CPP **ANNUAL USE OF CAPITAL SURVEY - 2010**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Greer Bancshares Incorporated

| | | | |
|---|---|---|---|
| Person to be contacted regarding this report: | J. Richard Medlock, Jr. | RSSD: (For Bank Holding Companies) | 3025648 |
| UST Sequence Number: | 355 | Holding Company Docket Number: (For Thrift Holding Companies) | N/A |
| CPP/CDCI Funds Received: | 9,993,000 | FDIC Certificate Number: (For Depository Institutions) | 27-413 |
| CPP/CDCI Funds Repaid to Date: | 0 | Credit Union Charter Number: (For Credit Unions) | N/A |
| Date Funded (first funding): | Jan 30, 2009 | City: | Greer |
| Date Repaid[1]: | N/A | State: | South Carolina |

[1]If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

| | | |
|---|---|---|
| ☐ | Increase lending or reduce lending less than otherwise would have occurred. | |
| ☐ | To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.). | |
| ☒ | Increase securities purchased (ABS, MBS, etc.). | The funds received were invested in investment securities. |

| | | |
|---|---|---|
| ☐ | Make other investments | |
| ☒ | Increase reserves for non-performing assets | The reserve for loan losses was increased by almost $1 million in 2010, as the bank continued to identify problem loans and worked to reduce its non-performing assets. |
| ☒ | Reduce borrowings | Borrowings were reduced by almost $33 million in 2010 as the bank continued to reduce the size of its balance sheet, replace alternative funding with core deposits and strengthen its net interest margin. |
| ☐ | Increase charge-offs | |
| ☐ | Purchase another financial institution or purchase assets from another financial institution | |
| ☐ | Held as non-leveraged increase to total capital | |

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The bank has remained well-capitalized according to regulatory definition as a result of the receipt of TARP funds. In the third quarter of 2008, the bank wrote off approximately $7.5 million relating to Fannie Mae preferred stock. The write down resulted in the bank's capital ratios declining below the minimum to be considered well-capitalized. The receipt of TARP funds in 2009 returned the bank to "well-capitalized" status, which has allowed the bank to manage through the current difficult economic environment, while working to stabilize non-performing assets and move toward regaining profitability.

While the bank has been reduced in size, the TARP funds allowed the bank to be reduced significantly less than would have been required without receipt of the funds.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.