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GREENVILLE FIRST BANCSHARES INC
Form DEF 14A
April 14, 2003

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant |
Filed by a Party other than the Registrant |

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by
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Greenville First Bancshares, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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GREENVILLE FIRST BANCSHARES, INC.
112 Haywood Road
Greenville, South Carolina 29607

Notice of Annual Meeting of Shareholders

Dear Fellow Shareholder:

We cordially invite you to attend the 2003 Annual Meeting of Shareholders of Greenville First Bancshares, Inc., the holding company for Greenville First Bank. At the meeting, we will report on our performance in 2002 and answer your questions. We are excited about our accomplishments in 2002 and look forward to discussing both our accomplishments and our future plans with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that we will hold the meeting on May 14, 2003 at the bank's main office location at 112 Haywood Road, Greenville, South Carolina at 4:30 p.m. for the following purposes:

1. To elect four members to the Board of Directors; and
2. To transact any other business that may properly come before the meeting or any adjournment of the meeting.

Shareholders owning our common stock at the close of business on April 1, 2003 are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at the company's offices prior to the meeting. Please note, if your shares are held in "street name," you will need to obtain a proxy form from the institution that holds your shares in order to vote at our annual meeting.

Please use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. Even if you plan to attend the meeting, we encourage you to complete and return the enclosed proxy to us as promptly as possible.

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By order of the Board of Directors,

/s/ R. Arthur Seaver, Jr.

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

Greenville, South Carolina
April 14, 2003

GREENVILLE FIRST BANCSHARES, INC.
112 Haywood Road
Greenville, South Carolina 29607

Proxy Statement for Annual Meeting of
Shareholders to be Held on May 14, 2003

Our Board of Directors is soliciting proxies for the 2003 Annual Meeting of Shareholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. We encourage you to read it carefully.

Voting Information

The Board set April 1, 2003 as the record date for the meeting. Shareholders owning our common stock at the close of business on that date are entitled to vote and to attend the meeting, with each share entitled to one vote. If you are a registered shareholder who wishes to vote at our annual meeting, you may do so by delivering your proxy card in person at the meeting. "Street name" shareholders who wish to vote at our annual meeting will need to obtain a proxy form from the institution that holds their shares. There were 1,150,000 shares of common stock outstanding on the record date. A majority of the outstanding shares of common stock represented at the meeting will constitute a quorum. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists.

When you sign the proxy card, you appoint James B. Orders, III and Mr. Fred Gilmer, Jr. as your representatives at the meeting. Mr. Orders and Mr. Gilmer will vote your proxy as you have instructed them on the proxy card. If you submit a proxy but do not specify how you would like it to be voted, Mr. Orders and Mr. Gilmer will vote your proxy for the election to the board of directors of all nominees listed below under "Election of Directors." We are not aware of any other matters to be considered at the meeting. However, if any other matters come before the meeting, Mr. Orders and Mr. Gilmer will vote your proxy on such matters in accordance with their judgment.

You may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by signing and delivering another proxy with a later date or by voting in person at the meeting. Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other

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organization of which they are members. Proxies that brokers do not vote on some proposals but that they do vote on others are referred to as "broker non-votes" with respect to the proposals not voted upon. A broker non-vote does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. In addition, if a shareholder abstains from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.

We are paying for the costs of preparing and mailing the proxy materials and of reimbursing brokers and others for their expenses of forwarding copies of the proxy materials to our shareholders. Upon written or oral request, we will promptly deliver a separate copy of our annual report, our annual report on Form 10-KSB, or this proxy statement to our shareholders at a shared address to which a single copy of the document was delivered. Our officers and employees may assist in soliciting proxies but will not receive additional compensation for doing so. We are distributing this proxy statement on or about April 14, 2003.

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Proposal No. 1: Election of Directors

The Board of Directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the Board members expire at each annual meeting. The current terms of the Class I directors will expire at the meeting. The terms of the Class II directors expire at the 2004 Annual Shareholders Meeting. The terms of the Class III directors will expire at the 2005 Annual Shareholders Meeting. Our directors and their classes are:

Class I -----	Class II -----	Class III -----
Mark A. Cothran	Leighton M. Cabbage	Andrew B. Cajka
Rudolph G. Johnstone, III, M.D.	David G. Ellison	Anne S. Ellefson
Keith J. Marrero	James B. Orders, III	Fred Gilmer, Jr.
R. Arthur Seaver, Jr.	William B. Sturgis	Tecumseh Hooper, Jr.

Shareholders will elect four nominees as Class I directors at the meeting to serve a three-year term, expiring at the 2006 Annual Meeting of Shareholders. The directors will be elected by a plurality of the votes cast at the meeting. This means that the four nominees receiving the highest number of votes will be elected.

The board of directors recommends that you elect Mark A. Cothran, Rudolph G. Johnstone, III, M.D., Keith J. Marrero, and R. Arthur Seaver, Jr. as Class I directors.

If you submit a proxy but do not specify how you would like it to be voted, Mr. Orders and Mr. Gilmer will vote your proxy to elect Messrs. Cothran, Marrero, and Seaver and Dr. Johnstone. If any of these nominees is unable or fails to accept nomination or election (which we do not anticipate), Mr. Orders and Mr. Gilmer will vote instead for a replacement to be recommended by the board of directors, unless you specifically instruct otherwise in the proxy.

Set forth below is certain information about the nominees. Each of the

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nominees is also a director and organizer of our subsidiary, Greenville First Bank:

Mark A. Cothran, 45, Class I director, is the president and owner of Cothran Properties, LLC, a real estate development company in Greenville, South Carolina. He has been with Cothran Properties, LLC since 1986. Mr. Cothran received his bachelor 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 currently serves on the National Business Park Forum of the National Association of Industrial and Office Properties (NAIOP) and is past president of the state chapter of NAIOP. He has served on the board of directors of the Greenville Chamber of Commerce and on the Advisory Board of Greenville National Bank and is currently a member of the Chamber's Economic Development Board.

Rudolph "Trip" G. Johnstone, III, M.D., 42, Class I director, is a physician who has practiced with the Cross Creek Asthma, Allergy and Immunology medical clinic, since 1992. He graduated from Washington & Lee University in 1982 with a degree in biology and from the Medical University of South Carolina in 1986. Dr. Johnstone served on the consulting board to Greenville National Bank from 1995 until 1998, when it was acquired by Regions Bank. He is on the board of directors of Allergy Partners, PA and immediate past president of the Southeastern Asthma, Allergy and Immunology Society.

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Keith J. Marrero, 43, Class I director, is the president and owner of AMI Architects, LLC, an architectural firm located in Greenville, South Carolina that was founded in 1988. Mr. Marrero is a previous advisory board member of BB&T. He graduated from the University of Notre Dame with a bachelor's 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 a member of the American Institute of Architects and the National Council of Architecture Registration. He is licensed to practice architecture in the states of South Carolina, North Carolina, Louisiana, and Georgia. Mr. Marrero currently serves on the advisory board for the School of Architecture at the University of Notre Dame, YMCA board, University Center Board of Visitors, Urban League Board, Upstate Forever Board, Community Foundation Board, and a member of the Greater Greenville Community Forum Steering Committee.

R. Arthur "Art" Seaver, Jr., 39, Class I director, is the president and chief executive officer of our company and our subsidiary bank. He has over 16 years of banking experience. From 1986 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 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 currently works on the board of the Palmetto Society for the United Way and the advisory board of the Junior League. Past organizations that he has worked with include Leadership Greenville, Greenville Chamber of Commerce, South Carolina Network of Business and Education Partnership, Junior Achievement, the Greenville Convention and Visitors Bureau, the United Way, and the First

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Presbyterian Church.

Set forth below is also information about each of the company's other directors and each of its executive officers. Each director is also an organizer and a director of our subsidiary bank.

James "Jim" M. Austin, III, 46, is the senior vice president and chief financial officer of our company and subsidiary bank. He has over 24 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 services 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. 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. He is active in the First Presbyterian Church and currently serves as chairman of the Board for the Center for Development Services.

Andrew B. Cajka, 43, 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 served on the board of directors for the Greenville Chamber of Commerce and is past president of the downtown area council as well as past chairman of Greenville Hospital Foundation Board, and past chairman of the Children's Hospital. He currently serves as Trustee of St. Joseph's High School and is a past chairman of the Foundation Board at St. Joseph's High School. He is also a past chairman of the Greenville Tech Hospitality Board, and of the Greenville Convention and Visitors Bureau. Mr. Cajka serves as a board member of the Urban League, Thornblade Board of Governors, chair of the Convention and Visitors Bureau, and secretary and past treasurer of Greenville County Research & Technological Development Corporation.

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Leighton M. Cabbage, 51, Class II director, is the chief executive officer of Ionosphere and 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, car dealerships, and a trucking company. He is a 1977 graduate of Clemson University with a bachelors degree in political science. Mr. Cabbage is a member of the Greenville Technical College Foundation Board, a member of the Clemson University Entrepreneurial Board, and is Chairmen of the board of trustees of the Greenville Hospital System.

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Anne S. Ellefson, 48, Class III director, is an attorney and shareholder with Haynsworth Sinkler Boyd, P.A., where she has practiced law since 1979. Mrs. Ellefson is a 1976 graduate of the University of South Carolina where she received a bachelors degree and a 1979 graduate of the University of South Carolina School of Law. Mrs., Ellefson previously served on advisory boards at both United Carolina Bank and BB&T. She is a Past Chairman of the Greater Greenville Chamber of Commerce and on the Board of United Way of Greenville County.

David G. Ellison, 53, Class II director, is the managing director of Northwestern Mutual Financial Network, since 1983. Mr. Ellison is a 1972 graduate of Furman University where he received a bachelors degree and a 1976 graduate of the Clemson-Furman University Program where he received a masters in business administration. Mr. Ellison is on the board of trustees of Furman University where he is a former board chair. He is past president of both the Furman Alumni Association and Furman Paladin Club. He is also on the board of trustees for United Way of Greenville County. He is prior commissioner of the Greenville Housing Authority.

Fred Gilmer, Jr., 67, Class III director, is the senior vice president and corporate secretary of our company and subsidiary bank. He is a seasoned banker with over 43 years of experience in the financial industry. Mr. Gilmer was involved with the organization of Southern Bank and Trust Company and has held executive positions with two other banks in the Greenville area. 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, the Greenville Chamber of Commerce, the YMCA, the United Way, 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.

Fred Gilmer, III, 38, is the senior vice president and senior lending officer of our bank. He has over 15 years of banking experience. From 1987 until 1999, Mr. Gilmer held various management positions with Wachovia Bank, N.A., including Commercial Lending, City Executive, and Vice President in Private Banking. Mr. Gilmer is a 1986 graduate of Clemson University with a bachelors degree in management and a graduate of Leadership Greenville. He has served on the community boards of Metro YMCA and is the past chairman of Cleveland Street YMCA. Other activities include Greenville Chamber of Commerce, United Way loan executive, Greenville Convention and Visitors Bureau and Rotary Club of Greenville. He is active at Buncombe Street United Methodist Church serving in various roles including the Board of Stewards and currently serves on the board of directors for the Bon Secours St. Francis Foundation.

Tecumseh "Tee" Hooper, Jr., 55, Class III director, is a private investor. Since 2002, Mr. Hooper has been the president and chief executive officer of ProfitLab, Inc., a web-based telecom expense management company headquartered in Greenville, South Carolina, and he was recently appointed to serve as the chairman of the South Carolina Department of Transportation. He is also a director of Peregrine Energy, Inc., an energy management company. Mr. Hooper was the president of IKON Office Solutions in Greenville, South Carolina, from 1982 through 2001. From 1994 until 1997, he served as a director of Carolina Investors, a savings and loan institution. Mr. Hooper graduated from The Citadel

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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 board member of the Greenville County Development Board authority, 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 has also served on the board of directors for Leadership Greenville, Leadership South Carolina, the YMCA Metropolitan, and chairman of Patriots Point Development Authority.

James B. Orders, III, 50, Class II director, is the chairman of our board of directors. He has been the president of Park Place Corporation, a company engaged in the manufacture and sale of bedding and upholstered furniture to the wholesale market, since 1986. 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 International Sleep Products Association, 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.

William B. Sturgis, 68, 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 a board member of the Peace Center and a member of the Downtown Rotary Club and Presbyterian Community Foundation.

Family Relationships. Dr. Randolph G. Johnston, III, director, is Fred Gilmer, Jr.'s stepson and Fred Gilmer, III, senior vice president, is Fred Gilmer Jr.'s son. No other director has a family relationship with any other director or executive officer of the company.

Compensation of Directors and Executive Officers

Summary of Cash and Certain Other Compensation

The following table shows the cash compensation we paid to our chief executive officer and president for the years ended December 31, 2002 through 2000 and for all other executives who earned over \$100,000 for the year ended 2002.

Summary Compensation Table

Annual Compensation (1)	Long Term ----- Compensation ----- Awards -----
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Name and Principal Position -----	Year ----	Salary -----	Bonus -----	Number of Securities Underlying Options -----
R. Arthur Seaver	2002	\$137,004	60,000	-
President and Chief Executive Officer of the Company and the Bank	2001	\$130,667	45,000	-
	2000	\$123,100	40,000	-
James M. Austin, III	2002	\$110,000	37,000	2,500
Senior Vice President and Chief Financial Officer of the Company and the Bank	2001	\$104,167	32,000	2,500
	2000	\$ 97,667	22,500	10,000
Fred Gilmer, III	2002	\$ 93,500	57,600	4,000
Senior Vice President of the Bank	2001	\$ 87,125	50,400	2,500
	2000	\$ 81,250	28,100	5,000

Option Grants In Last Fiscal Year

The following table sets forth information concerning the grant of stock options to our named executive officers during the year ended December 31, 2002.

	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (Dollars per Share)	Expiration Date
James M. Austin, III	2,500	21.7%	\$11.35	01/15/12
Fred Gilmer, III	4,000	34.8%	\$11.35	01/15/12

In 2002, we also granted 5,000 options to employees pursuant to the Greenville First Bancshares, Inc. 2001 Stock Incentive Plan, approved by our board of directors and shareholders. We may grant a total of 172,500 stock options under the 2001 Stock Incentive Plan to our officers, directors, and employees.

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Aggregated Option Exercise and Year-end Option Values

Name -----	Number of Unexercised Securities Underlying Options at Fiscal Year End -----		Value of Unexercised Options at Fiscal -----
	Exercisable -----	Unexercisable -----	Exercisable -----

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James M. Austin, III	9,375	5,625	\$ 39,000
Fred Gilmer, III	6,000	5,500	\$ 24,150
R. Arthur Seaver, Jr.	34,500	23,000	\$146,625

Employment Agreements

We have entered into an employment agreement with Art Seaver on July 27, 1999, for an annually renewing three-year term, pursuant to which he serves as the president, the chief executive officer, and a director of both our company and our subsidiary bank. Mr. Seaver was paid an initial salary of \$123,000, plus his yearly medical insurance premium. He also receives 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 eligible to receive an annual bonus of up to 5% of the net pre-tax income of our bank, if the bank meets performance goals set by the board. He is also eligible to participate in any management incentive program of the bank or any long-term equity incentive program and is eligible for grants of stock options and other awards thereunder. Mr. Seaver was granted options to purchase a number of shares of common stock equal to 5% of the number of shares sold in offering, or 57,500 shares. These options vest over a five-year period beginning on the first anniversary of the bank's opening and have a term of ten years. Additionally, Mr. Seaver participates 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 12 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

In 2002, we paid each of our ten outside directors \$200 for each board meeting they attended and \$50 for each committee meeting they attended. Beginning in 2003, we plan to pay our outside directors \$300 for each board meeting they attend and \$150 for each committee meeting they attend.

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Security Ownership of Certain Beneficial Owners and Management

General

The following table shows how much common stock in the company is owned by the directors, certain executive officers, and owners of more than 5% of the outstanding common stock, as of April 1, 2003. In addition, each organizer received 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, or 129,450 shares. The warrants, which are represented by separate warrant agreements, vest over a three year period beginning on January 10, 2001 and are exercisable in whole or in part during the ten year period following that date. Unless otherwise indicated, the mailing address for each beneficial owner is care of Greenville First Bancshares, Inc., 112 Haywood Road, Greenville, South Carolina 29607.

Name -----	Number of Shares Owned(1) -----	Right To Acquire(2) -----	Percentage of Beneficial Ownership(3) -----
James M. Austin, III	7,000	9,375	1.41%
Andrew B. Cajka, Jr.	10,000	5,000	1.30%
Mark A. Cothran	30,000	15,000	3.86%
Leighton M. Cabbage	83,800	40,000	10.40%
Anne S. Ellefson	5,800	-	.50%
David Ellison	7,519	-	.65%
Fred Gilmer, Jr.	17,300	16,150	2.87%
Fred Gilmer, III	1,500	6,750	.71%
Tecumseh Hooper, Jr.	13,000	7,500	1.77%
Rudolph G. Johnstone, III	10,600	5,300	1.38%
Keith J. Marrero	1,500	2,000	.30%
James B. Orders, III	20,100	10,000	2.59%
R. Arthur Seaver, Jr.	12,000	40,500	4.41%
William B. Sturgis	5,975	30,000	3.05%
 All directors and executive officers as a group (14 persons)	 226,094	 187,575	 30.93%

Meetings and Committees of the Board of Directors

During the year ended December 31, 2002, the board of directors of the company held 12 meetings and the board of directors of the bank held 12 meetings. All of the directors of the company and the bank attended at least 75% of the aggregate of such board meetings and the meetings of each committee on which they served.

The company's board of directors has appointed four committees, including

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an audit, personnel, nominating, and finance committee. The audit committee is composed of Mr. Cajka, Mr. Hooper, Mrs. Ellefson, Mr. Marrero, Mr. Sturgis, and Mr. Cabbage. Each of these members is considered "independent" under Rule 4200(a)(14) of the National Association of Securities Dealers' listing standards. The audit committee met two times in 2002. The audit committee functions are set forth in its charter, which was adopted in September 19, 2000. The audit committee has the responsibility of reviewing financial statements, evaluating internal accounting controls, reviewing reports of regulatory authorities, and determining that all audits and examinations required by law are performed. The committee recommends to the board the appointment of the independent auditors for the next fiscal year, reviews and approves the auditor's audit plans, and reviews with the independent auditors the results of the audit and management's responses. The audit committee is responsible for overseeing the entire audit function and appraising the effectiveness of internal and external audit efforts. The audit committee reports its findings to the board of directors.

The personnel committee is composed of Mr. Sturgis, Mr. Cothran, Mr. Cabbage, Dr. Johnstone, Mr. Ellison, Mr. Seaver, and Mr. Marrero. The personnel committee met two times in 2002. The personnel committee has the responsibility of approving the compensation plan for the entire bank and specific compensation for all executive officers. The personnel committee reviews all benefit plans and annually reviews the performance of the chief executive officer.

The finance committee is composed of Mr. Orders, Mr. Cajka, Mr. Cothran, Mrs. Ellefson, Mr. Ellison, Mr. Gilmer, Mr. Hooper, Dr. Johnstone and Mr. Seaver. The finance committee met eleven times in 2002. The finance committee has the responsibility of reviewing the loan policy, investment policy, and the bank's asset/liability structure.

The nominating committee is composed of Mr. Cajka, Ms. Ellefson, and Mr. Hooper. The nominating committee met once in 2003. The nominating committee recommends nominees for election to the Board. The committee is comprised entirely of independent directors. The committee will consider nominees recommended by shareholders if proposals are submitted in accordance with the procedures set forth in the section of this proxy statement entitled "Shareholder Proposals for the 2004 Annual Meeting of Shareholders."

Report of The Audit Committee of the Board

The report of the audit committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the company specifically incorporates the information contained in the report by reference, and shall not be deemed filed under such acts.

The audit committee reviewed and discussed with management the audited financial statements. The audit committee discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61. The audit committee received from the independent auditors the written disclosures and the letter required by the Independence Standards Board Standard No. 1 ("Independence Discussions with Audit Committees") and discussed with the independent auditors the independent auditor's independence from the company and its management. In reliance on the reviews and discussions referred to above, the audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on SEC Form 10-KSB for the fiscal year ended December 31, 2002 for filing with the SEC.

The report of the audit committee is included herein at the direction of its members Mr. Cajka, Mr. Hooper, Mrs. Ellefson, Mr. Marrero, Mr. Sturgis, and Mr. Cabbage.

Audit Fees

The aggregate fees billed for professional services rendered by the independent auditors during our 2002 fiscal year for audit of our annual financial statements and review of those financial statements included in our quarterly reports filed on SEC Form 10-QSB totaled approximately \$20,100.

Financial Information Systems Design and Implementation Fees

We did not engage the independent auditors to provide, and the independent auditors did not bill for, professional services regarding financial information systems design and implementation during the year ended December 31, 2002.

All Other Fees

The aggregate fees billed for non-audit services rendered by the independent auditors during the company's fiscal year totaled \$3,000. Non-audit services included income tax return preparation. The audit committee believes that the provision of those services is compatible with maintaining the auditors' independence.

Certain Relationships and Related Transactions

Interests of Management and Others in Certain Transactions

We enter into banking and other transactions in the ordinary course of business with our directors and officers of the company and the bank and their affiliates. It is our policy that these transactions be on substantially the same terms (including price, or interest rates and collateral) as those prevailing at the time for comparable transactions with unrelated parties. We do not expect these transactions to involve more than the normal risk of collectibility nor present other unfavorable features to us. Loans to individual directors and officers must also comply with our bank's lending policies and statutory lending limits, and directors with a personal interest in any loan application are excluded from the consideration of the loan application. We intend for all of our transactions with our affiliates to be on terms no less favorable to us than could be obtained from an unaffiliated third party and to be approved by a majority of disinterested directors.

We leased our bank's main facility from Halton Properties, LLC for a term of 20 years beginning in 2001. The lease requires us to make a \$27,659 monthly payment for the next year. Mark A. Cothran, one of our directors, is a 50% owner of Halton Properties, LLC. We have conducted two separate appraisals of the lease and the property and believe 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.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

As required by Section 16(a) of the Securities Exchange Act of 1934, our directors, and executive officers and certain other individuals are required to report periodically their ownership of our common stock and any changes in

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ownership to the SEC. Based on a review of Forms 3, 4, and 5 and any representations made to us, it appears that all such reports for these persons were filed in a timely fashion during 2002, except that a timely filing on Form 4 was not made for Mr. Ellison. He purchased 544 shares in February of 2002 for which we filed a late Form 4 in April of 2002.

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Independent Auditors

We have selected the firm of Elliott Davis, LLC to serve as independent auditors to the company for the year ending December 31, 2003. We do not expect a representative of the firm to be present at our annual meeting.

Shareholder Proposals for the 2004 Annual Meeting of Shareholders

If shareholders wish a proposal to be included in our proxy statement and form of proxy relating to the 2004 annual meeting, they must deliver a written copy of their proposal to our principal executive offices no later than December 18, 2003. To ensure prompt receipt by the company, the proposal should be sent certified mail, return receipt requested. Proposals must comply with our bylaws relating to shareholder proposals in order to be included in our proxy materials.

Any shareholder proposal to be made at an annual meeting, but which is not requested to be included in the company's proxy materials, must comply with the company's bylaws, including the following requirements: Proposals for director nominations must be delivered to the company's principal executive offices no later than 90 days prior to the annual meeting of shareholders. Other proposals must be delivered between 30 and 60 days prior to the annual meeting. However, if less than 31 days' notice of the meeting is given to shareholders, the notice must be delivered no later than 10 days following the day on which notice of the meeting was mailed to shareholders.

April 14, 2003

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PROXY SOLICITED FOR ANNUAL MEETING
OF SHAREHOLDERS OF
GREENVILLE FIRST BANCSHARES, INC.
to be held on May 14, 2003

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby constitutes and appoints Fred Gilmer, Jr. and James B. Order, III and each of them, his or her true and lawful agents and proxies with full power of substitution in each, to represent and vote, as indicated below, all of the shares of common stock of Greenville First Bancshares, Inc. that the

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undersigned would be entitled to vote at the Annual Meeting of Shareholders of the company to be held at the bank's main office at 112 Haywood Road, Greenville, South Carolina, at 4:30 p.m. local time, and at any adjournment, upon the matters described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement, receipt of which is acknowledged. These proxies are directed to vote on the matters described in the Notice of Annual Meeting of Shareholders and Proxy Statement as follows:

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted: "for" Proposal No. 1 to elect the four identified Class I directors to serve on the board of directors for three-year terms.

- 1. PROPOSAL to elect the four identified Class III directors to serve for three year terms

Mark A. Cothran
Rudolph G. Johnstone, III, M.D.
Keith J. Marrero
R. Arthur Seaver, Jr.

[] FOR all nominees listed (except as marked to the contrary)
[] WITHHOLD AUTHORITY to vote for all nominees

(INSTRUCTION: To withhold authority to vote for any individual nominee(s), write that nominee's name(s) in the space provided below).

Dated: _____, 2003 Dated: _____, 2003

Signature of Shareholder(s)

Signature of Shareholder(s)

Please print name clearly

Please print name clearly

Please sign exactly as name or names appear on your stock certificate. Where more than one owner is shown on your stock certificate, each owner should sign. Persons signing in a fiduciary or representative capacity shall give full title. If a corporation, please sign in full corporate name by authorized officer. If a partnership, please sign in partnership name by authorized person.