of Stock Warrant Agreement
- 10.5 Promissory note dated February 22, 1999 from Greenville First Bancshares, Inc. in favor of John J. Meindl, Jr.
- 23.1. Consent of Independent Public Accountants
- 23.2. Consent of Nelson Mullins Riley & Scarborough, L.L.P. (appears in its opinion filed as Exhibit 5.1)

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- 24.1. Power of Attorney (filed as part of the signature page to the Registration Statement)
- 27.1. \*Financial Data Schedule (for electronic filing purposes)
- \* To be filed by Amendment

Item 28. Undertakings.

The undersigned Company will:

- (a) (1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:
  - (i) Include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;
  - (ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement; and
  - (iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act of 1933, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of Greenville First Bancshares pursuant to the provisions described in Item 24 above, or otherwise, Greenville First Bancshares has been advised that in the opinion of the SEC for matters under the securities laws, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

If a claim for indemnification against such liabilities (other than the payment by Greenville First Bancshares of expenses incurred or paid by a director, officer or controlling person of Greenville First Bancshares in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, Greenville First Bancshares will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Greenville, State of South Carolina, on July 21, 1999.

GREENVILLE FIRST BANCSHARES, INC.

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

-----  
R. Arthur Seaver, Jr.  
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints R. Arthur Seaver, Jr. and he is the 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 Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such 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 such attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following in the capacities and on the dates indicated.

<TABLE> <CAPTION> Signature -----	Title -----	Date -----
<S> /s/ Andrew B. Cajka ----- Andrew B. Cajka	<C>   Director	<C>   July 27, 1999 -----
/s/ Mark A. Cothran ----- Mark A. Cothran	  Director	  July 27, 1999 -----
/s/ Leighton M. Cabbage ----- Leighton M. Cabbage	  Director	  July 27, 1999 -----
/s/ Tecumseh Hooper, Jr. ----- Tecumseh Hooper, Jr.	  Director	  July 27, 1999 -----
/s/ Rudolph G. Johnstone, III, M.D. ----- Rudolph G. Johnstone, III, M.D.	  Director	  July 27, 1999 -----
/s/ Keith J. Marrero ----- Keith J. Marrero	  Director	  July 27, 1999 -----

</TABLE>

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<TABLE> <S> /s/ James B. Orders, III ----- James B. Orders, III	<C>   Director, Chairman	<C>   July 27, 1999 -----
---	-----------------------------------	---------------------------------------

/s/ William B, Sturgis		July 27, 1999
William B. Sturgis	Director	
/s/ R. Arthur Seaver, Jr.		July 27, 1999
R. Arthur Seaver, Jr.	Director, Chief Executive Officer and President (principal executive officer) (principal financial and accounting officer)	
/s/ Fred Gilmer, Jr.		July 27, 1999
Fred Gilmer, Jr.	Director, Senior Vice President	

</TABLE>

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EXHIBIT INDEX

EXHIBIT	DESCRIPTION
1.	*Form of Underwriting Agreement dated _____, 1999 between Greenville First Bancshares and Wachovia Securities
3.1.	Articles of Incorporation, as amended
3.2.	Bylaws
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
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23.2.	Consent of Nelson Mullins Riley & Scarborough, L.L.P. (appears in its opinion filed as Exhibit 5.1)
24.1.	Power of Attorney (filed as part of the signature page to the Registration Statement)
27.1	*Financial Data Schedule (for electronic filing purposes)
*	To be filed by Amendment

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
TO THE  
ARTICLES OF INCORPORATION  
OF  
GREENVILLE FIRST BANCSHARES, INC.  
FILED MARCH 29, 1999

ARTICLE ONE  
NAME

The name of the corporation is Greenville First Bancshares, Inc. (the "Corporation").

ARTICLE TWO  
ADDRESS AND REGISTERED AGENT

The street address of the initial registered office of the Corporation shall be 301 North Main Street, Greenville, South Carolina 29601. The name of the Corporation's initial registered agent at such address shall be R. Arthur Seaver, Jr.

ARTICLE THREE  
CAPITALIZATION

The Corporation shall have the authority, exercisable by its board of directors, to issue up to 10,000,000 shares of voting common stock, par value \$.01 per share, and to issue up to 10,000,000 shares of preferred stock, par value \$.01 per share. The board of directors shall have the authority to specify the preferences, limitations and relative rights of each class of preferred stock.

ARTICLE FOUR  
PREEMPTIVE RIGHTS

The shareholders shall not have any preemptive rights to acquire additional stock in the Corporation.

ARTICLE FIVE  
NO CUMULATIVE VOTING RIGHTS

The Corporation elects not to have cumulative voting, and no shares issued by this Corporation may be cumulatively voted for directors of the Corporation (or for any other decision).

ARTICLE SIX  
LIMITATION ON DIRECTOR LIABILITY

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of the duty of care or any other duty as a director, except that such liability shall not be eliminated for:

- (i) any breach of the director's duty of loyalty to the Corporation or its shareholders;

(ii) acts or omissions not in good faith or which involve gross negligence, intentional misconduct, or a knowing violation of law;

(iii) liability imposed under Section 33-8-330 (or any successor provision or redesignation thereof) of the Act; and

(iv) any transaction from which the director derived an improper personal benefit.

If at any time the Act shall have been amended to authorize the further elimination or limitation of the liability of a director, then the liability of each director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Act, as so amended, without further action by the shareholders, unless the provisions of the Act, as amended, require further action by the shareholders.

Any repeal or modification of the foregoing provisions of this Article Six shall not adversely affect the elimination or limitation of liability or alleged liability pursuant hereto of any director of the Corporation for or with respect to any alleged act or omission of the director occurring prior to such a repeal or modification.

#### ARTICLE SEVEN CONTROL SHARE ACQUISITIONS

The provisions of Title 35, Chapter 2, Article 1 of the Code of Laws of South Carolina shall not apply to control share acquisitions of shares of the Corporation.

#### ARTICLE EIGHT CLASSIFIED BOARD OF DIRECTORS

At any time that the Board has six or more members the terms of office of directors will be staggered by dividing the total number of directors into three classes, with each class accounting for one-third, as near as may be, of the total. The terms of directors in the first class expire at the first annual shareholders' meeting after their election, the terms of the second class expire at the second annual shareholders' meeting after their election, and the terms of the third class expire at the third annual shareholders' meeting after their election. At each annual shareholders' meeting held thereafter, directors shall be chosen for a term of three years to succeed those whose terms expire. If the number of directors is changed, any increase or decrease shall be so apportioned among the classes as to make all classes as nearly equal in number as possible, and when the number of directors is increased and any newly created directorships are filled by the board, the terms of the additional directors shall expire at the next election of directors by the shareholders. Each director, except in the case of his earlier death, written resignation,

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retirement, disqualification or removal, shall serve for the duration of his term, as staggered, and thereafter until his successor shall have been elected and qualified.

#### ARTICLE NINE CONSIDERATION OF OTHER CONSTITUENCIES

In discharging the duties of their respective positions and in determining what is in the best interests of the Corporation, the board of directors, committees of the board of directors, and individual directors, in addition to considering the effects of any actions on the Corporation and its shareholders, may consider the interests of the employees, customers, suppliers, creditors, and other constituencies of the Corporation and its subsidiaries, the communities and geographical areas in which the Corporation and its subsidiaries operate or are located, and all other factors such directors consider pertinent.

This provision solely grants discretionary authority to the board of directors and shall not be deemed to provide to any other constituency any right to be considered.

ARTICLE TEN  
NAME AND ADDRESS OF THE SOLE INCORPORATOR

The sole incorporator is R. Arthur Seaver, Jr., whose address is 301 North Main Street, Greenville, South Carolina 29601

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation as of the date indicated below.

Date: July 14, 1999 /s/ R. Arthur Seaver, Jr.  
-----  
R. Arthur Seaver, Jr.  
Chief Executive Officer

CERTIFICATE ACCOMPANYING THE AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
GREENVILLE FIRST BANCSHARES, INC.

Check either A or B, whichever is applicable; and if B applies, complete the additional information requested:

A.  The attached restated articles of incorporation do not contain any amendments to the corporation's articles of incorporation and have been duly approved by the corporation's board of directors as authorized by ss.33-10-107(a).

B.  The attached restated articles of incorporation contain one or more amendments to the corporation's articles of incorporation. Pursuant to Section 33-10-107(d)(2), the following information concerning the amendment(s) is hereby submitted:

1. On July 14, 1999, the corporation adopted the following amendments(s) to its articles of incorporation: (Type or Attach the Complete Text of Each Amendment):

At any time that the Board has six or more members, unless provided otherwise by the Articles of Incorporation, the terms of office of directors will be staggered by dividing the total number of directors into three classes, with each class accounting for one-third, as near as may be, of the total. The terms of directors in the first class expire at the first annual shareholders' meeting after their election, the terms of the second class expire at the second annual shareholders' meeting after their election, and the terms of the third class expire at the third annual shareholders' meeting after their election. At each annual shareholders' meeting held thereafter, directors shall be chosen for a term of three years to succeed those whose terms expire. If the number of directors is changed, any increase or decrease shall be so apportioned among the classes as to make all classes as nearly equal in number as possible, and when the number of directors is increased and any newly created directorships are filled by the board, the terms of the additional directors shall expire at the next election of directors by the shareholders. Each director, except in the case of his earlier death, written resignation, retirement, disqualification or removal, shall serve for the duration of his term, as staggered, and thereafter until his successor shall have been elected and qualified.

The Restated Articles of Incorporation, the form of which are attached in this Consent, are hereby adopted as the Articles of Incorporation of the Corporation, with all amendments to the original Articles of

Incorporation of the Corporation reflected therein.

- 2. The manner, if not set forth in the amendment, in which any exchange, reclassification, or cancellation of issued shares provided for in the Amendment shall be effected, is as follows: (if not applicable, insert "not applicable" or "NA"). Not Applicable
- 3. Complete either a or b, whichever is applicable.
  - a.  Amendment(s) adopted by shareholder action.

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At the date of adoption of the Amendment, the number of outstanding shares of each voting group entitled to vote separately on the Amendment, and vote of such shares was:

<TABLE>  
<CAPTION>

Voting Group	Number of Outstanding Shares	Number of Votes Entitled to be Cast	Number of Votes Represented At the meeting	Number of Undisputed* Shares Voted	
				For	Against
<S> Common	<C> 10	<C> 10	<C> 10	<C> 10	<C> -0-

</TABLE>

- b.  The amendment(s) was duly adopted by the Incorporators or board of directors without shareholder approval pursuant to ss.33-6-102(d), 33-10-102 and 33-10-105 of the 1976 South Carolina Code as amended, and shareholder action was not required.

Date: July 14, 1999

Greenville First Bancshares, Inc.

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

R. Arthur Seaver, Jr.  
Chief Executive Officer

\*NOTE: Pursuant to Section 33-10-106(6)(i), the corporation can alternatively State the total number of undisputed shares cast for the amendment by each voting group together with a statement that the number of cast for the amendment by each voting group was sufficient for approval by that voting group.

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BYLAWS  
OF  
GREENVILLE FIRST BANCSHARES, INC.

GREENVILLE FIRST BANCSHARES, INC.  
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BYLAWS  
OF

ARTICLE 1: OFFICES

Section 1: Registered Office and Agent. The registered office of the Corporation shall be at 301 North Main Street, Greenville, South Carolina 29601. The registered agent shall be R. Arthur Seaver, Jr.

Section 2: Other Offices. The Corporation may also have offices at such other places within and without the State of South Carolina as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2: SHAREHOLDERS

Section 1: Place of Meetings. Meetings of shareholders shall be held at the time and place, within or without the State of South Carolina, stated in the notice of the meeting or in a waiver of notice.

Section 2: Annual Meetings. An annual meeting of the shareholders shall be held each year on the third Thursday of April, if not a legal holiday, but if a legal holiday, then on the next Thursday not a legal holiday, or on such other date and at a time to be set by the Board of Directors in accordance with all applicable notice requirements. At the meeting, the shareholders shall elect directors and transact such other business as may properly be brought before the meeting.

Section 3: Special Meetings.

(a) Special meetings of the shareholders, for any purpose or purposes, unless otherwise required by the South Carolina Business Corporation Act of 1988, as amended from time to time (the "Act"), the Articles of Incorporation of the Corporation (the "Articles"), or these Bylaws, may be called by the chief executive officer, the president, the chairman of the Board of Directors or a majority of the Board of Directors.

(b) In addition to a special meeting called in accordance with subsection 3(a) of this Article 2, the Corporation shall, if and to the extent that it is required by applicable law, hold a special meeting of shareholders if the holders of at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at such special meeting sign, date and deliver to the secretary of the Corporation one or more written demands for the meeting. Such written demands shall be delivered to the secretary by certified mail, return receipt

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requested. Such written demands sent to the secretary of the Corporation shall set forth as to each matter the shareholder or shareholders propose to be presented at the special meeting (i) a description of the purpose or purposes for which the meeting is to be held (including the specific proposal(s) to be presented); (ii) the name and record address of the shareholder or shareholders proposing such business; (iii) the class and number of shares of the Corporation that are owned of record by the shareholder or shareholders as of a date within ten days of the delivery of the demand; (iv) the class and number of shares of the Corporation that are held beneficially, but not held of record, by the shareholder or shareholders as of a date within ten days of the delivery of the demand; and (v) any interest of the shareholder or shareholders in such business. Any such special shareholders' meeting shall be held at a location designated by the Board of Directors. The Board of Directors may set such rules for any such meeting as it may deem appropriate, including when the meeting will be held (subject to any requirements of the Act), the agenda for the meeting (which may include any proposals made by the Board of Directors), who may attend the meeting in addition to shareholders of record and other such matters.

(c) Business transacted at any special meeting shall be confined to the specific purpose or purposes stated in the notice of the meeting.

Section 4: Notice.

(a) Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the specific purpose or

purposes for which the meeting is called, shall be delivered by the Corporation not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed effective when deposited with postage prepaid in the United States mail, addressed to the shareholder at the address appearing on the stock transfer books of the Corporation. Except as may be expressly provided by law, no failure or irregularity of notice of any regular meeting shall invalidate the same or any proceeding thereat.

(b) The notice of each special shareholders meeting shall include a description of the specific purpose or purposes for which the meeting is called. Except as provided by law, the Articles or these Bylaws, the notice of an annual shareholders meeting need not include a description of the purpose or purposes for which the meeting is called.

Section 5: Quorum. The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at meetings of the shareholders for the transaction of business except as otherwise provided by statute, by the Articles or by these Bylaws. If a quorum is not present or represented at a meeting of the shareholders, the shareholders entitled to vote, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At an adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. Once a share is represented for any purpose at a meeting it is deemed present for quorum purposes.

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Section 6: Majority Vote; Withdrawal of Quorum. Except in regards to the election of directors, when a quorum is present at a meeting, the vote of the holders of a majority of the shares having voting power, present in person or represented by proxy, shall decide any question brought before the meeting, unless the question is one on which, by express provision of the statutes, the Articles or these Bylaws, a higher vote is required in which case the express provision shall govern. Directors shall be elected by a plurality vote of the shareholders. The shareholders present at a duly constituted meeting may continue to transact business until adjournment, despite the withdrawal of enough shareholders to leave less than a quorum.

Section 7: Method of Voting. Each outstanding share of common stock shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. Each outstanding share of other classes of stock, if any, shall have such voting rights as may be prescribed by the Board of Directors. Proxies delivered by facsimile to the Corporation, if otherwise in order, shall be valid. Votes shall be taken by voice, by hand or in writing, as directed by the chairman of the meeting. Voting for directors shall be in accordance with Article 3, Section 3 of these Bylaws.

Section 8: Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, including any special meeting, or shareholders entitled to receive payment of dividends, or in order to make a determination of shareholders for any other purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not less than ten nor more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. Except as otherwise provided by law, if no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or of shareholders entitled to receive payment of dividends, the date on which notice of the meeting is mailed, or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date.

Section 9: Shareholder Proposals.

(a) To the extent required by applicable law, a shareholder may bring a proposal before an annual meeting of shareholders as set forth in this Section 9. To be properly brought before an annual meeting of shareholders, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors; (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors; or (iii) otherwise properly brought before the meeting by a

shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States mail, postage prepaid, return receipt requested, to the secretary of the Corporation not less than 30 nor more than 60 days in advance of the annual meeting (provided, however, that if less than 31 days' notice of the meeting is given to shareholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of Corporation not later than the close of the tenth day following the day on which notice of the meeting was mailed to shareholders). A shareholder's notice to the secretary of the Corporation shall set forth for each

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matter the shareholder proposes to bring before the annual meeting (i) a description of the business desired to be brought before the annual meeting (including the specific proposal(s) to be presented) and the reasons for conducting such business at the annual meeting; (ii) the name and record address of the shareholder proposing such business; (iii) the class and number of shares of the Corporation that are owned of record, and the class and number of shares of the Corporation that are held beneficially, but not held of record, by the shareholder as of the record date for the meeting, if such date has been made publicly available, or as of a date within ten days of the effective date of the notice by the shareholder if the record date has not been made publicly available; and (iv) any interest of the shareholder in such business. In the event that a shareholder attempts to bring business before an annual meeting without complying with the provisions of this Section 9, the chairman of the meeting shall declare to the meeting that the business was not properly brought before the meeting in accordance with the foregoing procedures, and such business shall not be transacted. The chairman of any annual meeting, for good cause shown and with proper regard for the orderly conduct of business at the meeting, may waive in whole or in part the operation of this Section 9.

(b) If any shareholder of the Corporation notifies the Corporation that such shareholder intends to present a proposal for action at a forthcoming meeting of the Corporation's shareholders and requests that the Corporation include the proposal in its proxy statement and such shareholder complies with all the requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, the Corporation shall consider inclusion of such proposal in the proxy statement unless it determines that the proposal is inappropriate for consideration by the shareholders at the meeting.

#### ARTICLE 3: DIRECTORS

Section 1: Management. The business and affairs of the Corporation shall be managed by the Board of Directors who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Articles or these Bylaws directed or required to be done or exercised by the shareholders.

Section 2: Number, Classification and Terms of Office of Directors. Unless otherwise provided in the Articles of Incorporation, the number of directors of the Corporation shall be that number as may be fixed from time to time by resolution of the Board of Directors, but in no event shall the number be less than five or greater than 25. The initial number of directors shall be ten. The number of members of the Board of Directors can be increased or decreased within the foregoing range at any time by the Board of Directors. In addition, unless provided otherwise by resolution of the Board of Directors, if, in any case after proxy materials for an annual meeting of shareholders have been mailed to shareholders, any person named therein to be nominated at the direction of the Board of Directors becomes unable or unwilling to serve, the number of authorized directors shall be automatically reduced by a number equal to the number of such persons.

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Section 3: Qualifications of Directors. No individual who is or becomes a Business Competitor (as defined below) or who is or becomes affiliated with,

employed by or a representative of any individual, corporation, association, partnership, firm, business enterprise or other entity or organization which the Board of Directors, after having such matter formally brought to its attention, determines to be in competition with the Corporation or any of its subsidiaries (any such individual, corporation, association, partnership, firm, business enterprise or other entity or organization being hereinafter referred to as a "Business Competitor") shall be eligible to serve as a director if the Board of Directors determines that it would not be in the Corporation's best interests for such individual to serve as a director of the Corporation. Such affiliation, employment or representation may include, without limitation, service or status as an owner, partner, shareholder, trustee, director, officer, consultant, employee, agent, or counsel, or the existence of any relationship which results in the affected person having an express or implied obligation to act on behalf of a Business Competitor; provided, however, that passive ownership of a debt or equity interest not exceeding 1% of the outstanding debt or equity, as the case may be, in any Business Competitor shall not constitute such affiliation, employment or representation. Any financial institution having branches or affiliates in Greenville County, South Carolina, shall be presumed to be a Business Competitor unless the Board of Directors determines otherwise.

Section 4: Election of Directors. Directors shall be elected by a plurality vote.

Section 5: Nomination of Directors.

(a) Nomination of persons to serve as directors of the Corporation, other than those made by or on behalf of the Board of Directors of the Corporation, shall be made in writing and shall be delivered either by personal delivery or by United States mail, postage prepaid, return receipt requested, to the secretary of the Corporation no later than (i) with respect to an election to be held at an annual meeting of shareholders, ninety days in advance of such meeting; and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each notice shall set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (v) the consent of each nominee to serve as a director of the Corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure. The chairman of any such meeting, for good cause shown and with proper regard for the orderly conduct of business at the meeting, may waive in whole or in part the operation of this Section 4.

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(b) Notwithstanding subsection (a) of this Section 4, if the Corporation or any banking subsidiary of the Corporation is subject to the requirements of Section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, then no person may be nominated by a shareholder for election as a director at any meeting of shareholders unless the shareholder furnishes the written notice required by subsection (a) of this Section 4 to the secretary of the Corporation at least ninety days prior to the date of the meeting and the nominee has received regulatory approval to serve as a director prior to the date of the meeting.

Section 6: Retirement of Directors. No person shall be elected or reelected a director of the Corporation after attaining the age of 70, provided that this provision shall not apply to any initial director who shall have attained the age of 70 prior to the date of the initial adoption of these Bylaws.

Section 7: Emeritus Directors. The Board of Directors may, from time to time, appoint individuals (including individuals who have retired from the Board of Directors) to serve as members of the Emeritus Board of Directors of the Corporation. Each member of the Emeritus Board of Directors of the Corporation,

except in the case of his earlier death, resignation, retirement, disqualification or removal, shall serve until the next succeeding annual meeting of the Board of Directors of the Corporation. Members of the Emeritus Board of Directors may be removed without cause by a vote of the members of the Board of Directors. Any individual appointed as a member of the Emeritus Board of Directors of the Corporation may, but shall not be required to, attend meetings of the Board of Directors of the Corporation and may participate in any discussions at such meetings, but such individual may not vote or be counted in determining a quorum at any meeting of the Board of Directors of the Corporation. It shall be the duty of the members of the Emeritus Board of Directors of the Corporation to serve as goodwill ambassadors of the Corporation, but such individuals shall not have any responsibility or be subject to any liability imposed upon a member of the Board of Directors of the Corporation or in any manner otherwise be deemed to be a member of the Board of Directors of the Corporation. Each member of the Emeritus Board of Directors of the Corporation shall be paid such compensation as may be set from time to time by the Chairman of the Board of Directors of the Corporation and shall remain eligible to participate in any stock option plan in which directors are eligible to participate which is maintained by, or participated in, from time to time by the Corporation, according to the terms and conditions thereof.

Section 8: Vacancies. Except as otherwise provided by law, in the Articles of Incorporation, or in these Bylaws (a) the office of a director shall become vacant if he dies, resigns, or is removed from office, and (b) the Board of Directors may declare vacant the office of a director if (i) he is interdicted or adjudicated an incompetent, (ii) an action is filed by or against him, or any entity of which he is employed as his principal business activity, under the bankruptcy laws of the United States, (iii) in the sole opinion of the Board of Directors he becomes incapacitated by illness or other infirmity so that he is unable to perform his duties for a period of six months or longer, or (iv) he ceases at any time to have the qualifications required by law, the Articles of Incorporation or these Bylaws. The remaining directors may, by a majority vote, fill any vacancy on the Board of Directors (including any vacancy resulting from an increase in the authorized number of directors, or from the failure of the shareholders to elect the full number of authorized directors) for an unexpired term; provided that the shareholders shall have

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the right at any special meeting called for such purpose prior to action by the Board of Directors to fill the vacancy.

Section 9: Removal of Directors. Unless provided otherwise by the Articles of Incorporation, directors may be removed with or without cause by unanimous vote of the Board of Directors (with the abstention of any director who is the subject of such vote) or the affirmative vote of the holders of at least a majority of the shares entitled to vote at an election of directors, such vote being taken at a meeting of the shareholders called for that purpose at which a quorum is present.

Section 10: Place of Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of South Carolina.

Section 11: Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

Section 12: Special Meetings. Special meetings of the Board of Directors may be called by the chairman, the chief executive officer, or the president of the Corporation, on not less than twenty-four hours notice. Notice of a special meeting may be given by personal notice, telephone, facsimile, electronic communication, overnight courier or United States mail to each director. Any such special meeting shall be held at such time and place as shall be stated in the notice of the meeting. The notice need not describe the purpose or purposes of the special meeting.

Section 13: Telephone and Similar Meetings. Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the holding of the meeting or the transacting of any business at the meeting on the ground that the meeting is not lawfully called or convened, and does not thereafter vote for or assent to action taken

at the meeting.

Section 14: Quorum; Majority Vote. At meetings of the Board of Directors a majority of the number of directors then in office shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise specifically provided by law, the Articles or these Bylaws. If a quorum is not present at a meeting of the Board of Directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 15: Compensation. Each director shall be entitled to receive such reasonable compensation as may be determined by resolution of the Board of Directors. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors. No such payment shall preclude any director from

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serving the Corporation in any other capacity and receiving compensation therefor. Members of committees may, by resolution of the Board of Directors, be allowed compensation for attending committee meetings.

Section 16: Procedure. The Board of Directors shall keep regular minutes of its proceedings. The minutes shall be placed in the minute book of the Corporation.

Section 17: Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is assented to by all the members of the Board. Such consent shall have the same force and effect as a meeting vote and may be described as such in any document.

#### ARTICLE 4: BOARD COMMITTEES

Section 1: Designation. The Board of Directors may, by resolution adopted by a majority of the full Board, designate one or more committees. Each committee must have two or more members who serve at the pleasure of the Board of Directors. To the extent specified by the Board of Directors, in the Articles or in these Bylaws, each committee may exercise the authority of the Board of Directors. So long as prohibited by law, however, a committee of the Board may not (a) authorize distributions; (b) approve or propose to shareholders action required by the Act to be approved by shareholders; (c) fill vacancies on the Board of Directors or on any of its committees; (d) amend the Articles; (e) adopt, amend or repeal these Bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee (or a senior executive officer of the Corporation) to do so within limits specifically prescribed by the Board of Directors. Any director may serve one or more committee. Any committee appointed under this Section 1 shall perform such duties and assume such responsibility as may from time to time be placed upon it by the Board of Directors.

Section 2: Meetings. Time, place and notice of all committee meetings shall be as called and specified by the chief executive officer, the committee chairman or any two members of each committee.

Section 3: Quorum; Majority Vote. At meetings of committees, a majority of the number of members designated by the Board of Directors shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee, except as otherwise specifically provided by the Act, the Articles or these Bylaws. If a quorum is not present at a meeting of the committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present.

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Section 4: Procedure. Committees shall keep regular minutes of their proceedings and report the same to the Board of Directors at its next regular meeting. The minutes of the proceedings of the committee shall be placed in the minute book of the Corporation.

Section 5: Action Without Meeting. Any action required or permitted to be taken at a meeting of any committee may be taken without a meeting if the action is assented to by all the members of the committee. Such consent shall have the same force and effect as a meeting vote and may be described as such in any document.

Section 6: Telephone and Similar Meetings. Committee members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the holding of the meeting or the transacting of any business at the meeting on the ground that the meeting is not lawfully called or convened, and does not thereafter vote for or assent to action taken at the meeting.

#### ARTICLE 5: OFFICERS OFFICERS

Section 1: Offices. The officers of the Corporation shall consist of a chief executive officer, president and secretary, each of whom shall be elected by the Board of Directors. The Board of Directors may also create and establish the duties of other offices as it deems appropriate. The Board of Directors shall also elect a chairman of the Board and may elect a vice chairman of the Board from among its members. The Board of Directors from time to time may appoint, or may authorize the president to appoint or authorize specific officers to appoint, the persons who shall hold such other offices as may be established by the Board of Directors, including one or more vice presidents (including executive vice presidents, senior vice presidents, assistant vice presidents), one or more assistant secretaries, and one or more assistant treasurers. Any two or more offices may be held by the same person.

Section 2: Term. Each officer shall serve at the pleasure of the Board of Directors (or, if appointed pursuant to this Article, at the pleasure of the Board of Directors, the president, or the officer authorized to have appointed the officer) until his or her death, resignation, or removal, or until his or her replacement is elected or appointed in accordance with this Article.

Section 3: Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors. Any vacancy in an office which was filled by the president or another officer may also be filled by the president or by any officer authorized to have filled the office vacant.

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Section 4: Compensation. The compensation of all officers of the Corporation shall be fixed by the Board of Directors or by a committee or officer appointed by the Board of Directors. Officers may serve without compensation.

Section 5: Removal. All officers (regardless of how elected or appointed) may be removed, with or without cause, by the Board of Directors. Any officer appointed by the president or another officer may also be removed, with or without cause, by the president or by any officer authorized to have appointed the officer to be removed. Removal will be without prejudice to the contract rights, if any, of the person removed, but shall be effective notwithstanding any damage claim that may result from infringement of such contract rights.

Section 6: Chairman of the Board. The office of the chairman of the board may be filled by the Board at its pleasure by the election of one of its members to the office. The chairman shall preside at all meetings of the Board and meetings of the shareholders and shall perform such other duties as may be assigned to him by the Board of Directors.

Section 7: Chief Executive Officer. The chief executive officer shall

be responsible for the general and active management of the business and affairs of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. He shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe.

Section 8: President. The president shall be responsible for the general and active management of the business and affairs of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. He shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe. The president shall preside as chairman of the Board of Directors during the absence of the Board chairman.

Section 9: Vice Presidents. The vice presidents (executive, senior, or assistant), as such offices are appointed by the Board of Directors, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. They shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the president may from time to time delegate.

Section 10: Secretary.

(a) The secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all votes, actions and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the executive and other committees when required.

(b) The secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors.

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(c) The secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors or the executive committee, affix it to any instrument requiring it. When so affixed, it shall be attested by the secretary's signature or by the signature of the treasurer or an assistant secretary.

(d) The secretary shall be under the supervision of the president and shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the president may from time to time delegate.

Section 11: Assistant Secretary. The assistant secretaries, as such offices are created by the Board of Directors, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and have the authority and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the president may from time to time delegate.

Section 12: Treasurer.

(a) The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Corporation and shall deposit all moneys and other valuables in the name and to the credit of the Corporation in appropriate depositories.

(b) The treasurer shall disburse the funds of the Corporation ordered by the Board of Directors and prepare financial statements as they direct.

(c) The treasurer shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the president may from time to time delegate.

(d) The treasurer's books and accounts shall be opened at any time during business hours to the inspection of any directors of the Corporation.

ARTICLE 6: INDEMNIFICATION

Section 1: Indemnification of Directors.

(a) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law, any person (an "Indemnified Person") who was or is a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or other proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, by reason of the fact that he, or a person for whom he is a legal representative (or other similar representative), is or was a director of the Corporation or is or was serving at the Corporation's request as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise,

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against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement or other similar costs actually and reasonably incurred in connection with such action, suit or proceeding. For purposes of this Article 6, all terms used herein that are defined in Section 33-8-500 of the Act or any successor provision or provisions shall have the meanings so prescribed in such Section.

(b) Without limiting the provisions of Section 1(a) of this Article 6, the Corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he is or was a director of the Corporation against reasonable expenses incurred by him in connection with the proceeding. In addition, the Corporation shall indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if: (i) he conducted himself in good faith; (ii) he reasonably believed: (A) in the case of conduct in his official capacity with the Corporation, that his conduct was in its best interest; and (B) in all other cases, that his conduct was at least not opposed to its best interest; and (iii) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this subsection (b). The determination of whether the director met the standard of conduct described in this subsection (b) shall be made in accordance with Section 33-8-550 of the Act or any successor provision or provisions.

Section 2: Advancement of Expenses.

(a) With respect to any proceeding to which an Indemnified Person is a party because he is or was a director of the Corporation, the Corporation shall, to the fullest extent permitted by applicable law, pay for or reimburse the Indemnified Person's reasonable expenses (including, but not limited to, attorneys' fees and disbursements, court costs, and expert witness fees) incurred by the Indemnified Person in advance of final disposition of the proceeding.

(b) Without limiting the provisions of Section 2(a) of this Article 6, the Corporation shall, to the fullest extent permitted by applicable law, pay for or reimburse the reasonable expenses (including, but not limited to, attorneys' fees and disbursements, court costs and expert witness fees) incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if: (a) the director furnishes the Corporation a written affirmation of his good faith belief that he has met the standard of conduct described in Section 1(b) of this Article 6; (b) the director furnishes the Corporation a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet such standard of conduct; and (c) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article 6. The Corporation shall expeditiously pay the amount of such expenses to the director following the director's delivery to the Corporation of a written request for an advance pursuant to this Section 2 together with a reasonable accounting of such expenses. The undertaking required by this Section 2 shall be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment. Determinations and authorizations of payments

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under this Section 2 shall be made in the manner specified in Section 33-8-550 of the Act or any successor provision or provisions.

Section 3: Indemnification of Officers, Employees and Agents. An officer of the Corporation who is not a director is entitled to the same indemnification rights which are provided to directors of the Corporation in Section 1 of this Article 6 and the Corporation shall advance expenses to officers of the Corporation who are not directors to the same extent and in the same manner as to directors as provided in Section 2 of this Article 6. In addition, the Board of Directors shall have the power to cause the Corporation to indemnify, hold harmless and advance expenses to any officer, employee or agent of the Corporation who is not a director to the fullest extent permitted by public policy, by adopting a resolution to that effect identifying such officers, employees or agents (by position and name) and specifying the particular rights provided, which may be different for each of the persons identified. Any officer entitled to indemnification pursuant to the first sentence of this Section 3 and any officer, employee or agent granted indemnification by the Board of Directors in accordance with the second sentence of this Section 3 shall, to the extent specified herein or by the Board of Directors, be an "Indemnified Party" for the purposes of the provisions of this Article 6.

Section 4: Insurance. The Corporation may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the Corporation, or who, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer, employee or agent, whether or not the Corporation would have the power to indemnify him against the same liability under this Article 6.

Section 5: Nonexclusivity of Rights; Agreements. The rights conferred on any person by this Article 6 shall neither limit nor be exclusive of any other rights which such person may have or hereafter acquire under any statute, agreement, provision of the Articles, these Bylaws, vote of shareholders or otherwise. The provisions of this Article 6 shall be deemed to constitute an agreement between the Corporation and each person entitled to indemnification hereunder. In addition to the rights provided in this Article 6, the Corporation shall have the power, upon authorization by the Board of Directors, to enter into an agreement or agreements providing to any person who is or was a director, officer, employee or agent of the Corporation certain indemnification rights. Any such agreement between the Corporation and any director, officer, employee or agent of the Corporation concerning indemnification shall be given full force and effect, to the fullest extent permitted by applicable law, even if it provides rights to such director, officer, employee or agent more favorable than, or in addition to, those rights provided under this Article 6.

Section 6: Continuing Benefits; Successors. The indemnification and advancement of expenses provided by or granted pursuant to this Article 6 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person. For purposes of this Article 6, the term "Corporation" shall include any

corporation, joint venture, trust, partnership or unincorporated business association that is the successor to all or substantially all of the business or assets of this Corporation, as a result of merger, consolidation, sale, liquidation or otherwise, and any such successor shall be liable to the persons indemnified under this Article 6 on the same terms and conditions and to the same extent as this Corporation.

Section 7: Interpretation; Construction. This Article 6 is intended to provide indemnification to the directors and permit indemnification to the officers of the Corporation to the fullest extent permitted by applicable law as it may presently exist or may hereafter be amended and shall be construed in order to accomplish this result. To the extent that a provision herein prevents a director or officer from receiving indemnification to the fullest extent

intended, such provision shall be of no effect in such situation. If at any time the Act is amended so as to permit broader indemnification rights to the directors and officers of this Corporation, then these Bylaws shall be deemed to automatically incorporate these broader provisions so that the directors and officers of the Corporation shall continue to receive the intended indemnification to the fullest extent permitted by applicable law.

Section 8: Amendment. Any amendment to this Article 6 that limits or otherwise adversely affects the right of indemnification, advancement of expenses or other rights of any Indemnified Person hereunder shall, as to such Indemnified Person, apply only to claims, actions, suits or proceedings based on actions, events or omissions (collectively, "Post Amendment Events") occurring after such amendment and after delivery of notice of such amendment to the Indemnified Person so affected. Any Indemnified Person shall, as to any claim, action, suit or proceeding based on actions, events or omissions occurring prior to the date of receipt of such notice, be entitled to the right of indemnification, advancement of expenses and other rights under this Article 6 to the same extent as if such provisions had continued as part of the Bylaws of the Corporation without such amendment. This Section 8 cannot be altered, amended or repealed in a manner effective as to any Indemnified Person (except as to Post Amendment Events) without the prior written consent of such Indemnified Person.

Section 9: Severability. Each of the Sections of this Article 6, and each of the clauses set forth herein, shall be deemed separate and independent, and should any part of any such Section or clause be declared invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall in no way render invalid or unenforceable any other part thereof or any separate Section or clause of this Article 6 that is not declared invalid or unenforceable.

#### ARTICLE 7: CERTIFICATES AND SHAREHOLDERS

Section 1: Certificates. Certificates in the form determined by the Board of Directors shall be delivered representing all shares of which shareholders are entitled. Certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued. At a minimum, each share certificate must state on its face: (a) the name of the Corporation and that it is organized under the laws of South Carolina; (b) the name of the

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person to whom the certificate is issued; and (c) the number and class of shares and the designation of the series, if any, the certificate represents. Each share certificate (a) must be signed (either manually or in facsimile) by at least two officers, including the president, the secretary, or such other officer or officers as the Board of Directors shall designate; and (b) may bear the corporate seal or its facsimile. If the person who signed (either manually or in facsimile) a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

Section 2: Issuance of Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the Corporation, including cash, promissory notes, services performed, written contracts for services to be performed or other securities of the Corporation. Before the Corporation issues shares, the Board of Directors must determine that the consideration received or to be received for shares to be issued is adequate. That determination by the Board of Directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable. When the Corporation receives the consideration for which the Board of Directors authorized the issuance of shares, the shares issued therefor are fully paid and nonassessable.

Section 3: Rights of Corporation with Respect to Registered Owners. Prior to due presentation for transfer of registration of its shares, the Corporation may treat the registered owner of the shares as the person exclusively entitled to vote the shares, to receive any dividend or other distribution with respect to the shares, and for all other purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in the shares on the part of any other person, whether or not it has express or other notice of such a claim or interest, except as otherwise provided by law.

Section 4: Transfers of Shares. Transfers of shares shall be made upon the books of the Corporation kept by the Corporation or by the transfer agent designated to transfer the shares, only upon direction of the person named in the certificate or by an attorney lawfully constituted in writing. Before a new certificate is issued, the old certificate shall be surrendered for cancellation or, in the case of a certificate alleged to have been lost, stolen or destroyed, the provisions of these Bylaws shall have been complied with.

Section 5: Registration of Transfer. The Corporation shall register the transfer of a certificate for shares presented to it for transfer if: (a) the certificate is properly endorsed by the registered owner or by his duly authorized attorney; (b) the signature of such person has been guaranteed by a commercial bank or brokerage firm that is a member of the National Association of Securities Dealers and reasonable assurance is given that such endorsements are effective; (c) the Corporation has no notice of an adverse claim or has discharged any duty to inquire into such a claim; (d) any applicable law relating to the collection of taxes has been complied with; and (e) the transfer is in compliance with applicable provisions of any transfer restrictions of which the Corporation shall have notice.

Section 6: Lost, Stolen or Destroyed Certificates. The Corporation shall issue a new certificate in place of any certificate for shares previously issued if the registered owner of

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the certificate: (a) makes proof in affidavit form that the certificate has been lost, destroyed or wrongfully taken; (b) requests the issuance of a new certificate before the Corporation has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim; (c) gives a bond in such form, and with such surety or sureties, with fixed or open penalty, as the Corporation may direct, to indemnify the Corporation (and its transfer agent and registrar, if any) against any claim that may be made on account of the alleged loss, destruction or theft of the certificate; and (d) satisfies any other reasonable requirements imposed by the Corporation. When a certificate has been lost, apparently destroyed or wrongfully taken, and the holder of record fails to notify the Corporation within a reasonable time after he has notice of it, and the Corporation registers a transfer of the shares represented by the certificate before receiving such notification, the holder of record is precluded from making any claim against the Corporation for the transfer or for a new certificate.

Section 7: Restrictions on Shares. The Board of Directors, on behalf of the Corporation, or the shareholders may impose restrictions on the transfer of shares (including any security convertible into, or carrying a right to subscribe for or acquire shares) to the maximum extent permitted by law. A restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction. A restriction on the transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction is authorized by this Section 7 and its existence is noted conspicuously on the front or back of the certificate.

Section 8: Control Share Acquisitions Statute. The Corporation elects not to be subject to or governed by the South Carolina Control Share Acquisitions Statute contained in Sections 35-2-101 to 35-2-111 of the South Carolina Code, or any successor provision or provisions.

Section 9: Voting of Stock Held. Unless otherwise provided by resolution of the Board of Directors, the president or any executive vice president shall from time to time appoint an attorney or attorneys or agent or agents of this Corporation, in the name and on behalf of this Corporation, to cast the vote which this Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose stock or securities may be held by this Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing to any action by any of such other corporation, and shall instruct the person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed on behalf of this Corporation and under its corporate seal or otherwise, such written proxies, consents, waivers or other instruments as may be necessary or proper; or, in lieu of such appointment, the president or any executive vice president may attend in person any meetings of the holders of stock or other securities of any such other corporation and their vote or exercise any or all power of this Corporation as the holder of such stock or

ARTICLE 8: GENERAL PROVISIONS

Section 1: Distributions. The Board of Directors may authorize, and the Corporation may make, distributions (including dividends on its outstanding shares) in the manner and upon the terms and conditions provided by applicable law and the Articles.

Section 2: Books and Records. The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board of Directors.

Section 3: Execution of Documents. The Board of Directors or these Bylaws shall designate the officers, employees and agents of the Corporation who shall have the power to execute and deliver deeds, contracts, mortgages, bonds, debentures, checks and other documents for and in the name of the Corporation, and may authorize such officers, employees and agents to delegate such power (including authority to redelegate) to other officers, employees or agents of the Corporation. Unless so designated or expressly authorized by these Bylaws, no officer, employee or agent shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or any amount.

Section 4: Fiscal Year. The fiscal year of the Corporation shall be the same as the calendar year.

Section 5: Seal. The Corporation may provide a seal which contains the name of the Corporation and the name of the state of incorporation. The seal may be used by impressing it or reproducing a facsimile of it or otherwise.

Section 6: Resignation. A director may resign by delivering written notice to the Board of Directors, the chairman or the Corporation. Such resignation of a director is effective when the notice is delivered unless the notice specifies a later effective date. An officer may resign at any time by delivering notice to the Corporation. Such resignation of an officer is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation of an officer is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

Section 7: Computation of Days. In computing any period of days prescribed hereunder the day of the act after which the designated period of days begins to run is not to be included. The last day of the period so computed is to be included.

Section 8: Amendment of Bylaws.

(a) Except to the extent required otherwise by law, these Bylaws, or the Articles of Incorporation, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted at any meeting of the Board of Directors at which a quorum is present, by the

affirmative vote of a majority of the directors then in office, provided notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting.

(b) Except to the extent required otherwise by law, these Bylaws, or the Articles of Incorporation, these Bylaws may also be altered, amended or repealed or new Bylaws may be adopted at any meeting of the shareholders at which a quorum is present or represented by proxy, by the affirmative vote of the holders of a majority of each class of shares entitled to vote thereon, provided notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting.

(c) Upon adoption of any new bylaw by the shareholders, the shareholders may provide expressly that the Board of Directors may not adopt, amend or repeal that bylaw or any bylaw on that subject.

Section 9: Construction. If any portion of these Bylaws shall be invalid or inoperative, then, so far as is reasonable and possible: (a) the remainder of these Bylaws shall be considered valid and operative and (b) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 10: Headings. The headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of these Bylaws.

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The undersigned, as President of the Corporation, hereby certifies that the bylaws contained herein are the true and correct bylaws adopted by the Corporation's board of directors in compliance with any procedural requirements of the Corporation's Articles of Incorporation and the laws of the State of South Carolina, and the rules and regulations promulgated thereunder.

/s/ R. Arthur Seaver, Jr.

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R. Arthur Seaver, Jr.  
President

Date: July 9, 1999  
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[FORM OF FACE OF CERTIFICATE]

GREENVILLE FIRST BANCSHARES, INC.

INCORPORATED UNDER THE LAWS OF SOUTH CAROLINA.

THE CORPORATION IS TO ISSUE 1,200,000 SHARES OF COMMON STOCK - PAR VALUE \$.01 EACH

This certifies that \_\_\_\_\_ is the registered holder of \_\_\_\_\_ Shares of Common Stock which are fully paid and non-assessable and transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 19\_\_\_\_\_

-----  
SECRETARY

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PRESIDENT

[FORM OF BACK OF CERTIFICATE]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

<TABLE>		
<S>		<C>
TEN COM	--as tenants in common	UNIF GIFT MIN ACT--_____Custodian
TEN ENT	--as tenants by the entireties	(Cust) (Minor)
JT TEN	--as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)
</TABLE>		

Additional abbreviations may also be used though not in the above list.

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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-----  
PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE  
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\_\_\_\_\_ Shares  
represented by the within Certificate, and do hereby irrevocably constitute and  
appoint \_\_\_\_\_ Attorney to transfer the said shares on the books  
of the within-named Corporation with full power of substitution in the premises.

Dated, \_\_\_\_\_

In presence of  
-----

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS  
WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION  
OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

[Nelson Mullins Riley & Scarborough, L.L.P. Letterhead]

July 26, 1999

Greenville First Bancshares, Inc.  
1805 Laurens Road  
Greenville, South Carolina 29601

Re: Registration Statement on Form SB-2

Ladies and Gentlemen:

We have acted as counsel to Greenville First Bancshares, Inc. (the "Company") in connection with the filing of a Registration Statement on Form SB-2 (the "Registration Statement"), under the Securities Act of 1933, covering the offering of up to 1,200,000 shares (the "Shares") of the Company's Common Stock, par value \$.01 per share. In connection therewith, we have examined such corporate records, certificates of public officials, and other documents and records as we have considered necessary or proper for the purpose of this opinion.

The opinions set forth herein are limited to the laws of the State of South Carolina and applicable federal laws.

Based on the foregoing, and having regard to legal considerations which we deem relevant, we are of the opinion that the Shares, when issued and delivered as subscribed in the Registration Statement, will be legally issued, fully paid, and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the Prospectus contained in the Registration Statement.

NELSON MULLINS RILEY & SCARBOROUGH

By: /s/ Neil E. Grayson

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Neil E. Grayson, Esq.

[The InterCept(sm) Group Letterhead]

Data Processing  
Agreement

This DATA PROCESSING AGREEMENT is made and entered into as of June 28, 1999, by and between, Greenville First (In Organization), located at 1805 Laurens Road, Greenville, SC 29607 and its successors (herein referred to as the "Participating Bank"), and The InterCept Group, located at 3150 Holcomb Bridge Rd. Suite 200, Norcross, Georgia 30071 (herein referred to as the "Computer Center").

In consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1. DATA PROCESSING SERVICES. Computer Center agrees to render to Participating Bank the data processing services described on Exhibit "A" (the "Services") for the term of this Agreement, and Participating Bank agrees to purchase the Services. This Agreement describes the general nature of the Services and the terms under which the Computer Center is to provide or make the Services available to the Participating Bank. In the event of any conflict between the language of this Agreement and any brochures, verbal representations, or other materials describing the Services, the language of this Agreement shall control.

YEAR 2000 COMPLIANCE. Computer Center warrants and represents to Participating Bank that all hardware, software and firmware delivered under this Agreement shall be able to accurately process date related data (including, but not limited to calculating, comparing and sequencing before, on and after January 1, 2000, including leap year calculations, when used in accordance with the product documentation delivered under this Agreement.

2. CONVERSION OF PARTICIPATING BANK'S INFORMATION.

- a) Within a reasonable time following execution of this Agreement, Computer Center will undertake the programming required to convert Participating Bank's information files into a format compatible with the Computer Center systems. Participating Bank agrees to cooperate with Computer Center in this endeavor and to provide all information and assistance required for Computer Center to successfully convert Participating Bank's information files to a form compatible with Computer Center's systems and equipment so that Computer Center can provide the Services. Among other things, Participating Bank shall deliver conversion input information, in its entirety, in a mutually acceptable medium, as and when the parties agree.

- b) Computer Center shall determine, in accordance with its normal acceptance procedures, when Participating Bank's information files have been successfully converted and when the Services to be provided by Computer Center to Participating Bank are operational and available for Participating Bank's use. Participating Bank agrees to review and check the information converted by Computer Center within ten (10) days after notice to Participating Bank of Computer Center's completion of conversion. Computer Center reserves the right to postpone conversion of Participating Bank's information files if Participating Bank is late in delivering its conversion input information or if any other circumstances arise that might jeopardize the successful completion of Participating Bank's information conversion or the processing of the Participating Bank's following day's transactions for any other customers of Computer Center.
- c) In the event the conversion process is stopped, cancelled, or suspended by Participating Bank, Participating Bank agrees to pay Computer Center all labor costs, expenses, and charges incurred by Computer Center in preparing to perform under this Agreement. Computer Center shall submit to Participating Bank an itemized statement of all

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such charges and Participating Bank agrees to pay said statement prior to the return to Participating Bank of any conversion input information or data provided to Computer Center and, in any event, within thirty (30) days after receipt.

- d) Computer Center shall provide to Participating Bank training so that Participating Bank may fully utilize the Services provided by Computer Center at the time of conversion of Participating Bank's information.
3. INPUT AND OUTPUT DATA. Participating Bank shall be responsible for providing to Computer Center all input data and other information necessary for Computer Center to perform the Services. The input data shall be transmitted by Participating Bank to Computer Center in a format acceptable to Computer Center via an approved telecommunication method and system. Participating Bank is solely responsible for the accuracy and delivery of all information to be provided to Computer Center for processing. Computer Center agrees to provide Participating Bank with Reports, provided, however, that in any event Computer Center shall have a reasonable amount of time after receipt of the input data from Participating Bank to process such data. All Reports shall be delivered by Computer Center to Participating Bank by telecommunications to a remote printer designated by Participating Bank. The design and format of any Reports or forms to be prepared by Computer Center must be approved by Computer Center.

4. TERM. This Agreement shall begin on the date hereof and shall remain in effect for a period of Five (5) years (the "Term") following the first full calendar month subsequent to the date hereof in which any Services commonly known as processing services are provided by Computer Center to Participating Bank, as evidenced by the billing records of Computer Center. This Agreement shall automatically renew for the same Term unless written notice of termination is delivered by either party to the other at least one hundred eighty (180) days prior to the original expiration date or subsequent renewal expiration dates of the Agreement.
5. ASSISTANCE FROM PARTICIPATING BANK. In addition to the input data to be delivered by Participating Bank pursuant to paragraph 3 above, Computer Center's performance of the Services may, from time to time, require data, documents, descriptions or acts to be furnished by, or to be qualified or processed in part by, the Participating Bank or its personnel. Computer Center agrees to give prompt notice of such requirements to Participating Bank, and Participating Bank agrees to furnish such data, documents, descriptions or acts and to make such personnel, records and facilities available within such time or times after its receipt of such notice and in such manner as shall be reasonably necessary to enable the Computer Center to perform the Services.
6. COMMUNICATIONS. Participating Bank shall bear all risk of loss or damage to items, records, other input data, or Reports and other output data during communication or delivery of such data between the Participating Bank's office and the Computer Center. Participating Bank shall be responsible for and shall pay all charges related to communications between Participating Bank and Computer Center.
7. EQUIPMENT.
  - a) Participating Bank agrees that it is responsible for all communications between Participating Bank and Computer Center. When communicating with, or transferring data to, or receiving data from, Computer Center, Participating Bank shall, at its own cost and expense, use and maintain only such terminals, modems and other hardware, firmware and software (hereinafter collectively referred to as the "Equipment") as may be compatible with the systems and communications networks of Computer Center. The Participating Bank's Equipment must be completely compatible with the systems and communications networks of Computer Center and, if requested by Computer Center, Participating Bank shall be responsible for providing sufficient information about the Equipment to Computer Center and for performing adequate tests to demonstrate that the Equipment is in good working order and completely compatible with the systems and communications networks of Computer Center. In the event Computer Center believes it is in its and its clients' best interest to upgrade Computer Center's systems to more efficient and capable equipment or to keep Computer Center competitive, Participating Bank agrees to acquire any Equipment necessary to keep Participating Bank

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- b) Unless otherwise agreed by the parties, Computer Center shall schedule and arrange for the communications services, including communications equipment installation, with the communication provider. Participating Bank shall be responsible for paying all charges imposed by the provider of the communications equipment, such as the telephone company, for the Equipment installation, as well as for any charges for additional connections or changes to locations or future services. Computer Center shall not be responsible for the reliability or continued availability of the telephone lines, communications facilities, or electrical power used by Participating Bank in utilizing the Services provided by Computer Center hereunder. Computer Center will cooperate with communications vendors as appropriate so that communications between Participating Bank and Computer Center facilities function properly.

8. LIMITATION OF LIABILITY.

- a) Computer shall not be responsible for any failure in providing the Services, any delays in processing, or any failure or delay in the delivery of any Reports that may be caused, in whole or in part, by strikes, lockouts, riots, epidemics, governmental actions or regulations, natural disaster, fire, inclement weather, acts of God, computer breakdown or failure, communications failure, interruptions in telephone or electrical service, courier's failure to timely deliver, or any other causes beyond its reasonable control. In the event such delays exist without interruption for a period of more than thirty (30) days, Participating Bank or Computer Center may elect to terminate this Agreement without breach. Participating Bank is under no duty to make any payments to Computer Center for any period exceeding five (5) consecutive business days in which the Services are not performed by Computer Center as a result of a natural disaster or other phenomenon mentioned above.
- b) Computer Center's obligation to Participating Bank hereunder in performing the Services is to exercise the same degree of care and diligence used in processing information and compiling reports for its own use. Computer Center's sole responsibility to Participating Bank or any third party for any claims, notwithstanding the form of such claims (e.g., contract, negligence or otherwise), arising out of errors or omissions in the Services or Reports provided or to be provided hereunder and caused by Computer Center (provided that Participating Bank shall have promptly notified Computer Center of any such errors or omissions), shall be to furnish at Computer Center's costs the correct Services or Report and/or to correct the applicable Participating Bank files.

- c) Computer Center will make every reasonable effort to be available to provide Services during the hours referred to in paragraph 20 below. Accordingly, Computer Center's liability to Participating Bank or any third party for claims, notwithstanding the form of such claims (e.g., contract, negligence or otherwise) arising out of the unavailability or inaccessibility of Computer Center's system, or the interruption in or delay of Services provided or to be provided by Computer Center hereunder, shall be to use reasonable efforts to resume the Services as promptly as practicable, provided, however, that Computer Center shall not be responsible for communication failures caused, in whole or in part, by the incompatibility or failure of Participating Bank's Equipment or by third party telecommunication or electric lines or equipment.
- d) Computer Center shall not be liable to Participating Bank for errors resulting from defects in, or malfunctions of, the mechanical or electronic equipment used by Participating Bank or Computer Center in performing the duties and obligations contemplated in and covered by this Agreement.
- e) Computer Center shall not be liable for damages arising under this Agreement, regardless of the claim, unless such damages result from gross negligence or willful misconduct on the part of Computer Center's officers or employees, in which case Computer Center's liability will be limited to actual damages directly resulting from such gross negligence or willful misconduct. In any event, any damages for which Computer Center may be liable shall be limited to the service charges received by Computer Center from Participating Bank for Services during the twelve (12) months prior to the alleged damage. If Participating Bank desires to obtain insurance protection against any such losses, or to cover fidelity losses through an endorsement to its own blanket bond coverage, Computer Center agrees to cooperate with Participating Bank in obtaining such insurance. In the event Participating Bank recovers insurance proceeds pursuant to such insurance, such proceeds shall constitute a setoff against actual damages claimed by Participating Bank that directly result from gross negligence or willful misconduct of Computer Center. It is understood that all costs and expenses of such insurance shall be paid by Participating Bank. Computer Center agrees to maintain, with coverage amounts determined by Computer Center, fidelity bond coverage with respect to any dishonest acts which may be committed by Computer Center personnel, and insurance in policy amounts and

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types determined by Computer Center, with respect to hazards, including losses by Computer Center from fire, disaster, and other events which may interrupt normal service.

(f) IN NO EVENT WILL COMPUTER CENTER BE RESPONSIBLE FOR SPECIAL, RELIANCE, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY ACT OR OMISSION BY COMPUTER CENTER IN CONNECTION WITH THIS AGREEMENT, EVEN IF COMPUTER CENTER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER SUCH DAMAGES ARISE IN AN ACTION AT LAW OR IN EQUITY, FOR BREACH OF CONTRACT, BREACH OF WARRANTY, PRODUCT LIABILITY, BREACH OF UCC PROVISIONS, NEGLIGENCE OR INTENTIONAL TORT. FURTHERMORE, COMPUTER CENTER SHALL NOT BE LIABLE FOR PARTICIPATING BANK'S LOST PROFITS, LOSS OF BUSINESS OPPORTUNITIES, OR FOR EXEMPLARY DAMAGES. THE PROVISIONS HEREOF ARE IN LIEU OF ALL WARRANTIES, EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY, FITNESS OR OTHERWISE.

9. COMPLIANCE WITH FEDERAL REGULATIONS. Computer Center warrants that it maintains a formal agreement with a suitable processing center to provide backup facilities capable of processing Participating Bank's data and satisfying all requirements of this Agreement. Further, Computer Center shall comply with all federal rules and regulations applicable to it relating to the conduct of its business. Computer Center also insures that the services provided under this agreement shall properly process Participating Bank's data into and beyond the year 2000.
10. REVIEW OF REPORTS. It will be the responsibility of Participating Bank to maintain audit controls and/or procedures which may be required by supervisory authorities under regulations to which the Participating Bank is subject. Balancing of input totals to computer generated output totals will be the responsibility of Participating Bank, and Computer Center accepts no responsibility for the correctness of these totals. Computer Center will exercise reasonable care and diligence in maintaining controls over the Services rendered Pursuant to this Agreement.
11. THIRD PARTY AUDIT. Computer Center shall provide to Participating Bank a copy of the most recent third party service audit of the records of Computer Center upon request by Participating Bank and payment by Participating Bank of a reasonable and customary charge. If requested, Computer Center shall also provide to Participating Bank annual audited financial information regarding Computer Center at no charge.
12. FEES. In consideration of the Services provided by Computer Center, Participating Bank shall pay to Computer Center each month, in advance based upon the prior month's activity, those fees described on attached Exhibit "B." The fees set forth on Exhibit "B" are exclusive of any applicable taxes or assessments, however designated, which may be levied or assessed by any government or other taxing authority having jurisdiction to levy such tax upon the Services. Participating Bank agrees to pay Computer Center the amount of such taxes or assessments, whenever requested by Computer Center. The fees described on Exhibit "B" may be changed from time to time by Computer Center upon thirty (30) days prior notice to Participating Bank, provided, however, that the maximum annual increase in any fee described in Exhibit "B" shall not exceed six percent (6%).

In the event the Participating Bank acquires another financial institution or branch of a financial institution, the Computer Center reserves the right to review volume growth (assets and account volume) and make necessary adjustments in pricing as may more accurately reflect the Computer Center's standard account pricing as described in Exhibit "B".

13. OTHER FEES. In the event Participating Bank requests that Computer Center procure forms that are to be supplied by, Participating Bank shall pay to Computer Center the cost of such forms plus Computer Center's reasonable and customary markup when billed. If overtime and/or special handling is requested by Participating Bank or is required because of delays not the fault of Computer Center, Participating Bank agrees to pay Computer Center at the established rates then in effect for overtime and/or special handling for production operations and for any other out-of-pocket expense related thereto. If it is necessary for Computer Center to return the finished products to Participating Bank by special carrier or special messenger, Computer Center shall notify Participating Bank by telephone and Participating Bank shall be charged with out-of-pocket expenses incurred by Computer Center as a result of such special handling, unless Participating Bank objects to such special handling at the time it receives such notice. In the event Computer Center agrees to develop any special programs for or in behalf of Participating Bank, Participating Bank agrees to pay Computer Center development costs plus a reasonable

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markup. In addition, Participating Bank may be required to pay a license fee as agreed by the parties for such special software.

14. CONFIDENTIALITY.

- a) Computer Center agrees to hold in confidence all information relating to the assets, liabilities or other business affairs of Participating Bank, or any customers of Participating Bank, which are received by Computer Center pursuant to this Agreement or in the course of rendering the Services. It is expressly agreed and understood, however, that performance of the Services will be subject to examination by regulatory authorities, including, but not limited to, (i) the Comptroller of Currency, (ii) the Board of Governors of the Federal Reserve System, (iii) the Board of Directors of the Federal Deposit Insurance Corporation, and (iv) the State Banking Department, and that as part of the performance of Services hereunder, Computer Center shall submit or furnish to the regulatory agencies reports, information, assurances or other data as may be required under applicable laws and regulations to which either party is subject.

b) Participating Bank acknowledges and agrees that all computer programs, codes, and information regarding Computer Center's business operations, pricing, the terms and conditions of this Agreement, the Computer Center pricing manual and any other contract documents, the Computer Center systems, and related matters (hereinafter collectively referred to as "Proprietary Information"), are the exclusive and confidential property of Computer Center, or the third parties from whom Computer Center has secured the right to use computer programs. Participating Bank understands that the harm that could be caused to Computer Center should the Proprietary Information be disclosed to its competitors and others having no need to know of the Proprietary Information. Therefore, Participating Bank agrees to hold all such Proprietary Information in strictest confidence. Participating Bank will instruct its employees who have access to or who use the Proprietary Information to keep same confidential by using no less than the same degree of care and discretion that Participating Bank uses with respect to its own confidential and proprietary information. On termination of this Agreement, Participating Bank shall return all Proprietary Information to Computer Center and shall cease to use the same for any purpose whatsoever. This paragraph shall not apply to any information furnished by Computer Center which is already in the public domain at the time of disclosure to Participating Bank or to any information independently developed by Participating Bank outside this Agreement. This provision shall survive termination of this Agreement, regardless of cause, for a period of five (5) years from date of termination.

#### 15. DECONVERSION.

- a) Upon termination of this Agreement, Computer Center will dispose of all Participating Bank files still in the Computer Center's system in such manner deemed appropriate by Computer Center unless Participating Bank, prior to the date of termination, furnishes to Computer Center written instructions for the disposal of Participating Bank files, which instructions Computer Center will, if reasonable and feasible, comply with at Participating Bank's expense. Participating Bank's master file data will be maintained by Computer Center for a period of thirty (30) days subsequent to termination, after which time it may, at the option of Computer Center, be destroyed.
- b) Deconversion information or data shall not be made available to Participating Bank until Participating Bank has first paid, in a form acceptable to Computer Center, all sums due Computer Center, including all monthly charges that might be due if deconversion occurs prior to normal expiration of this Agreement, all accrued and unpaid information processing and other charges, and all deconversion charges. Participating Bank understands that it will be billed and agrees to pay such bills for any additional services or reports provided by Computer Center after deconversion at the request of

Participating Bank for audit verification or other purposes, at Computer Center's normal rates for such services or reports. Participating Bank agrees that Computer Center shall have a lien on Participating Bank's information and data until all sums due are paid in full. Release of said lien by surrender of possession by Computer Center shall not affect any claim Computer Center might have for payments due it from Participating Bank.

16. INSPECTION. Computer Center agrees that all records relating to Participating Bank at all times shall be subject to inspection and review by Participating Bank or its auditors, designees, accountants and appropriate examiners from the applicable state and federal bank regulatory agencies, upon reasonable notice to Computer Center. Computer Center further agrees to prepare such reports, grant computer usage and permit programming examination as may be necessary to meet the audit requirements of Participating Bank. Reasonable charges shall be made to and be payable by Participating Bank for all

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special programming and other computer usage in excess of any programming or usage to which Participating Bank may be entitled pursuant to Exhibit "B."

17. TITLE TO SOFTWARE. All right, title and interest in and to any and all computer programs, and the source codes therefor, used by Computer Center in the performance of Services, including any special programs written specifically for Participating Bank, shall be and remain the property of Computer Center.
18. PRIORITY. Computer Center shall advise Participating Bank by letter of any system changes that would affect procedures or Reports. Computer Center also agrees that Participating Bank's data shall have priority for processing over any data of entities, other than banks, savings and loans, credit unions and other financial institutions.
19. BINDING EFFECT AND ASSIGNMENT. This Agreement and all the provisions hereof shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations of either party hereunder shall be assigned or delegated by such party to any other person without Prior written consent of the other party hereto, except that Computer Center (or any successor to Computer Center) may, at any time during the Term hereof, assign its rights and delegate its obligations hereunder to any subsidiary or division of Computer Center or any other entity which controls, is controlled by, or is under common control with Computer Center.
20. AVAILABILITY OF SERVICES. Computer Center's system will be available for communication between Participating Bank and Computer Center from 8:00 AM

to 5:00 PM (5 days per week). Participating Bank's daily cut off time for items capture, file maintenance and data transmissions will be no later than 6:30 PM each day.

21. TERMINATION BY PARTICIPATING BANK. The parties further agree and acknowledge that there may be certain circumstances in which Participating Bank desires to discontinue Computer Center's provision of one or more of the Services prior to the expiration date of this Agreement. In such event, Computer Center will suffer substantial loss or injury that is difficult or impossible to accurately estimate. Accordingly, in an effort to liquidate in advance the sum that should represent the loss or damages which would be actually sustained by Computer Center as a result of such early termination by Participating Bank of any Services provided hereunder, the parties have agreed on the amount specified below as a reasonable pre-estimate of Computer Center's probable loss. If Participating Bank desires to discontinue any Services hereunder, Participating Bank shall give Computer Center one hundred eighty (180) days advance written notice and shall pay Computer Center an amount equal to 75% of the "estimated remaining service fees" with respect to the Services being discontinued or the monthly "minimum charge," whichever is greater, for the remainder of the Term beginning on the effective date of termination. The "estimated remaining service fees" for the Services being discontinued shall be calculated by multiplying the average monthly service fees billed for the Services being discontinued for the six (6) months immediately preceding notice of early termination by the number of months remaining under the Term of this Agreement. The "minimum charge" will be determined by Exhibit "B" of this Agreement. This amount is due per the provisions of paragraph 15(b).
22. TERMINATION BY COMPUTER CENTER. In the event that Computer Center desires to cancel this Agreement or discontinue Services hereunder, it shall give Participating Bank one hundred eighty (180) days advance written notice and this Agreement or any Service hereunder shall be cancelled in full.
23. ENTIRE AGREEMENT. This instrument, along with the appendices and schedules incorporated herein by reference, constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof. Representations and agreement not expressly contained or incorporated by reference herein shall not be binding upon either party as warranties or otherwise. Modifications of this Agreement must be in writing and signed by duly authorized representative of the parties.
24. SEVERABILITY. In the event that one or more of the provisions of this Agreement is for any reason held to be invalid or unenforceable, such holdings shall not affect the remaining provisions of this Agreement.
25. APPLICABLE LAW. This Agreement is made and entered into in Norcross, Georgia, and shall be governed by the laws of the State of Georgia.

COMPUTER CENTER

THE INTERCEPT GROUP

By:

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(Signature)

Name:

-----

(Please Print or Type)

Title:

-----

Date:

-----

PARTICIPATING BANK:

GREENVILLE FIRST (IN ORGANIZATION)

By: /s/ R. Arthur Seaver Jr.

-----

(Signature)

Name: R. Arthur Seaver Jr.

-----

(Please Print or Type)

Title: President/CEO

-----

Date: 7-9-99

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THE WARRANTS EVIDENCED BY THIS CERTIFICATE HAVE BEEN ISSUED OR SOLD IN RELIANCE ON EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT AND STATE LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND STATE LAWS.

GREENVILLE FIRST BANCSHARES, INC.

STOCK WARRANT AGREEMENT

\_\_\_\_\_, 1999

\_\_\_\_\_ Shares

Warrants (the "Warrants") to purchase one share of common stock of Greenville First Bancshares, Inc., (the "Company") a South Carolina corporation and the holding company for Greenville First Bank, N.A. (proposed), (the "Bank"), for every two shares of common stock purchased in the offering by \_\_\_\_\_ (the "Warrant Holder"), are hereby granted to the Warrant Holder in consideration of the financial risk associated with Warrant Holder's investment in the Company during its organizational stage and the time, expertise, and continuing involvement of the Warrant Holder in the management of the Bank. Such Warrants are granted on the following terms and conditions:

1. EXERCISE OF WARRANTS. One-third of the shares (the "Shares") subject to the Warrants granted in this Agreement shall vest on each of the first three anniversaries of the date of the Company's incorporation (the "Incorporation Date"). Exercise of the Warrants is subject to the following:

- (a) EXERCISE PRICE. The exercise price (the "Exercise Price") shall be \$10.00 per Share, subject to adjustment pursuant to Section 2 below.
- (b) EXPIRATION OF WARRANT TERM. The Warrants will expire at 5:00 p.m. Eastern Standard Time on the tenth anniversary of the Incorporation Date, and may not be exercised thereafter (the "Expiration Date").
- (c) PAYMENT. The purchase price for Shares as to which the Warrants are being exercised shall be paid in cash, by wire transfer, by certified or bank cashier's check, or by personal check drawn on funds on deposit with the Bank.
- (d) METHOD OF EXERCISE. The Warrants shall be exercisable by a written notice delivered to the President or Secretary of the Company which shall:

(i) State the owner's election to exercise the Warrants, the number of Shares with respect to which it is being exercised, the person in whose name the stock certificate for such Shares is to be registered, and such person's

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address and tax identification number (or, if more than one, the names, addresses and tax identification numbers of such persons);

(ii) Be signed by the person or persons entitled to exercise the Warrants and, if the Warrants are being exercised by any person or persons other than the original holder thereof, be accompanied by proof satisfactory to counsel for the Bank of the right of such person or persons to exercise the Warrants; and

(iii) Be accompanied by the originally executed copy of this Stock Warrant Agreement.

(e) PARTIAL EXERCISE. In the event of a partial exercise of the Warrants, the Company shall either issue a new agreement for the balance of the Shares subject to this Stock Warrant Agreement after such partial exercise, or it shall conspicuously note hereon the date and number of Shares purchased pursuant to such exercise and the number of Shares remaining covered by this Stock Warrant Agreement.

(f) RESTRICTIONS ON EXERCISE. The Warrants may not be exercised (i) if the issuance of the Shares upon such exercise would constitute a violation of any applicable federal or state securities or banking laws or other law or regulation or (ii) unless the Bank or the holder hereof, as applicable, obtains any approval or other clearance which the Bank determines to be necessary or advisable from the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation or any other state or federal banking regulatory agency with regulatory authority over the operation of Company or the Bank (collectively the "Regulatory Agencies"). The Company may require representations and warranties from the Warranty Holder as required to comply with applicable laws or regulations, including the Securities Act of 1933 and state securities laws.

2. ANTI-DILUTION; MERGER. If, prior to the exercise of Warrants hereunder, the Company (i) declares, makes or issues, or fixes a record date for the determination of holders of common stock entitled to receive, a dividend or other distribution payable on the Shares in shares of its capital stock, (ii)

subdivides the outstanding Shares, (iii) combines the outstanding Shares, (iv) issues any shares of its capital stock by reclassification of the Shares, capital reorganization or otherwise (including any such reclassification or reorganization in connection with a consolidation or merger or and sale of all or substantially all of the Company's assets to any person), then the Exercise Price, and the number and kind of shares receivable upon exercise, in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the holder of any Warrant exercised after such time shall be entitled to receive the aggregate number and kind of shares which, if such Warrant had been exercised immediately prior to such time, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, distribution, subdivision, combination, reclassification, reorganization, consideration, merger or sale.

3. VALID ISSUANCE OF COMMON STOCK. The Company possesses the full authority and legal right to issue, sell, transfer, and assign this Warrant and the Shares issuable pursuant to this Warrant. The issuance of this Warrant vests in the holder the entire legal and beneficial

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interests in this Warrant, free and clear of any liens, claims, and encumbrances and subject to no legal or equitable restrictions of any kind except as described herein. The Shares that are issuable upon exercise of this Warrant, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and non-assessable, and will be free of restrictions on transfer other than restrictions under applicable state and federal securities.

4. COMPLIANCE WITH SECURITIES LAWS. This Agreement and the Warrants represented hereby were issued in reliance on an exemption from registration under the Securities Act of 1933 (the "Act") for financial institutions, and other applicable exemptions under state securities laws. The Company's reliance on such exemption is predicated in part on the Warrant Holder's representations set forth herein. Warrant Holder understands that the Warrants and the Shares issuable upon exercise of the Warrants may not be sold, transferred or otherwise disposed of without registration under the Securities Act of 1933, or an exemption therefrom, and that in the absence of an effective registration statement covering such shares or an available exemption from registration under the Securities Act, such Shares must be held indefinitely.

5. RESTRICTIONS ON TRANSFERABILITY. This the Agreement and the Warrants may not be assigned, transferred (except as provided above), pledged, or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of these Warrants contrary to the provisions hereof shall be without legal effect. The Shares issuable on exercise of the Warrants may not be assigned or transferred

by the Warrant Holder without the Company's prior written consent and, if so requested by the Company, the delivery by the Warrant Holder to the Company of an opinion of counsel in form and substance satisfactory to the Company stating that such transfer or assignment is in compliance with the Securities Act of 1933 and applicable state securities laws.

6. RESTRICTIVE LEGEND. Each certificate for Shares issued upon exercise of the Warrant shall bear a legend stating that they have not been registered under the Securities Act of 1933 or any state securities laws and referring to the restrictions on transferability and sale herein.

7. MANDATORY EXERCISE; TERMINATION.

- (a) Warrant Holder shall exercise all of Warrant Holder's then exercisable Warrants within 120 days of the date that Warrant Holder ceases to serve the Company as an executive officer, employee, or director. Warrant Holder agrees to exercise any Warrants that are not exercisable on the date in which Warrant Holder ceases to serve the Company within 120 days of the date that those Warrants become exercisable.
- (b) The Company may be required to increase its capital to meet capital requirements imposed by statute, rule, regulation, or guideline. In order to achieve such capital increase, the Regulatory Agencies may direct the Company to require the Warrant Holders to either (i) exercise all part of their Warrants or (ii) allow the Warrants to be terminated. If the Regulatory Agencies so direct the Company, then the Warrant Holder must exercise or forfeit the Warrants as set forth below.

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- (c) When the Company is required to increase its capital as described in subsection (a) above, the Company shall send a notice (the "Notice") to the Warrant Holder (i) specifying the number of Shares relating to the Warrants for which the Warrants must be exercised (the "Number") (if less than all shares relating to warrants held by all holders of warrants of the Company under agreements substantially similar to this one are required by the Company to be exercised or cancelled, the Number for the Warrant Holder shall reflect a proportionate allocation based on the number of Shares subject to this Agreement as compared to the total number of shares subject to warrants held by all such warrant holders as a group); (ii) specifying the date prior to which the Warrants must be totally or partially exercised, as the case may be (the

"Deadline"); (iii) specifying the Exercise Price for the Shares to be purchased pursuant to the Warrants (such Exercise Price not to be less than current book value per share); and (iv) stating that the failure of the Warrant holder to exercise the Warrants shall result in their automatic termination.

- (d) If the Warrant holder does not exercise the Warrants pursuant to the terms of the Notice, this Agreement shall be automatically terminated on the Deadline, without further act or action by the Warrant Holder or the Company, and the Warrant Holder shall deliver this Agreement to the Company for cancellation. If the Number is less than the total number of Shares that are then subject to exercise under this Agreement, the Company shall issue a new Stock Warrant Agreement in compliance with Section 1(e) hereof.

8. COVENANTS OF THE COMPANY. During the term of the Warrants, the Company shall:

- (a) at all times authorize, reserve and keep available, solely for issuance upon exercise of this Warrant, sufficient shares of common stock from time to time issuable upon exercise of this Warrant;
- (b) on receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft, or destruction, on delivery of any indemnity agreement or bond reasonably satisfactory in form and amount to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, at its expense execute and deliver, in lieu of this Warrant, a new Warrant of like tenor; and
- (c) on surrender for exchange of this Warrant or any Warrant substituted therefor pursuant hereto, properly endorsed, to the Company, at its expense, issue and deliver to or on the order of the holder thereof a new Warrant or Warrants of like tenor, in the name of such holder or as such holder (on payment by such holder of any applicable transfer taxes) may direct, calling in the aggregate on the face or faces thereof for the issuances of the number of shares of common stock issuable pursuant to the terms of the Warrant or Warrants so surrendered.

9. NO DILUTION OR IMPAIRMENT. The Company shall not amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or

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performed hereunder by the Company, but will at all times in good faith assist in carrying out all such action as may be reasonably necessary in order to protect the exercise rights of the holder against improper dilution or other impairment.

10. AMENDMENT. Neither this Agreement nor the rights granted hereunder may be amended, changed or waived except in writing signed by each party hereto.

IN WITNESS WHEREOF, the Company has executed and the holder has accepted this Stock Warrant Agreement as of the date and year first above written.

GREENVILLE FIRST BANCSHARES, INC.

By: \_\_\_\_\_  
President

(CORPORATE SEAL)

Attest: \_\_\_\_\_  
Secretary

WARRANT HOLDER:

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

## PROMISSORY NOTE

Borrower: Greenville First Bancshares Inc.  
Lender: John J. Meindl Jr.  
Date: February 22, 1999  
Loan Amount: \$600,000

LOAN PURPOSE AND DESCRIPTION: Greenville First Bancshares Inc. is an entity formed for the purpose of starting a new community bank in Greenville, South Carolina. Greenville First Bank is the intended name of the new bank and the organizing group plans on capitalizing the bank with approximately \$8 million to \$10 million. As the organizing group will not have access to the capital until the bank opens for business, all organizing expenses will have to be borrowed. John J. Meindl who intends to invest in the new bank has offered to lend the organizing group funds based on the terms of this promissory note. The lender will have the right to purchase up to 5% of the initial stock offering by the proposed bank.

Borrower agrees to pay Lender the amount of \$600,000, plus finance charges including interest at the rate of the Wall Street Journal Prime Rate per annum, accrued from the date of disbursement on the outstanding balance based on a 365 day year. The interest rate on this loan is subject to change with any change in the Wall Street Journal Prime Rate. The interest rate as of the date of this loan is 7.75%.

REVOLVING CREDIT: This loan is being made on a revolving basis, and payments made hereunder shall not prevent subsequent advances up to the full amount of the note. PAYMENTS: Borrower may pay lender monthly interest payments based on the amount outstanding. Payments will be due on the 5th of each month and the entire principal balance is due at maturity. Borrower has the option of deferring interest payments until maturity. MATURITY: This loan will mature on February 28, 2000. As a practical matter, this loan will be repaid from capital funds, which will be available when the bank opens. GUARANTY: This loan will carry the personal guaranties from each director of the proposed bank.

This note shall take effect as a sealed instrument and shall be construed, governed and enforced in accordance with the laws of the State of South Carolina. The undersigned and all other parties of this note agree to remain fully bound hereunder until the note shall be fully paid, notwithstanding any extension, renewal, or modification to the note. All collection expenses incurred will be included as a liability of the borrower. The undersigned hereby execute this note as principals of the borrowing entity.

Signed in the presence of:

Greenville First Bancshares Inc.

/s/ E. B. Kise

/s/ R. Arthur Seaver, Jr.

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Witness

-----  
Borrower

President

-----  
Witness

-----  
Title

GUARANTY:

The undersigned guaranties the prompt and punctual payment of all monies due under this promissory note. The individual guaranty is limited to \$60,000.

/s/ E. B. Kise

/s/ R. Arthur Seaver, Jr.

-----  
Witness

-----  
Guarantor

ELLIOTT, DAVIS & COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the use of the incorporation by reference our report dated July 8, 1999, relating to the financial statements of Greenville First Bancshares, Inc., in the Registration Statement of Form SB-2 and Prospectus, and to the reference to our firm under the caption "Experts".

/s/ Elliott, David & Company, L.L.P.

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ELLIOTT, DAVIS & COMPANY, L.L.P.

Greenville, South Carolina  
July 26, 1999

Internationally -- Moore Stephens Elliott Davis, LLC  
870 South Pleasantburg Drive  
Greenville, South Carolina 29607  
(864) 242-3370