GREENVILLE FIRST BANCSHARES INC
Form 10QSB
November 14, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission file number 333-83851

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

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

| | |
|---|---|
| 112 Haywood Road<br>Greenville, S.C. | 29607 |
| (Address of principal executive offices) | (Zip Code) |

864-679-9000
(Telephone Number)

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

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X     NO

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

1,150,000 shares of common stock, $.01 par value per share, issued and outstanding as of November 4, 2001

Transitional Small Business Disclosure Format (check one): YES __ NO X

GREENVILLE FIRST BANCSHARES, INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements of Greenville First Bancshares, Inc. and Subsidiary are set forth in the following pages.

GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

| | September 30, 2001 (Unaudited) |
|---|---|
| **Assets** | |
| Cash and due from bank | $ 1,719,796 |
| Federal funds sold | 729,093 |
| Cash and cash equivalents | 2,448,889 |
| Investment securities available for sale | 19,569,830 |
| Other investments, at cost | 555,000 |
| Loans | 79,000,153 |
| Less reserve for loan losses | (1,000,000) |
| | 78,000,153 |
| Accrued interest receivable | 595,034 |
| Property and equipment | 927,509 |
| Other assets | 28,391 |
| Total assets | $ 102,124,806 |
| **Liabilities and Stockholders' Equity** | |
| Liabilities: | |
| Deposits | $ 80,844,190 |
| Short-term borrowed funds | 3,962,000 |
| Federal Home Loan Bank advances | 6,000,000 |
| Checks outstanding | 773,273 |
| Accounts payable | 35,202 |
| Accrued expense | 256,157 |
| Accrued interest payable | 745,538 |
| Total liabilities | 92,616,360 |
| Commitments and contingencies | |
| Stockholders' Equity | |

| | |
|---|---|
| Preferred stock, par value $.01 per share | |
| 10,000,000 shares authorized, no shares issued | - |
| Common Stock, par value $.01 per share | |
| 10,000,000 shares authorized 1,150,000 issued | 11,500 |
| Additional paid-in capital | 10,635,200 |
| Unrealized gain on securities available for sale | 187,867 |
| Retained deficit | (1,326,121) |
| Total stockholders' equity | 9,508,446 |
| Total liabilities and stockholders' equity | $ 102,124,806 |

See Notes to Consolidated Financial Statements that are an integral part of these statements.

GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

| | For the Three Months ended September 30, 2001 |
|---|---|
| Interest income | |
| Investments | $ 259,508 |
| Loans | 1,367,044 |
| Total interest income | 1,626,552 |
| Interest expense | 852,437 |
| Net interest income | 774,115 |
| Provision for loan loss | 150,000 |
| Other income | 84,187 |
| General & administrative expenses | |
| Salaries and benefits | 373,845 |
| Professional fees | 37,612 |
| Marketing | 32,597 |
| Outside services | 47,760 |
| Occupancy | 133,843 |
| Telephone | 5,454 |
| Other | 86,732 |
| Total general & administrative expenses | 717,843 |
| Net income (loss) before taxes | (9,541) |
| Provision for income tax benefits | 17,000 |
| Net income (loss) | $ 7,459 |

| | | |
|---|---|---|
| Basic income (loss) per share | $ | .01 |
| Weighted average shares outstanding | | 1,150,000 |

See Notes to Consolidated Financial Statements that are in integral part of these statements.

GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

| | | For the Nine Months ended September 30, 2001 | |
|---|---|---|---|
| Interest income | | | |
| Investments | $ | 839,017 | $ |
| Loans | | 3,712,849 | |
| Total interest income | | 4,551,866 | |
| Interest expense | | 2,487,681 | |
| Net interest income | | 2,064,185 | |
| Provision for loan loss | | 400,000 | |
| Other income | | 189,067 | |
| General & administrative expenses | | | |
| Salaries and benefits | | 1,067,397 | |
| Professional fees | | 98,306 | |
| Marketing | | 83,972 | |
| Outside services | | 121,652 | |
| Occupancy | | 389,745 | |
| Telephone | | 15,777 | |
| Other | | 223,642 | |
| Total general & administrative expenses | | 2,000,491 | |
| Net loss before taxes | | (147,239) | |
| Provision for income tax benefits | | 17,000 | |
| Net loss | $ | (130,239) | $ |
| Basic loss per share | $ | (.11) | $ |

| | |
|---|---|
| Weighted average shares outstanding | 1,150,000 |

See Notes to Consolidated Financial Statements that are in integral part of these statements.

GREENVILLE FIRST BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Nine months ended September 30, 2001
(Unaudited)

| | Common Stock | | Additional | Retained |
|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Deficit |
| Balance at December 31, 2000 | 1,150,000 | $11,500 | $ 10,635,200 | $ (1,195,882) |
| Net loss | | | | (130,239) |
| Comprehensive gain (loss), net of tax: | | | | |
| Unrealized gain on investments held for sale | | | | |
| Comprehensive gain (loss) | | | | (130,239) |
| Balance at September 30, 2001 | 1,150,000 | $11,500 | $ 10,635,200 | $ (1,326,121) |

For the Nine months ended September 30, 2000
(Unaudited)

| | Common Stock | | Additional | Retained | C |
|---|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Deficit | |
| Balance at December 31, 1999 | 1,150,000 | $11,500 | $10,635,200 | $ (534,329) | |
| Net loss | | | | (551,935) | |
| Comprehensive loss, net of tax: | | | | | |

| | | | | |
|---|---|---|---|---|
| Unrealized loss on investments held for sale | | | | |
| | --------- | ------- | ------------- | ------------ |
| Comprehensive loss | | | | |
| | --------- | ------- | ------------- | ------------ |
| | | | | (551,935) |
| Balance at September 30, 2000 | 1,150,000 | $11,500 | $ 10,635,200 | $ (1,086,264) |
| | ========= | ======= | ============= | ============ |

See Notes to Consolidated Financial Statements that are an integral part of these statements.

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

| | For the Ni Months end September 3 2001 |
|---|---|
| Operating activities | |
| Net loss | $ (130,2 |
| Adjustments to reconcile net loss to cash provided by (used for) operating activities: | |
| Provision for loan losses | 400,0 |
| Depreciation and other amortization | 144,0 |
| Accretion and amortization of securities discounts and premium, net | (39,4 |
| Increase in other assets, net | (32,7 |
| Increase (decrease) in other liabilities, net | (232,8 |
| Net cash provided by operating activities | 108,6 |
| Investing activities | |
| Increase (decrease) in cash realized from: | |
| Origination of loans, net | (32,375,1 |
| Purchase of property and equipment | (454,9 |
| Purchase of securities | (17,314,0 |
| Payments and maturity of securities available for sale | 6,821,1 |
| Net cash used for investing activities | (43,322,9 |
| Financing activities | |
| Increase in deposits,net | 30,849,7 |
| Increase in short-term borrowings | 3,962,0 |
| Increase in Federal Home Loan Bank advances | 6,000,0 |

| | | |
|---|---|---|
| Net cash provided by financing activities | | 40,811,7 |
| Net increase (decrease) in cash | | (2,402,4 |
| Cash and cash equivalents, beginning of period | | 4,851,3 |
| Cash and cash equivalents, end of period | $ | 2,448,8 |
| Supplemental information -Cash paid for: | | |
| Interest paid | $ | 2,300,3 |
| Income taxes paid | | |
| Supplemental schedule of non-cash transaction | | |
| Unrealized gain (loss) on securities, net of income taxes | $ | 163,7 |

See Notes to Consolidated Financial Statements that are an integral part of these statements.

GREENVILLE FIRST BANCSHARES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of Business and Basis of Presentation

Business activity and organization

Greenville First Bancshares, Inc. (the "Company") is a South Carolina corporation organized for the purpose of owning and controlling all of the capital stock of Greenville First Bank (the "Bank"). The Bank is a national bank organized under the laws of the United States located in Greenville County, South Carolina. The Bank began operations on January 10, 2000.

Until January 10, 2000, the Company engaged in organizational and pre-opening activities necessary to obtain regulatory approvals and to prepare its subsidiary, the Bank, to commence business as a financial institution. The Bank is primarily engaged in the business of accepting demand deposits and savings insured by the Federal Deposit Insurance Corporation, and providing commercial, consumer and mortgage loans to the general public.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-KSB (Registration Number 333-83851) as filed with and declared effective by the Securities and Exchange Commission.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

GENERAL

The following is a discussion of the Company's financial condition as of September 30, 2001 and the results of operations for the three-month and nine-month periods ended September 30, 2001 and 2000. These comments should be read in conjunction with the Company's condensed consolidated financial statements and accompanying footnotes appearing in this report.

The following discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial results and plans for future business development activities. Such forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These statements appear in a number of places in this report and include all statements that are not statements of historical fact regarding the Company's intent, belief, or expectations. These forward-looking statements are not guarantees of future performance and actual results may differ materially from those projected in the forward-looking statements. Potential risks and uncertainties include, but are not limited to, the Company's brief operating history, the Company's ability to manage rapid growth, general economic conditions, competition, interest rate sensitivity, and exposure to regulatory and legislative changes. Additional risks are discussed in detail in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section in the Company's Registration Statement on Form SB-2 (Registration Number 333-83851) as filed with and declared effective by the Securities and Exchange Commission.

The terrorist attacks that occurred in New York City and Washington, D.C. on September 11, 2001, and the United States' subsequent response to these events have resulted in a general economic slowdown that may adversely affect our banking business. Economic slowdowns or recessions in our primary market area may be accompanied by reduced demand for credit, decreasing interest margins and declining real estate values, which may in turn result in a decrease in net earnings and an increased possibility of potential loan losses in the event of default. Any sustained period of decreased economic activity, increased delinquencies, foreclosures or losses could limit our growth and negatively affect our results of operations. We cannot predict the extent or duration of these events or their effect upon our business and operations. We will, however, closely monitor the effect of these events upon our business, and make adjustments to our business strategy as we deem necessary.

Until January 10, 2000, the Company's principal activities related to its organization, the conducting of its initial public offering, the pursuit of approvals from the OCC for its application to charter the Bank, the pursuit of approvals from the FDIC for its application for insurance of the deposits of the

Bank, hiring the appropriate personnel and implementing operating procedures. The company received approval from both the FDIC and the OCC on January 7, 2000. The Bank opened for business on January 10, 2000.

The Company completed its stock offering on November 30, 1999, upon the issuance of 1,150,000 shares for a total of $11.5 million. The Company initially capitalized the Bank with $8.5 million of the proceeds from the stock offering. On April 18, 2000, the Company increased

its investment in the Bank by $1.0 million utilizing proceeds from the initial offering. The Company does not currently anticipate raising additional capital.

FINANCIAL CONDITION

At September 30, 2001, the Company had total assets of $102.1 million, consisting principally of $78.0 million in loans, $20.1 million in investments and $2.4 million in cash and cash equivalents. Liabilities at September 30, 2001 totaled $92.6 million, consisting principally of $80.8 million in deposits. At September 30, 2001, shareholders' equity was $9.5 million.

At September 30, 2001, the Bank's loan portfolio consisted primarily of $38.2 million of commercial real estate loans, $16.8 million of commercial business loans, and $24.0 million of consumer and home equity loans. At September 30, 2001, there were only $368 thousand of non-performing loans. At September 30, 2001, the Bank's allowance for loan losses was $1.0 million. Management believes that the reserve for loan losses is adequate to absorb possible loan losses in the portfolio. Management bases its belief on its consideration of a number of factors, including internal credit ratings and assumptions about future events, which assumptions may or may not be accurate. There can be no assurance that loan losses in future periods will not exceed the allowance for loan losses or that additional allocations will not be required.

At September 30, 2001 the Bank had $80.8 million in deposits, $6.0 million in Federal Home Loan Bank advances and $4.0 million in other short-term borrowing. The $80.8 million in deposits consisted primarily of $6.4 million in personal checking, $6.6 million in business checking, $48.1 million in certificates of deposit and $19.7 million of money market accounts of which 56% are business accounts.

LIQUIDITY

The Company's primary sources of liquidity are deposits, scheduled repayments on the Company's loans, and interest on and maturities of investments. Substantially all of the Company's securities have been classified as available-for-sale. If necessary, the Company may choose to sell a portion of the investment securities in connection with the management of interest sensitivity gap or to manage liquidity. Management may also utilize cash and due from banks and federal funds sold to meet liquidity needs. Additionally, the Bank has a federal funds purchased line of credit with a correspondent bank in the amount of $2.8 million, on which no borrowings are outstanding at September 30, 2001, that can be utilized. The Bank also has collateral that supports in excess of $600 thousand of additional advances available from the Federal Home Loan Bank. Management believes that the Company's liquidity and ability to manage assets will be sufficient to meet the Company's cash requirements over the near future.

One measure of liquidity is the Bank's loan-to-total borrowed funds ratio, which was 86% at September 30, 2001. The Bank had commitments to fund approximately $24.8 million in loans at September 30, 2001. Included in the

$24.8 million of loan commitments are $9.6 million of consumer loan unused equity lines and $7.6 million of unused commercial business lines. Based on the Bank's prior four quarters of operations, the significant portion of these unused lines of credit will not be utilized.

CAPITAL

The Bank currently maintains a level of capitalization substantially in excess of the minimum capital requirements set by the regulatory agencies. Despite anticipated asset growth, management expects its capital ratios to continue to be adequate for the next 24 to 36 months. However, no assurances can be given in this regard, as rapid growth, deterioration in loan quality, and continued losses, or a combination of these factors, could change the Company's capital position in a relatively short period of time.

As of September 30, 2001, there were no significant firm commitments outstanding for capital expenditures. Beginning in January 2001, the Bank began to lease its main office building. The lease is a twenty-year lease with the monthly rent for the first year of $24 thousand. The lease provides for annual lease rate escalations based on cost of living adjustments.

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2001 and the three months ended September 30, 2000

The Company's net income for the three months ended September 30, 2001 was $7 thousand compared to a net loss of $112 thousand for the three months ended September 30, 2000. The provision for loan losses for both the 2001 and 2000 periods was $150 thousand. Net interest income for the three months ended September 30, 2001 was $774 thousand compared to $471 thousand for the same period in 2000. Net interest income has continued to increase each quarter. Interest income for the three months ended September 30, 2001 was $1.6 million compared to $946 thousand for the third quarter of 2000. This increase resulted primarily from growth in both earning assets and interest bearing deposits. Interest expense for the three months ended September 30, 2001 was $852 thousand compared to only $475 thousand for the three months ended September 30, 2000. During the first nine months of 2000 much of the loan and investment activity was funded with the Company's capital.

Average loans and investments for the third quarter of 2001 were $71.0 million and $17.9 million, respectively. The average loans and investments for the three months ended September 30, 2001 compared to the third quarter of 2000 increased $42.0 million and $4.2 million, respectively. The average yields on loans and investments for the three months ended September 30, 2001 were 7.64% and 5.75%, respectively. The average yields on loans and investments for the three months ended September 30, 2000 were 9.83% and 6.63%. The significant reduction in the yields of loans resulted from the 400 basis point reduction in short-term interest rates over the last twelve months. As of September 30, 2001 52.3% of the outstanding loans were tied to short-term rate indexes.

The average balance of deposits was $78.6 million for the three months ended September 30, 2001, while the average balance for the third quarter of 2000 was $34.4 million. This represents a $44.2 million increase compared to the same period in the year 2000. The weighted average rate on deposits for the three months ended September 30, 2001 was 3.08% compared to 5.49% for the third quarter of the year 2000.

The Company's net margin for the three months ended September 30, 2001 was 3.08% and 3.31% for the three months ended September 30, 2000. The lower net interest margin in the third quarter of 2001 resulted from the bank being asset sensitive to rate changes. The Federal Reserve has lower rates 400 basis points in the first nine months of 2001. The Bank anticipates that net interest margin will increase during the fourth quarter of 2001, when the Bank's certificates of deposit renew at lower interest rates. The Bank's net yield on earning assets was 3.47% for the three months ended September 30, 2001 compared to 4.39% for the three months ended September 30, 2000. The decrease relates primarily to the lower net interest margin and the fact that the Company's equity is funding a smaller percentage of the earning assets as a result of the Company's being able to leverage its capital.

As a result of growth in interest earning assets and interest bearing deposits, net interest income in the third quarter of 2001 increased $303 thousand compared to the same period in 2000. During this same period other income increased $63 thousand and general and administrative expenses increased only $263 thousand. The increase in other income relates primarily to higher deposit fees and mortgage loan referral fees as a result of the Bank's larger customer base.

The Bank's provision for loan loss was $150 thousand for both the third quarters of 2001 and 2000. The allowance for loan loss as a percentage of loans was 1.27% at September 30, 2001 compared to 1.29% at December 31, 2000. At September 30, 2001, the allowance for loan losses was $1.0 million. The Bank has not charged off any loans since commencing operations. There were $368 thousand of non-accrual or non-performing loans at September 30, 2001. The provisions for loan losses were made primarily as a result of management's assessment of general loan loss risk as the Bank recorded loans.

The Bank incurred general and administrative expenses of $718 thousand for the three months ended September 30, 2001 compared to $455 thousand for the same period in 2000. The $263 thousand additional general and administrative expenses resulted primarily from the move into the Bank's new main office building and the additional staff hired to handle the current and anticipated future growth in both loans and deposits. Salaries and benefits for the three months ended September 30, 2001 were $374 thousand and represented 52.1% of the total expense. Salaries and benefits were $264 thousand in third three month period of 2000. The other significant expense in 2001 was $134 thousand for occupancy cost. This expense increased $64 thousand when comparing the two quarters. The increase relates primarily to the additional costs associated with the Bank's permanent main office building compared to the lower cost of the temporary modular facility. All other expense increased only $89 thousand dollars. This increase relates primarily to additional marketing expenses and increase in transaction costs related to deposit transaction fees.

An income tax benefit of $17 thousand was recorded in the third quarter of 2001. No benefit was recognized in the third quarter of 2000.

RESULTS OF OPERATIONS

Comparison of the nine months ended September 30, 2001 and the nine months ended September 30, 2000

The Company's net loss for the nine months ended September 30, 2001 was

$130 thousand compared to a net loss of $552 thousand for the nine months ended September 30, 2000. Included in the net losses are non-cash expenses for provision for loan losses. The provision for loan losses for the 2001 period was $400 thousand compared to $430 thousand for the first nine months of 2000. Net interest income for the nine months ended September 30, 2001 was $2.1 million compared to only $1.1 million for the same period in 2000. Net interest income continues to increase each quarter. This increase resulted primarily from growth in both earning assets and interest bearing deposits. Interest income for the nine months ended September 30, 2001 was $4.6 million compared to $1.9 million for the first three quarters of 2000. Interest expense for the nine months ended September 30, 2001 was $2.5 million compared to only $873 thousand for the nine months ended September 30, 2000. During the first nine months of 2000 much of the loan and investment activity was funded with the Company's capital.

Average loans and investments for the first nine months of 2001 were $60.2 million and $18.1 million, respectively. The average loans and investments for the nine months ended September 30, 2001 compared to the first nine months of 2000 increased $42.2 million and $5.2 million, respectively. The average yields on loans and investments for the nine months ended September 30, 2001 were 8.24% and 6.20%, respectively. The average yields on loans and investments for the nine months ended September 30, 2000 were 9.69% and 6.29%, respectively.

The average balance of deposits for the nine months ended September 30, 2001 was $70.5 million, a $48.4 million increase over the average balance of $22.1 million for the third quarter of 2000. The weighted average rate on deposits for the nine months ended September 30, 2001 was 4.72% and 5.27% for the same period in the year 2000.

The Company's net margin was 3.08% for the nine months ended September 30, 2001 and 2.88% for the nine months ended September 30, 2000. The Bank's net yield on earning assets was 3.53% for the nine months ended September 30, 2001 compared to 4.56% for the nine months ended September 30, 2000. The decrease relates primarily to the fact that interest-bearing liabilities were 90.2% of earning assets in the 2001 period compared to only 71.2% in the same period of 2000. The higher percentage in 2001 represents the Company's ability to leverage its capital.

As a result of growth in interest earning assets and interest bearing deposits, net interest income in 2001 increased $1.0 million compared to the same period in 2000. During this same period other income increased $156 thousand and general and administrative expenses increased only $721 thousand. The increase in other income relates primarily to higher deposit fees and mortgage loan referral fees as a result of the Bank's larger customer base.

The Bank's provision for loan loss decreased $30 thousand in the 2001 period compared to the same period in 2000. The allowance for loan loss as a percentage of loans was 1.27% at September 30, 2001 compared to 1.29% at December 31, 2000. At

September 30, 2001, the allowance for loan losses was $1.0 million. The Bank has not charged off any loans since commencing operations. There were $368 thousand non-accrual or non-performing loans at September 30, 2001. The provisions for loan losses were made primarily as a result of management's assessment of general loan loss risk as the Bank recorded loans.

The Bank incurred general and administrative expenses of $2.0 million for the nine months ended September 30, 2001 compared to $1.3 million for the same period in 2000. The $721 thousand additional general and administrative expenses resulted primarily from the move into the Bank's new main office building and the additional staff hired to handle the current and anticipated future growth in both loans and deposits. Salaries and benefits for the nine months ended September 30, 2001 were $1.1 million and represented 53.3% of the total expense. Salaries and benefits were $765 thousand for the nine months of 2000. The other significant expense in 2001 was $390 thousand for occupancy cost. This expense increased $180 thousand when comparing the two nine-month periods. The increase relates primarily to the additional costs associated with the Bank's permanent main office building compared to the lower cost of the temporary modular facility. All other expense increased only $239 thousand dollars. This increase relates primarily to additional marketing expenses and non-capitalizable costs in 2001 associated with the move into the new main office building.

A $17 thousand benefit for income taxes was recorded in the first nine months of 2001. A benefit of $74 thousand was recognized in the first nine months of 2000.

## PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings to which the Company is a party or of which any of their property is the subject.

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

## SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREENVILLE FIRST BANCSHARES, INC.

Date: November 7, 2001

/s/ R. Arthur Seaver, Jr.

R. Arthur Seaver, Jr.
Chief Executive Officer

/s/ James M. Austin, III

James M. Austin, III
Chief Financial Officer