

The Bank of South Carolina



Our people make the difference.

Hugh C. Lane, Jr.

William L. Hiott, Jr.

Our History

- The Bank was organized on October 23, 1986, and our first office opened for business on February 26, 1987.
- It is a wholly-owned subsidiary of Bank of South Carolina Corporation which became effective on April 17, 1995.
- The Bank of South Carolina is a state-chartered financial institution with depository accounts insured by the FDIC.

1987



Charleston

1993



Summerville

1996



Mt. Pleasant

1998



West Ashley

Vision & Bank Philosophy



Focus on our primary competitive advantages:

- Our people
- Our knowledge of the marketplace
- Our ability to respond to customer needs

Focus on the following three markets:

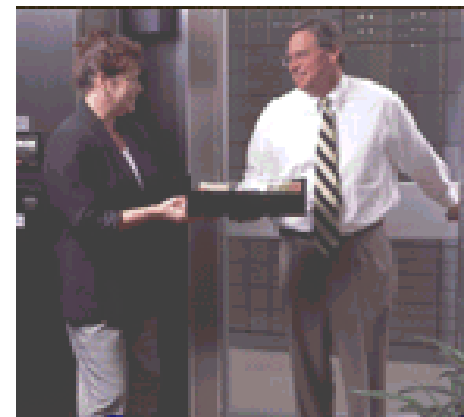
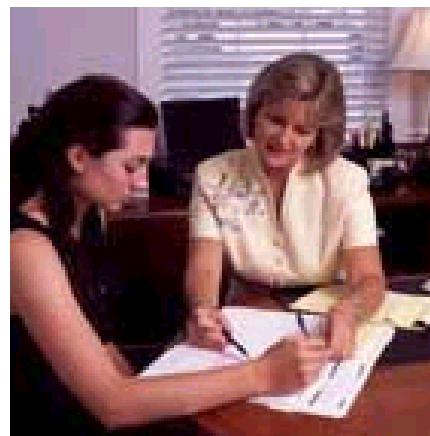
- Local businesses and their owners and managers
- Professionals
- Individuals who desire a higher level of service

We Differentiate Ourselves by Offering...

Personal Service

Responsiveness

Attention to Detail



Courier Service



We save our customers
time and money...

...by picking up their
deposits and bringing
them to the bank.



Internet Banking

The Bank of South Carolina



Our Internet Banking Product has been a tremendous success.

- **28 % of our transaction account holders are actively enrolled**
- **Performing an average of 979 transactions per day**
- **Allowing us to reduce staffing without impacting service**

The Bank of South Carolina



Mortgage Services

Our mortgage department has been a terrific beneficiary of the low rate environment.

Great production in this department has been a significant factor in earnings.



**BANK OF SOUTH CAROLINA CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	JUNE 30, 2003	JUNE 30, 2002	JUNE 30, 2001
ASSETS			
Cash and due from banks	\$ 12,494,072	\$ 8,353,771	\$ 8,007,420
Interest bearing deposits in other banks	7,686	7,596	7,408
Federal funds sold	9,833,865	9,647,036	16,525,000
Investment securities available for sale	20,833,246	23,548,386	28,363,097
Loans	137,209,378	115,284,796	107,499,977
Less: Allowance for loan losses	(1,373,654)	(1,316,435)	(1,188,244)
Net loans	135,835,724	113,968,361	106,311,733
Premises, and equipment and leasehold improvements, net	3,152,114	3,325,828	3,636,331
Accrued interest receivable	611,822	730,534	998,398
Other assets	236,591	123,049	105,473
Total assets	\$183,005,120	\$ 159,704,561	\$ 163,954,860

BANK OF SOUTH CAROLINA CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>JUNE 30, 2003</u>	<u>JUNE 30, 2002</u>	<u>JUNE 30, 2001</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Non-interest bearing demand	\$ 53,060,193	\$ 41,756,449	\$ 37,355,345
Interest bearing demand	32,034,164	27,388,306	25,375,675
Money market accounts	32,671,327	31,525,210	23,610,202
Certificates of deposit \$100,000 and over	16,177,539	13,552,562	20,510,937
Other time deposits	12,978,563	13,824,672	19,191,694
Other savings deposits	13,485,932	7,686,006	8,261,661
Total deposits	<u>160,407,718</u>	<u>135,733,205</u>	<u>134,305,514</u>
Short-term borrowings	2,223,238	3,954,236	9,606,418
Accrued interest payable and other liabilities	<u>870,427</u>	<u>690,832</u>	<u>834,615</u>
Total liabilities	<u>\$163,501,383</u>	<u>\$ 140,378,273</u>	<u>\$ 144,746,547</u>
Shareholders' equity			
Common stock - no par	-	-	
Additional paid in capital	\$ 20,315,087	\$ 16,456,624	\$ 16,456,624
Retained earnings	127,979	3,394,770	2,856,140
Treasury stock; 145,092 at June 30, 2003	(1,497,093)	(1,307,157)	(903,037)
Accum. other comprehensive income, net of taxes	557,764	782,051	798,586
Total shareholders' equity	<u>\$ 19,503,737</u>	<u>\$ 19,326,288</u>	<u>\$ 19,208,313</u>
Total liabilities and shareholders' equity	<u>\$183,005,120</u>	<u>\$ 159,704,561</u>	<u>\$ 163,954,860</u>

	TWELVE MONTHS ENDED DECEMBER 31,	
	2002	2001
Interest and fee income		
Interest and fees on loans	\$ 6,946,892	\$ 8,839,864
Interest and dividends on investment securities	1,458,768	1,812,332
Other interest income	159,882	448,605
Total interest and fee income	<u>\$ 8,565,542</u>	<u>\$ 11,100,801</u>
Interest expense		
Interest on deposits	\$ 1,325,507	\$ 3,244,702
Interest on short-term borrowings	39,297	246,579
Total interest expense	<u>\$ 1,364,804</u>	<u>\$ 3,491,281</u>
Net interest income	\$ 7,200,738	\$ 7,609,520
Provision for loan losses	195,000	335,000
Net interest income after provision for loan losses	<u>\$ 7,005,738</u>	<u>\$ 7,274,520</u>
Other income		
Service charges, fees and commissions	\$ 1,058,608	\$ 852,908
Mortgage banking income	1,255,070	1,125,490
Other non-interest income	2,940	27,246
Gain on sale of securities	35,005	-
Total other income	<u>\$ 2,351,623</u>	<u>\$ 2,005,644</u>
Other expense		
Salaries and employee benefits	\$ 3,904,851	\$ 3,812,318
Net occupancy expense	1,265,665	1,255,903
Other operating expenses	1,381,958	1,489,382
Total other expense	<u>\$ 6,552,474</u>	<u>\$ 6,557,603</u>
Income before income tax expense	\$ 2,804,887	\$ 2,722,561
Income tax expense	946,568	919,610
Net Income	<u>\$ 1,858,319</u>	<u>\$ 1,802,951</u>
Basic earnings per share	<u>\$ 0.73</u>	<u>\$ 0.70</u>
Diluted earnings per share	<u>\$ 0.73</u>	<u>\$ 0.70</u>
Dividends per common share	<u>\$ 0.59</u>	<u>\$ 0.44</u>

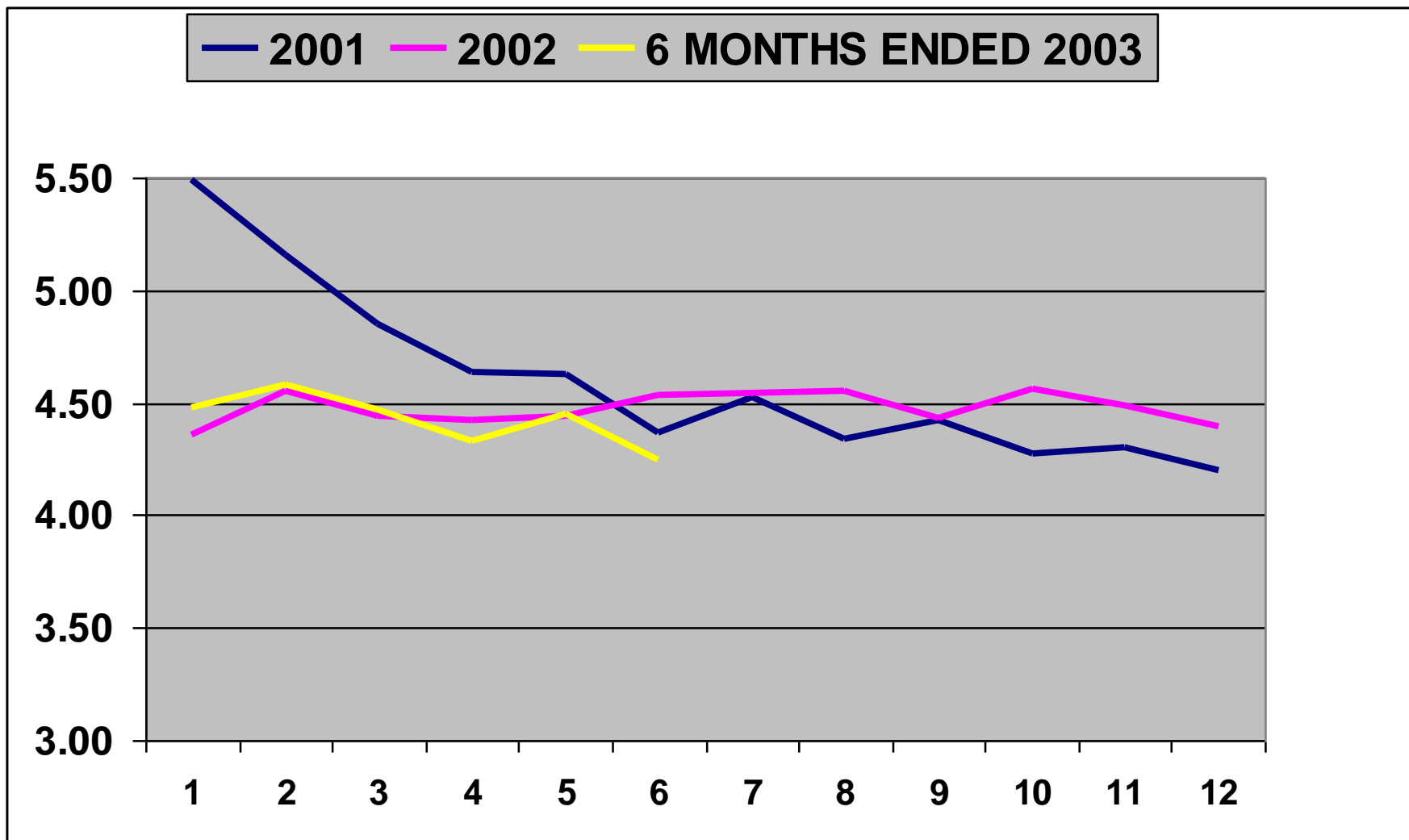
	THREE MONTHS ENDED	
	JUNE 30,	
	<u>2003</u>	<u>2002</u>
Interest and fee income		
Interest and fees on loans	\$ 1,709,456	\$ 1,772,616
Interest and dividends on investment securities	261,101	374,719
Other interest income	<u>19,827</u>	<u>40,132</u>
Total interest and fee income	<u>\$ 1,990,384</u>	<u>\$ 2,187,467</u>
Interest expense		
Interest on deposits	\$ 212,551	\$ 360,904
Interest on short-term borrowings	<u>2,089</u>	<u>7,258</u>
Total interest expense	<u>\$ 214,640</u>	<u>\$ 368,162</u>
Net interest income	\$ 1,775,744	\$ 1,819,305
Provision for loan losses	<u>25,000</u>	<u>75,000</u>
Net interest income after provision for loan losses	<u>\$ 1,750,744</u>	<u>\$ 1,744,305</u>
Other income		
Service charges, fees and commissions	\$ 289,137	\$ 259,629
Mortgage banking income	460,968	238,125
Other non-interest income	8,066	6,014
Gain on sale of securities	<u>18,348</u>	<u>18,348</u>
Total other income	<u>\$ 758,171</u>	<u>\$ 522,116</u>
Other expense		
Salaries and employee benefits	\$ 1,080,501	\$ 934,032
Net occupancy expense	321,157	309,498
Other operating expenses	<u>354,720</u>	<u>345,460</u>
Total other expense	<u>\$ 1,756,378</u>	<u>\$ 1,588,990</u>
Income before income tax expense	\$ 752,537	\$ 677,431
Income tax expense	<u>258,800</u>	<u>228,900</u>
Net Income	<u>\$ 493,737</u>	<u>\$ 448,531</u>
Basic earnings per share (1)	<u>\$ 0.18</u>	<u>\$ 0.16</u>
Diluted earnings per share (1)	<u>\$ 0.18</u>	<u>\$ 0.16</u>
Dividends per common share	<u>\$ 0.11</u>	<u>\$ 0.11</u>

(1)On June 19, 2003 the Corporation declared a 10% stock dividend for the shareholders of record as of June 30, 2003. All share and per share data have been retroactively restated to reflect the stock

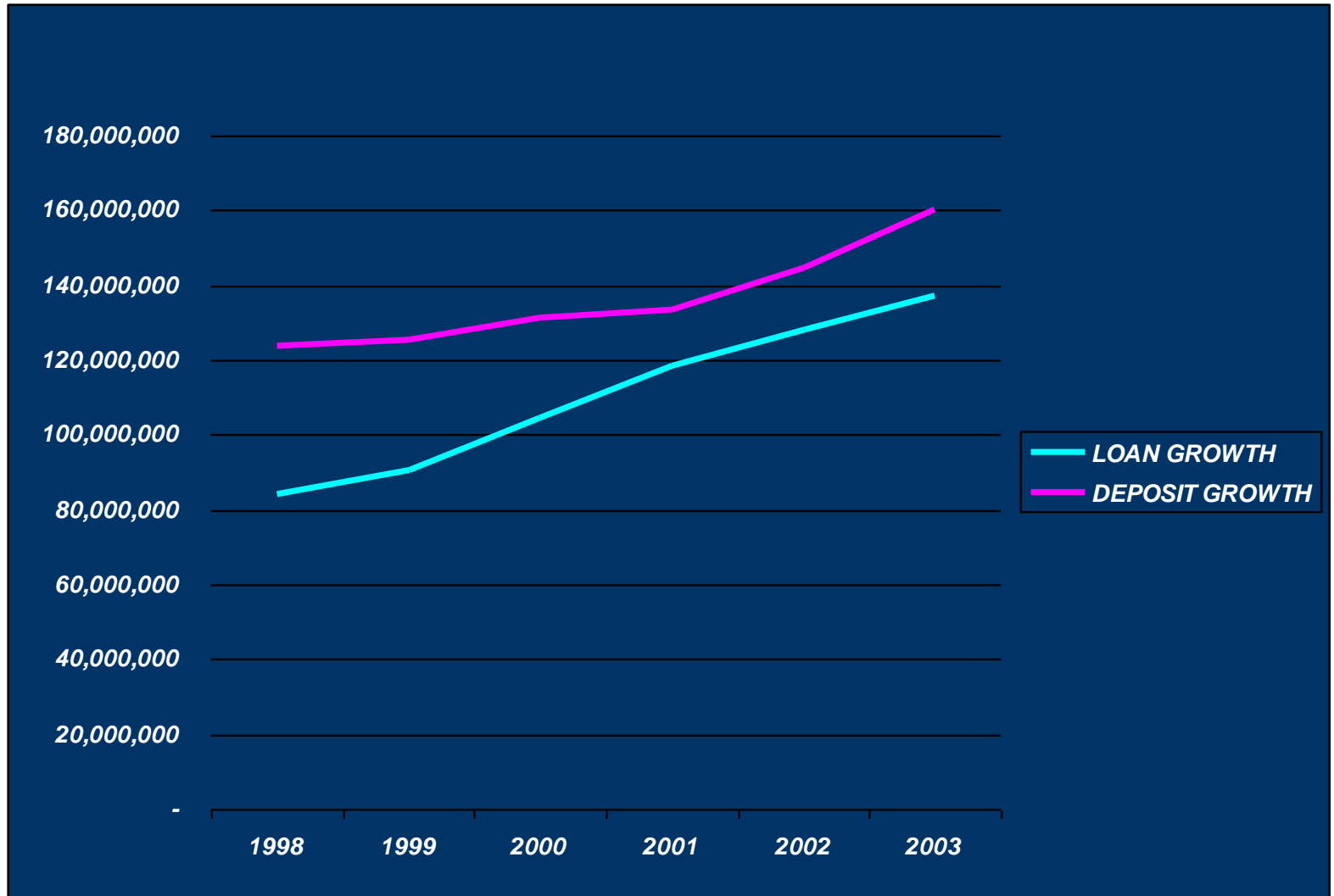
	SIX MONTHS ENDED JUNE 30,	
	<u>2003</u>	<u>2002</u>
Interest and fee income		
Interest and fees on loans	\$ 3,397,763	\$ 3,515,297
Interest and dividends on investment securities	589,790	757,456
Other interest income	39,180	60,825
Total interest and fee income	<u>\$ 4,026,733</u>	<u>\$ 4,333,578</u>
Interest expense		
Interest on deposits	\$ 422,670	\$ 743,631
Interest on short-term borrowings	4,020	22,041
Total interest expense	<u>\$ 426,690</u>	<u>\$ 765,672</u>
Net interest income	\$ 3,600,043	\$ 3,567,906
Provision for loan losses	70,000	125,000
Net interest income after provision for loan losses	<u>\$ 3,530,043</u>	<u>\$ 3,442,906</u>
Other income		
Service charges, fees and commissions	\$ 562,620	\$ 496,597
Mortgage banking income	\$ 803,942	525,840
Other non-interest income	15,080	12,128
Gain on sale of securities	-	35,005
Total other income	<u>\$ 1,381,642</u>	<u>\$ 1,069,570</u>
Other expense		
Salaries and employee benefits	\$ 2,129,216	\$ 1,870,598
Net occupancy expense	648,875	628,378
Other operating expenses	716,573	692,756
Total other expense	<u>\$ 3,494,664</u>	<u>\$ 3,191,732</u>
Income before income tax expense	\$ 1,417,021	\$ 1,320,744
Income tax expense	489,902	444,200
Net Income	<u>\$ 927,119</u>	<u>\$ 876,544</u>
Basic earnings per share (1)	<u>\$ 0.33</u>	<u>\$ 0.31</u>
Diluted earnings per share (1)	<u>\$ 0.33</u>	<u>\$ 0.31</u>
Dividends per common share	<u>\$ 0.22</u>	<u>\$ 0.22</u>

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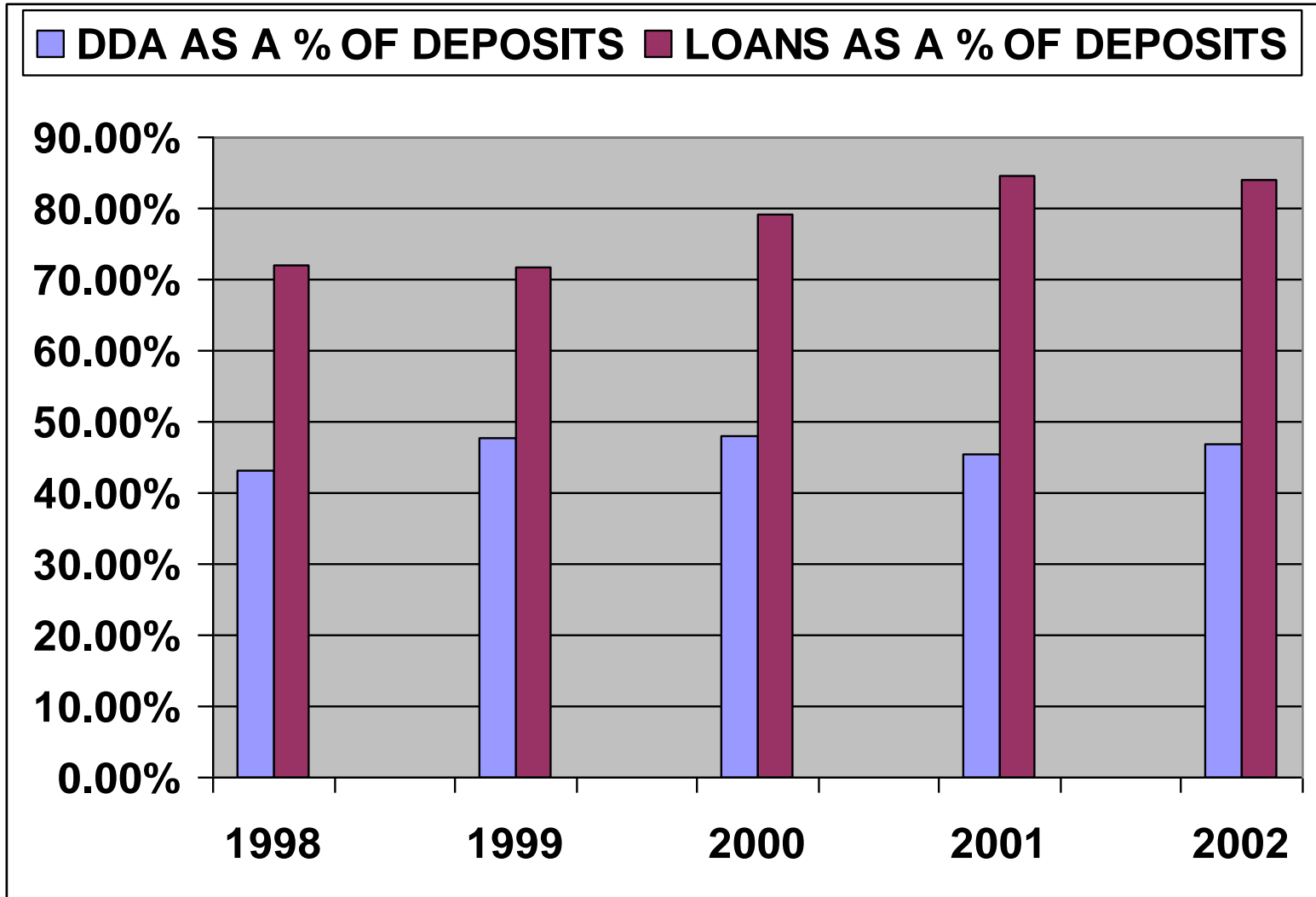
Net Interest Margin 2001- 6 Months Ended 2003



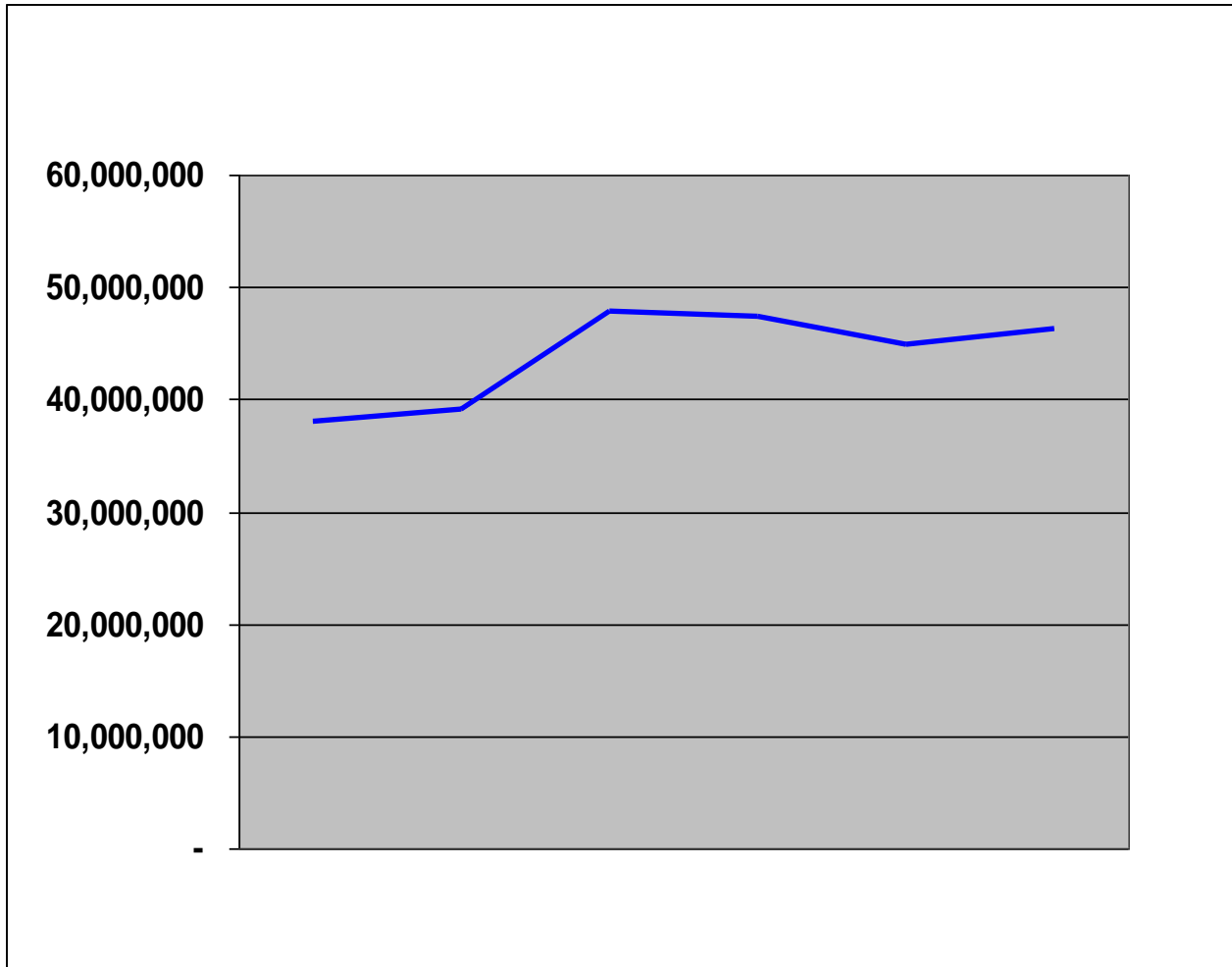
Loan and Deposit Growth 1998-2002 up to 6/30/03



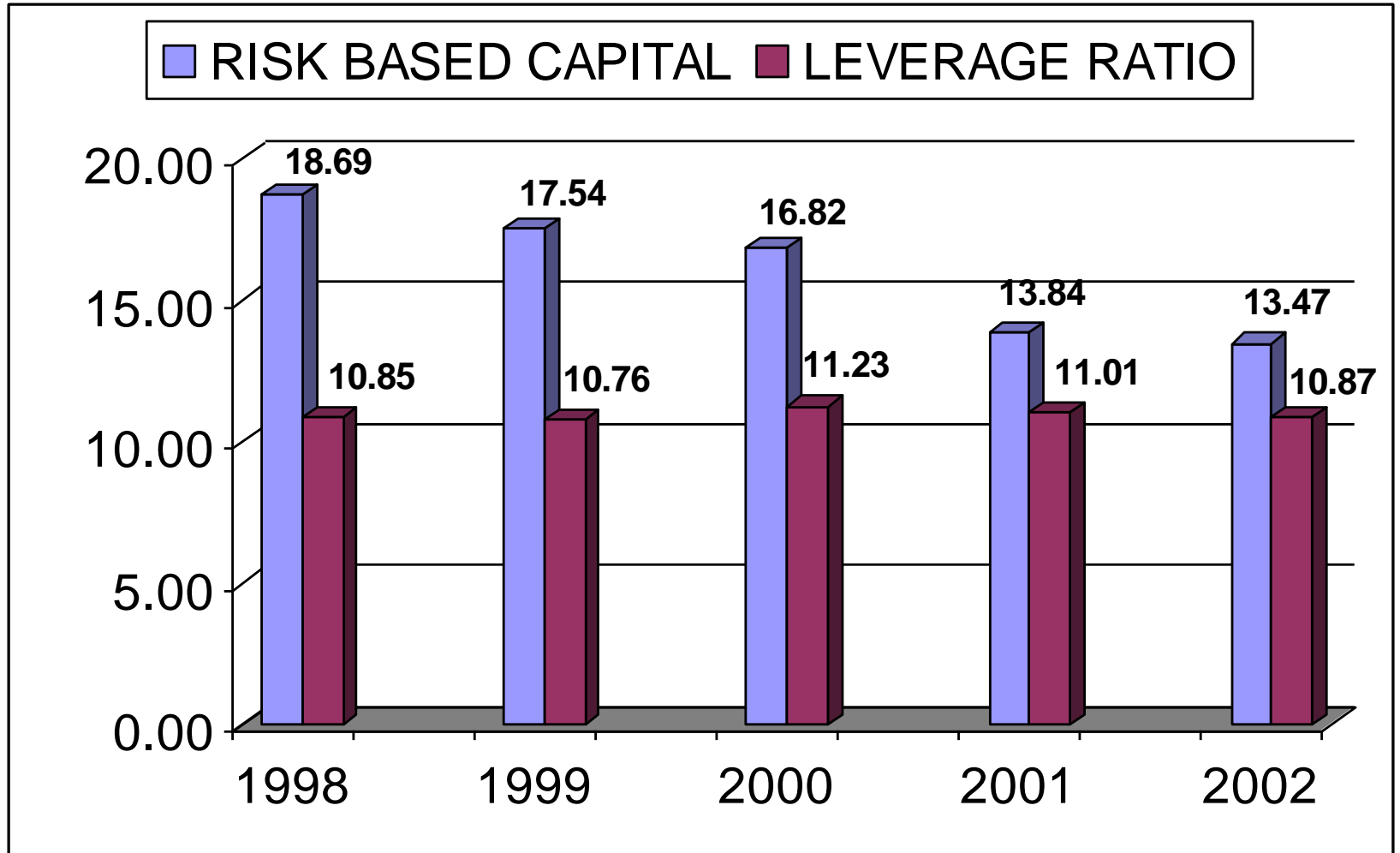
Key Ratios



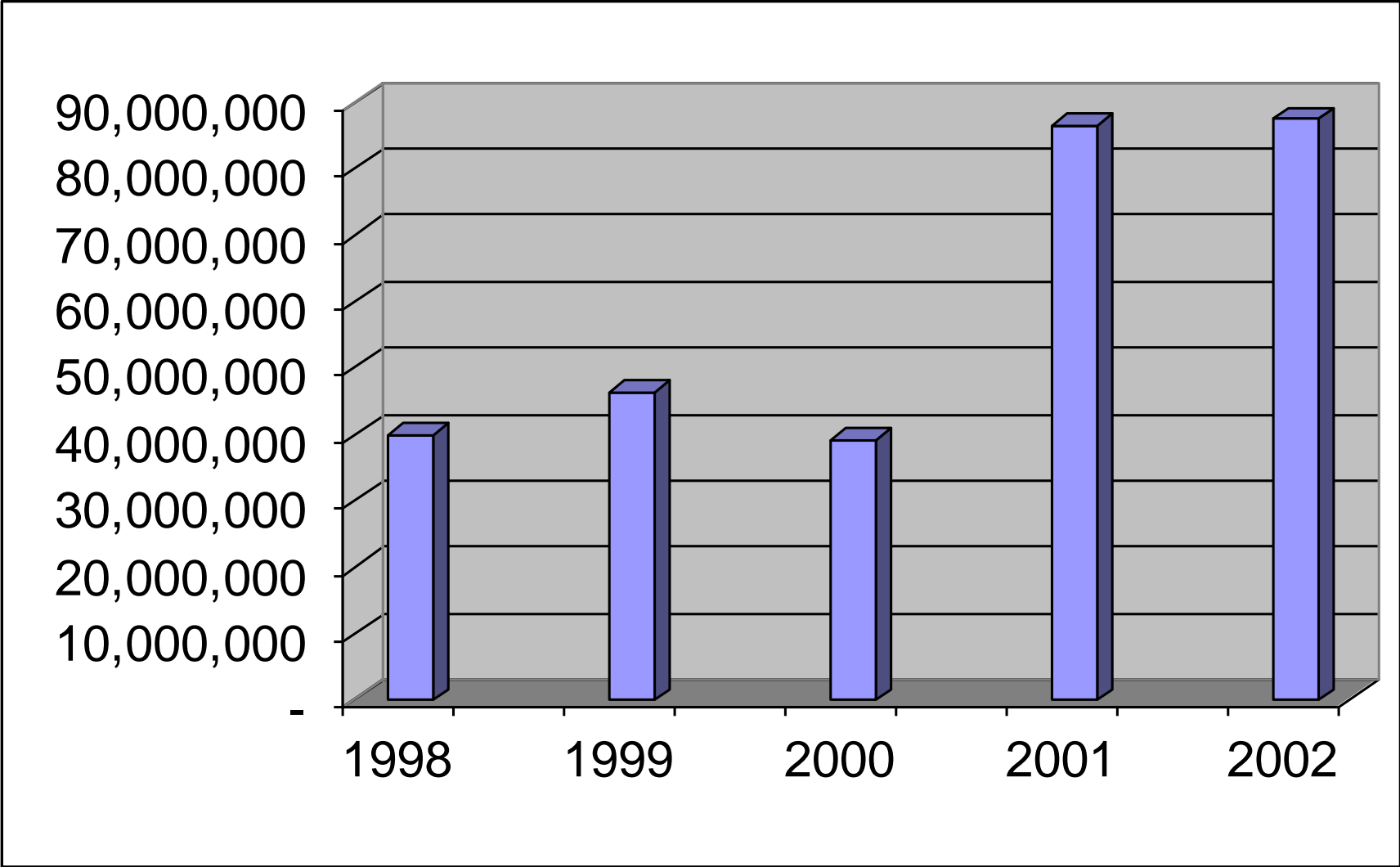
Net Gap for January – June 2003



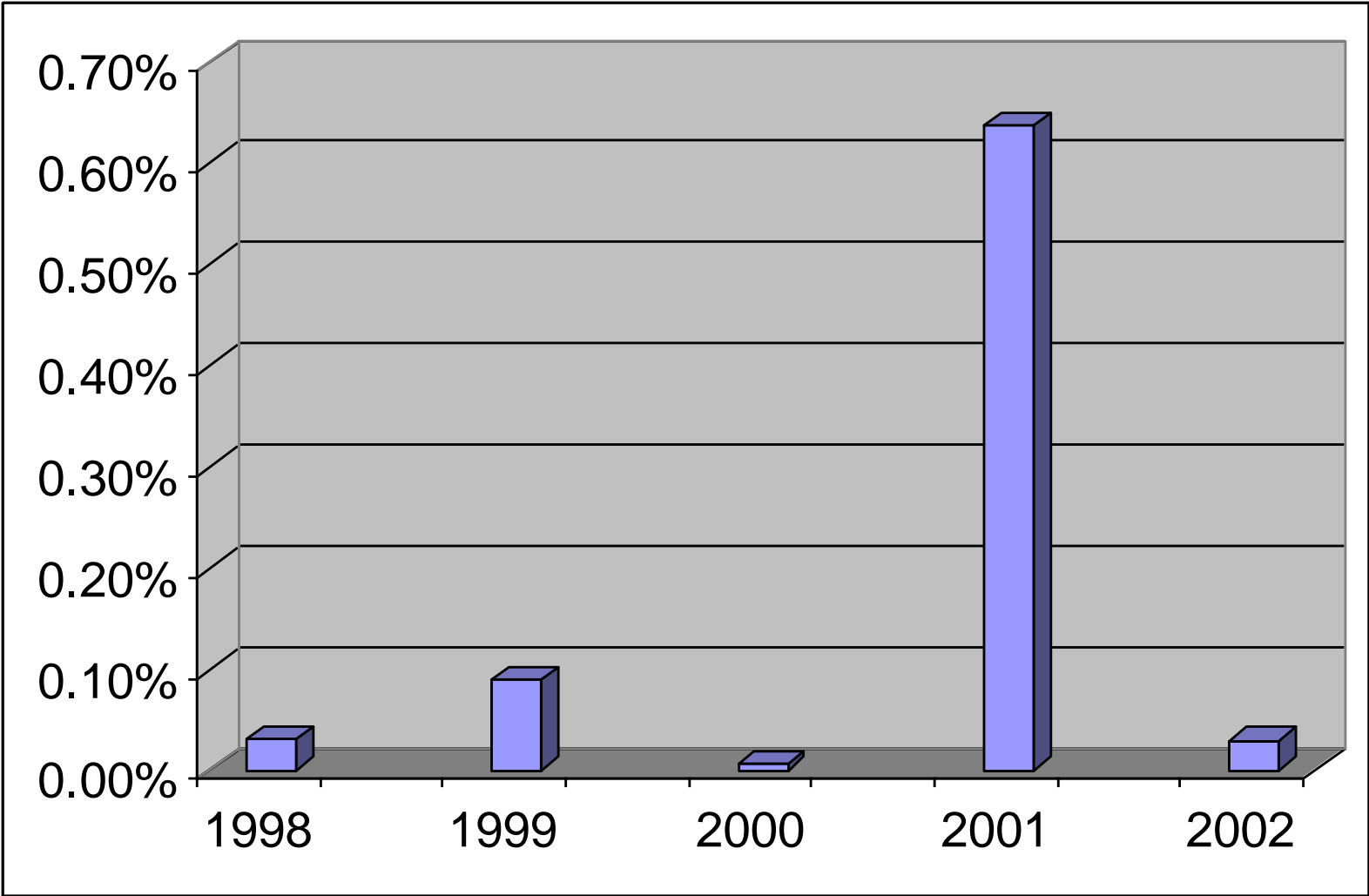
Capital Ratios



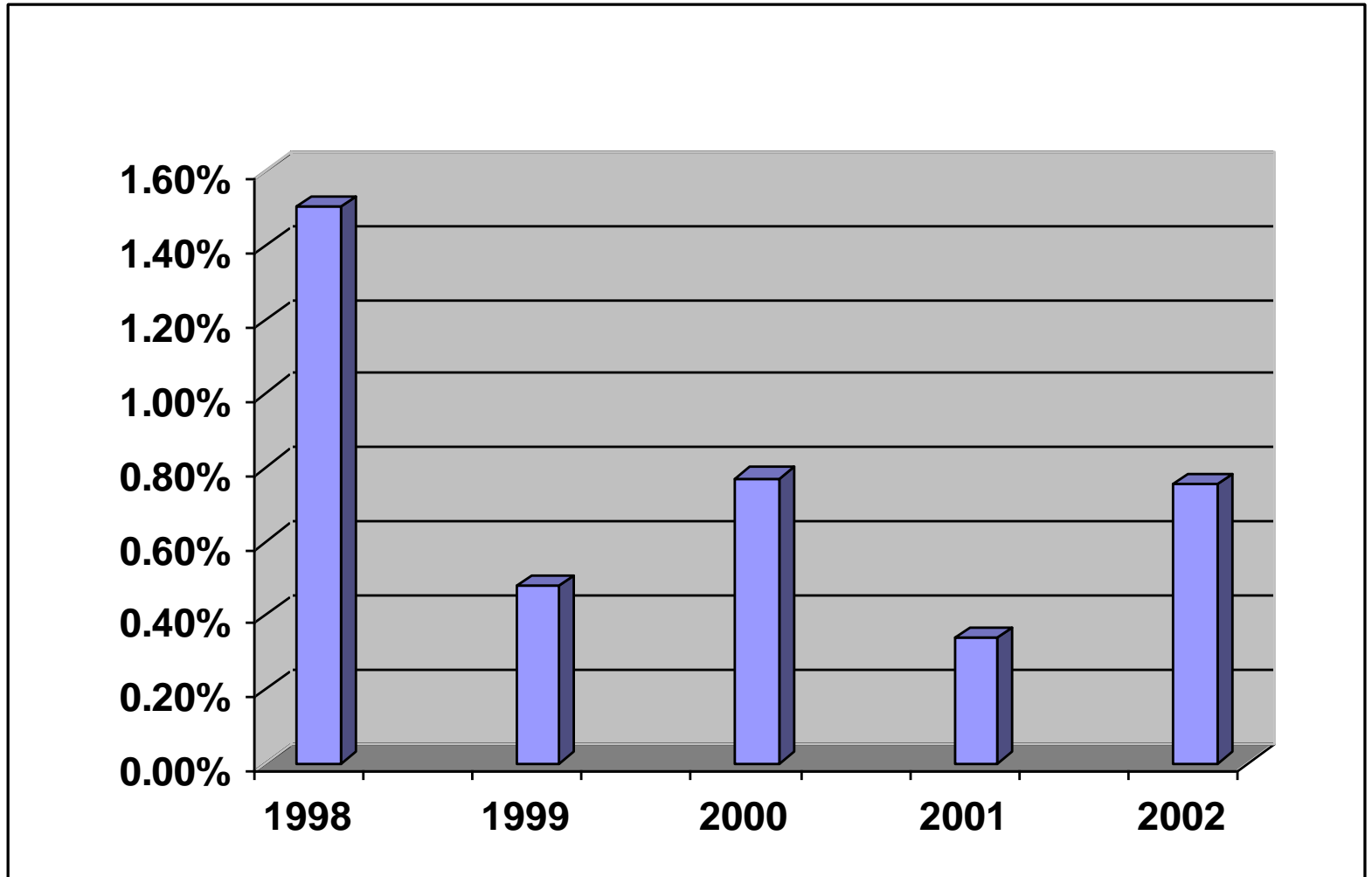
Mortgage Volume



Loan Losses as % of Loans



Past Due Ratio



The Bank of South Carolina



Looking to the Future

Continue to build on our competitive advantages

- Our people
- Our knowledge of the marketplace
- Our ability to respond to customer needs