

Board of Governors of the Federal Reserve System



FRB RICHMOND
Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2013

Month / Day / Year

I, Van F. Phillips

Reporter's Name, Street, and Mailing Address

1st Financial Services Corporation

Name of the Holding Company Director and Official

Legal Title of Holding Company

Chairman of the Board of Directors

101 Jack Street

Title of the Holding Company Director and Official

(Mailing Address of the Holding Company) Street / P.O. Box

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

Hendersonville NC 28792
 City State Zip Code

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Physical location (if different from mailing address)

Person to whom questions about this report should be directed:

Mary Dopko Controller
 Name Title

Van F. Phillips
 Signature of Holding Company Director and Official

8286973115

Area Code / Phone Number / Extension

8286973496

Area Code / FAX Number

mdopko@mountain1st.com

E-mail Address

Bank's e-mail address is www.mountain1st.com

Address (URL) for the Holding Company's web page

Date of Signature

3/25/14

For holding companies not registered with the SEC—
 Indicate status of Annual Report to Shareholders:

is included with the FR Y-6 report
 will be sent under separate cover
 is not prepared

For Federal Reserve Bank Use Only

RSSD ID _____
 C.I. _____

Does the reporter request confidential treatment for any portion of this submission?

Yes Please identify the report items to which this request applies:

In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
 The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

No

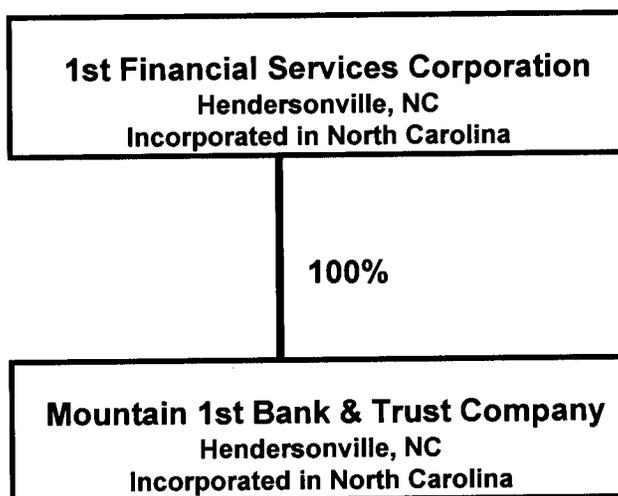
Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

Form FR Y-6

**1st Financial Services Corporation
Hendersonville, North Carolina
Fiscal Year Ended December 31, 2013**

Report Item:

- 1.) **1st Financial Services Corporation is registered with the Securities and Exchange Commission**
- 2.) **Organization Chart**



- 2b.) **The Domestic Branch listing was submitted on March 7, 2014.**

Form FR Y-6

1st Financial Services Corporation
Hendersonville, North Carolina
Fiscal Year Ended December 31, 2013

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation other than 1st Financial Services Corporation	(3)(a) Title and Position with 1st Financial Services Corp.	(3)(b) Title and Position with Mountain 1st Bank & Trust	(3)(c) Title and Position with other businesses	(4)(a) Percentage of Voting Shares in 1st Financial Services Corp.	(4)(b) Percentage of Voting Shares in Mountain 1st Bank & Trust	(4)(c) Names of other companies and percentage of ownership if 25% or more of voting shares are held
William H. Burton Spartanburg, SC	Business Consultant	Director	N/A	Consultant / Management Old Mill Stream, LLC	3.31%	N/A	N/A
Peggy H. Denny Hendersonville, NC	N/A	Chief Administrative Officer	Chief Administrative Officer	N/A	1.02%	N/A	N/A
Michael G. Mayer Hendersonville, NC	N/A	Chief Executive Officer and Director	Chief Executive Officer	Managing Member	0.64%	N/A	MM Candles, LLC - 100%
Van F. Phillips Spruce Pine, NC	Real Estate Developer	Director and Chairman	N/A	Member, Great Meadows, LLC Member, Spruce Pine Shopping Center, LLC Member, Phillips Legacy Holdings, LLC Member, Gap, LLC	3.31%	N/A	Great Meadows, LLC-33% Spruce Pine Shopping Center, LLC-33% Phillips Legacy Holdings, LLC-71% Gap, LLC - 25%
Vincent K. Rees Hendersonville, NC	N/A	President and Director	President and Chief Operating Officer	N/A	2.01%	N/A	N/A
Bradley B. Schnyder Hendersonville, NC	Real Estate Developer	Director	N/A	President Mountainscape, Inc. Member/Manager	2.07%	N/A	Mountainscape, Inc.-100% Windstone Properties, LLC-100% Olde Gate, LLC-50%

Results: A list of branches for your depository institution: MOUNTAIN 1ST BANK & TRUST COMPANY (ID_RSSD: 3261549).

This depository institution is held by 1ST FINANCIAL SERVICES CORPORATION (371S257) of HENDERSONVILLE, NC.

The data are as of 12/31/2013. Data reflects information that was received and processed through 01/07/2014.

Reconciliation and Verification Steps

1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Actions

OK: If the branch information is correct, enter 'OK' in the Data Action column.

Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.

Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.

Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.

Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.

The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
ok		Full Service (Head Office)	3261549	MOUNTAIN 1ST BANK & TRUST COMPANY	101 JACK STREET	HENDERSONVILLE	NC	28792	HENDERSON	UNITED STATES	430252		1 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3624201	ASHEVILLE BRANCH	52 COXE AVENUE	ASHEVILLE	NC	28801	BUNCOMBE	UNITED STATES	440704		4 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3624210	BREVARD BRANCH	19 CHESTNUT STREET, SUITE 7	BREVARD	NC	28712	TRANSYLVANIA	UNITED STATES	450822		7 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3339989	POLK COUNTY BRANCH	80 WALKER STREET	COLUMBUS	NC	28722	POLK	UNITED STATES	437788		3 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3624229	ETOWAH BRANCH	6534 BREVARD ROAD	ETOWAH	NC	28729	HENDERSON	UNITED STATES	451780		9 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3384073	FLETCHER BRANCH	3270 HENDERSONVILLE ROAD	FLETCHER	NC	28732	HENDERSON	UNITED STATES	445472		6 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3624171	FOREST CITY BRANCH	102 WEST MAIN STREET	FOREST CITY	NC	28043	RUTHERFORD	UNITED STATES	467469		13 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3624180	SOUTH HENDERSONVILLE BRANCH	203 GREENVILLE HIGHWAY	HENDERSONVILLE	NC	28792	HENDERSON	UNITED STATES	424213		0 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3837636	HICKORY BRANCH	1880 NORTH CENTER STREET	HICKORY	NC	28601	CATAWBA	UNITED STATES	483139		16 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3624238	MARION BRANCH	174 HIGHWAY 70 WEST	MARION	NC	28752	MCDOWELL	UNITED STATES	451779		8 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3625105	SHELBY BRANCH	800 SOUTH LAFAYETTE STREET	SHELBY	NC	28150	CLEVELAND	UNITED STATES	455380		10 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	
ok		Full Service	3625093	WAYNESVILLE BRANCH	1637 SOUTH MAIN STREET	WAYNESVILLE	NC	28786	HAYWOOD	UNITED STATES	442604		5 MOUNTAIN 1ST BANK & TRUST COMPANY	3261549	