



News Release

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ABC BANCORP REPORTS AN 11% INCREASE IN THIRD QUARTER EARNINGS

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ABC BANCORP (Nasdaq:ABCB), Moultrie, Georgia, reported net income of \$9.3 million, or \$.95 per basic share, for the nine-month period ended September 30, 2004. Net income for the same period in 2003 was \$8.4 million, or \$.86 per basic share. The results represent an 11% increase in net income per basic share over the same period last year.

Net income for the quarters ended September 30, 2004 and September 30, 2003 was \$3.1 million and \$2.8 million, respectively. Net income per basic share for the quarters ended September 30, 2004 and September 30, 2003 was \$.32 and \$.29, respectively.

The annualized return on average assets for the nine-month periods ended September 30, 2004 and September 30, 2003 was 1.07% and .97%, respectively. The annualized return on average equity for the nine-month periods ended September 30, 2004 and September 30, 2003 was 10.70% and 10.20%, respectively.

The annualized return on average assets for the quarters ended September 30, 2004 and September 30, 2003 was 1.06% and 1.00%, respectively. The annualized return on average equity for the quarters ended September 30, 2004 and September 30, 2003 was 10.54% and 10.20% respectively.

The Company recorded loan loss provisions of \$1.8 million and \$3.0 million during the nine-month periods ended September 30, 2004 and September 30, 2003, respectively. The allowance for loan losses totaled \$15.3 million and \$15.4 million as of

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September 30, 2004 and September 30, 2003, respectively. The allowance for loan losses, as a percentage of total loans, was 1.75% and 1.81% as of September 30, 2004 and September 30, 2003, respectively.

Loans charged off (net of recoveries) totaled \$1.5 million and \$2.5 million for the nine-month periods ended September 30, 2004 and September 30, 2003, respectively. The ratio of loans charged off (net of recoveries) to average loans was .18% and .30% for the nine-month periods ended September 30, 2004 and September 30, 2003, respectively.

Non-performing assets totaled \$6.7 million and \$9.2 million as of September 30, 2004 and September 30, 2003, respectively. The ratio of the allowance for loan losses to non-performing assets was 227% and 167% as of September 30, 2004 and September 30, 2003, respectively. The same ratio, as previously reported, was 206% as of June 30, 2004.

Jack Hunnicutt, ABC Bancorp's Chairman and CEO, said, "Our focus for the last two quarters has centered on asset quality. This has resulted in a non-performing loan ratio of 0.60%, which represents a 34 basis points improvement. Also, our efforts to stabilize interest rate margins were successful with a 19 basis points gain year to date 2004 over 2003." According to Ed Hortman, ABC Bancorp's President and COO, "The improvement in net interest margin is primarily due to the recent rate increases by the Federal Reserve. With asset quality improvement and positive interest rate trends, we expect continued improvement in the fourth quarter and into next year. While the focus on asset quality will not diminish, the Company's focus is expected to shift toward an increase in top line growth in the coming year."

Total assets were \$1.2 billion as of both September 30, 2004 and September 30, 2003. Net loans were \$855 million and \$837 million as of September 30, 2004 and September 30, 2003, respectively, an increase of 2%. Total deposits were \$890 million and \$866 million as of September 30, 2004 and September 30, 2003, respectively, an increase of 2.8%.

At its September 2004 meeting, ABC Bancorp's Board of Directors declared a cash dividend of \$.14 per share payable on October 11, 2004 to shareholders of record as of September 30, 2004.

