FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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SIC: **6022** State commercial banks

Mailing Address
PO BOX 1500
MOULTRIE GA 31776

Business Address
310 FIRST ST NE
MOULTRIE GA 31768
9128901111

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from to

Commission file number: 0-16181

ABC BANCORP (A GEORGIA CORPORATION)
I.R.S. EMPLOYER IDENTIFICATION NUMBER 58-1456434
310 FIRST STREET, S.E., MOULTRIE, GEORGIA 31768
TELEPHONE NUMBER: (912) 890-1111

Securities registered pursuant to Section 12(b) of the Act

None

Securities registered pursuant to Section 12(g) of the Act

Common Stock, Par Value $1 Per Share

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _________

Check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 1, 1999, registrant had outstanding 7,247,965 shares of common stock, $1 par value per share, which is registrant's only class of common stock. The aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately $80,043,000.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Annual Report is incorporated by reference from the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report.

PART I

ITEM 1. BUSINESS OF THE COMPANY AND THE SUBSIDIARY BANKS

ABC Bancorp ("ABC") was organized as a bank holding company under the Federal Bank Holding Company Act of 1956, as amended in 1981 (the"BHCA"), and the bank holding company laws of Georgia.

ABC provides, through its commercial bank subsidiaries described below (sometimes hereinafter referred to as the "Banks"), banking services to individuals and businesses in southwestern and southcentral Georgia and southeastern Alabama. ABC's executive office is located at 310 First Street, S.E., Moultrie, Georgia 31768, and its telephone number is (912) 890-1111. As a registered bank holding company, ABC is subject to the applicable provisions of the Federal Bank Holding Company Act and the Georgia Bank Holding Company Act, as well as to supervision by the Board of Governors of the Federal Reserve System and the State of Georgia Department of Banking and Finance.

ABC's primary business as a bank holding company is to manage the business and affairs of the Banks. The Banks provide a broad range of retail and commercial banking services to its customers, including checking, savings, NOW and money market accounts and time deposits of various types; loans for business, agriculture, real estate, personal uses, home improvement and automobiles, credit cards; letters of credit; trust services; discount brokerage services; through a correspondent bank; IRA's; safe deposit box rentals; bank money orders; and electronic funds transfer services, including wire transfers and automated teller machines. ABC maintains a diversified loan portfolio and makes no foreign or energy-related loans.

While ABC has decentralized certain of its management responsibilities, it maintains efficient centralized operating systems. As a result, corporate policy, strategy and certain administrative policies are established by ABC's board of directors, while lending and community-specific marketing decisions are made primarily by each bank to allow it to respond to differing needs and demands of its own market. Data processing functions are centralized in the ABC's data processing division located in Moultrie, Georgia. Within this framework, the Banks focus on providing personalized services and quality products to their customers to meet the needs of the communities they serve. ABC's objective is to establish itself as a major financial institution in south Georgia and southeast Alabama. Management has pursued this objective through an acquisition-oriented growth strategy and a prudent operating strategy.

As a bank holding company, ABC performs central data processing functions, purchasing functions and other common functions and provides certain management services for its subsidiaries. Normal banking services are conducted by its nine wholly-owned bank subsidiaries.

American Banking Company

American Banking Company ("American Bank") was incorporated on August 3, 1971 and operates a full-service banking business in Moultrie, Colquitt County, Georgia, providing such banking services as checking and savings accounts, various other types of time deposits and money transfers. As of December 31, 1998, American Bank ranked as the second of three banks in Colquitt County on the basis of total deposits.

American Bank finances various commercial, agricultural and consumer transactions and makes and services both secured and unsecured loans to individuals, firms and corporations. American Bank offers several credit card products to its customers. American Bank makes a variety of residential, industrial, commercial and agricultural loans secured by real estate, including interim construction financing. American Bank also offers individual trust services.

At December 31, 1998, American Bank had correspondent relationships with nine other commercial banks in Georgia. American Bank's principal correspondent bank is SunTrust Bank, Atlanta, Georgia. These correspondent banks provide certain services to American Bank such as processing checks and other items, buying and selling federal funds, handling money transfers and exchanges, shipping coin and currency, providing security and safekeeping of funds or other valuable items, and furnishing limited management information and advice. As compensation for these services, American Bank maintains certain balances in noninterest-bearing accounts with those banks.

Heritage Community Bank

Heritage Community Bank ("Heritage Bank") was founded on December 26, 1888, and operates a full-service banking business in the city of Quitman and Brooks County, Georgia. On December 31, 1998, Heritage Bank ranked as the second largest of four banks in Brooks County on the basis of total deposits.

Among the services provided by Heritage Bank are checking accounts and savings accounts, certificates of deposit and money transfers. Heritage Bank finances a variety of agricultural, commercial and consumer transactions and also makes secured and unsecured loans, including loans secured by real estate, to individuals, firms and corporations and purchases installment obligations from retailers without recourse. Heritage Bank also offers several credit card products to its customers. Heritage Bank does not conduct trust activities.

As of December 31, 1998, Heritage Bank had correspondent relationships with four other commercial banks. Heritage Bank's principal correspondent bank is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, Heritage Bank maintains certain balances in noninterest-bearing accounts with those banks.

Bank of Thomas County

The Bank of Thomas County ("Thomas Bank") was incorporated in 1911 and operates a full service banking business in the cities of Coolidge and Thomasville and Thomas County, Georgia, providing such banking services as checking and savings accounts, other types of time deposits and money transfers. As of December 31, 1998, Thomas Bank ranked as the fifth largest of eight banks in Thomas County on the basis of total deposits.

Thomas Bank finances commercial, agricultural and consumer transactions and makes and services both secured and unsecured loans to individuals, firms and corporations. Thomas Bank also offers several credit card products to its customers. Thomas Bank makes a variety of residential, industrial, commercial and agricultural loans secured by real estate, including interim construction financing. Thomas Bank does not conduct trust activities.

At December 31, 1998, Thomas Bank had a correspondent relationship with three other commercial banks. Thomas Bank's principal correspondent bank is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, Thomas Bank maintains certain balances in noninterest-bearing accounts with those banks.

Citizens Security Bank

Citizens Security Bank ("Security Bank") was incorporated in 1945 and operates a full service banking business in the city of Tifton and Tift County, the city of Ocilla and Irwin County, and the city of Douglas and Coffee County Georgia, providing such banking services as checking and savings accounts, other types of time deposits and money transfers. As of December 31, 1998, Security Bank ranked as the third largest of six banks in Tift County on the basis of total deposits.

Security Bank finances commercial, agricultural and consumer transactions and makes and services both secured and unsecured loans to individuals, firms and corporations. Security Bank also offers several credit card products to its customers. Security Bank makes a variety of residential, industrial, commercial and agricultural loans secured by real estate, including interim construction financing. Security Bank does not conduct trust activities.

At December 31, 1998, Security Bank had correspondent relationships with seven other commercial banks. Security Bank's principal correspondent bank is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, Security Bank maintains certain balances in noninterest-bearing accounts with those banks.

Cairo Banking Company

Cairo Banking Company ("Cairo Bank") was incorporated in 1900 and operates a full-service banking business in the city of Cairo and Grady County and Thomas County, Georgia, providing such banking services as checking and savings accounts, other types of time deposits and money transfers. As of December 31, 1998, Cairo Bank ranked as the second largest of five banks in Grady County on the basis of total deposits.

Cairo Bank also finances commercial, agricultural and consumer transactions and makes and services both secured and unsecured loans to individuals, firms and corporations. Cairo Bank offers several credit card products to its customers. Cairo Bank makes a variety of residential, industrial, commercial and agricultural loans secured by real estate, including interim construction financing. Cairo Bank does not conduct trust activities.

At December 31, 1998, Cairo Bank had correspondent relationships with five other commercial banks. Cairo Bank's principal correspondent is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, Cairo Bank maintains certain balances in noninterest-bearing accounts with those banks.

Southland Bank

Southland Bank opened in 1887 through its predecessor, Clayton Banking Company (now a branch of Southland Bank). The Abbeville branch was opened in 1983, followed by the Headland branch in 1984. The main office is located in Dothan, Alabama. Southland Bank's branches are located in the Alabama cities of Abbeville, Clayton, Eufaula and Headland.

All Southland Bank locations offer full service banking, including checking and savings accounts, various types of time deposits and money transfers. Southland Bank offers agricultural, commercial, consumer and real estate lending on both secured and unsecured basis to individuals, businesses and corporations. Southland Bank also provides mortgage loan production and full brokerage capabilities through PFIC Securities. Southland Bank is also a Certified SBA Lender.

As of December 31, 1998, Southland Bank had correspondent relationships with seven other commercial banks. Southland's principal correspondent is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, Southland Bank maintains certain balances in noninterest-bearing accounts with those banks.

Central Bank & Trust

Central Bank & Trust ("Central Bank") was incorporated in 1986 and operates a full-service banking business in the city of Cordele and Crisp County, Georgia, providing such banking services as checking and savings accounts, other types of time deposit and money transfers. As of December 31, 1998, Central Bank was ranked as the third largest of the six banks in Crisp County on the basis of total deposits.

Central Bank also finances commercial, agricultural, consumer and mortgage transactions and makes and services both secured and unsecured loans to individuals, firms and corporations. Central Bank makes a variety of residential, industrial, commercial and agricultural loans secured by real estate, including interim construction financing. Central Bank does not conduct trust activities.

At December 31, 1998, Central Bank had correspondent relationships with six other commercial banks. Central Bank's principal correspondent is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, Central Bank maintains certain balances in noninterest-bearing accounts with those banks.

First National Bank of South Georgia

First National Bank of South Georgia ("First National Bank") commenced operations on May 29, 1991 on the corner of Dawson Road and Westover Boulevard in Albany, Georgia.

First National Bank is a full service commercial bank without trust powers. First National Bank offers a full range of deposit accounts, including interest-bearing and noninterest-bearing checking for commercial and retail customers, regular savings accounts, money market accounts, certificates of deposit and individual retirement accounts. First National Bank originates a variety of loans such as commercial, real estate, home equity and consumer/instalment loans. In addition, First National Bank provides such consumer services as travelers checks, official checks, U.S. Savings bonds, safe deposit boxes, direct deposit services and automated teller services. First National Bank does not conduct trust activities.

At December 31, 1998, First National Bank maintained correspondent relationships with four commercial banks. First National Bank's principal correspondent bank is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, First National Bank maintains certain balances in noninterest-bearing accounts with those banks.

Merchants & Farmers Bank

Merchants & Farmers Bank ("M & F Bank") was incorporated on September 24, 1925, and operates a full service banking business in the city of Donalsonville and Seminole County, Georgia, providing such banking services as checking and savings accounts, other types of time deposits and money transfers. As of December 31, 1998, M & F Bank was the smallest of the three commercial banks in Seminole County on the basis of total deposits.

M & F Bank finances commercial, agricultural and consumer transactions and makes and services both secured and unsecured loans to individuals, firms and corporations. M & F Bank also offers several credit card products to its customers. M & F Bank makes a variety of residential, industrial, commercial and agricultural loans secured by real estate, including interim construction financing. M & F Bank does not conduct trust activities.

At December 31, 1998, M & F Bank had corresponding relationships with five other banks. M & F Bank's primary correspondent bank is SunTrust Bank, Atlanta, Georgia. As compensation for services provided, M & F Bank pays analysis charges based on services rendered.

Market Area and Competition

ABC's market area is located in South Georgia and Southeastern Alabama. The Banks' main offices are located in the southern Georgia cities of Albany, Cairo, Cordele, Donalsonville, Moultrie, Quitman, Thomasville and Tifton, and the southern Alabama cities of Abbeville, Clayton, Dothan, Eufaula and Headland. The Banks have a total of 27 offices located in either the cities or counties in which the main offices are located, or in smaller cities nearby.

ABC's banking facilities are located in communities whose economies are based primarily on agriculture, manufacturing and light industry. Textiles, meat processing and aluminum processing are among the leading manufacturing industries in ABC's market area.

The banking industry in Georgia and Alabama is highly competitive. In recent years, intense market demands, economic pressures, fluctuating interest rates and increased customer awareness of product and service differences among financial institutions have forced banks to diversify their services and become more cost effective. Each of the Banks faces strong competition in attracting deposits and making loans. Their most direct competition for deposits comes from other commercial banks, thrift institutions, credit unions and issuers of securities such as shares in money market funds. Interest rates, convenience of office locations and marketing are all significant factors in the Banks' competition for deposits.

Competition for loans comes from other commercial banks, thrift institutions, savings banks, insurance companies, consumer finance companies, credit unions and other institutional lenders. The Banks compete for loan originations through the interest rates and loan fees they charge and the efficiency and quality of services they provide. Competition is affected by the general availability of lendable funds, general and local economic conditions, current interest rate levels and other factors that are not readily predictable.

Management expects that competition will become more intense in the future due to changes in state and Federal laws and regulations and the entry of additional bank and nonbank competitors. See "Supervision and Regulation".

Lending Policy

ABC has sought to maintain a comprehensive lending policy that meets the credit needs of each of the communities served by the Banks, including low- and moderate-income customers, and to employ lending procedures and policies consistent with this approach. All loans are subject to ABC's written loan policy, which is updated annually and which provides that lending officers have sole authority to approve loans of various maximum amounts depending upon their seniority and experience. Each bank's president has sole discretion to approve loans in varying principal amounts up to specified limits for each president. Each bank's board of directors reviews and approves loans that exceed management's lending authority and, in certain instances, other types of loans. New credit extensions are reviewed daily by each bank's senior management and at least monthly by its board of directors.

The lending officers at each bank have authority to make loans only in the county in which the Bank is located and its contiguous counties. ABC's lending policy requires analysis of the borrower's projected cash flow and ability to service the debt. For agricultural loans, which constitute a significant portion of ABC's loan portfolio, the lending officer visits the borrower regularly during the growing season and re-evaluates the loan in light of the borrower's updated cash flow projections. Under ABC's ongoing loan review program, all loans are subject to sampling and objective review by an assigned loan reviewer who is independent of the originating loan officer.

ABC actively markets its services to qualified lending customers in both the commercial and consumer sectors. ABC's commercial lending officers actively solicit the business of new companies entering the market as well as longstanding members of that market's business community. Through personalized professional service and competitive pricing, ABC has been successful in attracting new commercial lending customers. At the same time, ABC actively advertises its consumer loan products and continually seeks to make its lending officers more accessible.

Each bank continually monitors its loan portfolio to identify areas of concern and to enable management to take corrective action when necessary. Each bank's lending officers and board of directors meet periodically to review all past due loans, the status of large loans and certain other matters. Individual lending officers are responsible for reviewing collection of past due amounts and monitoring any changes in the financial status of the borrowers.

Lending Activities

General. ABC provides a broad range of commercial and retail lending services to corporations, partnerships and individuals, including agricultural, commercial business loans, commercial and residential real estate construction and mortgage loans, loan participations, consumer loans, revolving lines of credit and letters of credit. The loan department of each bank makes direct and indirect loans to consumers and originates and services residential mortgages. In addition, each bank has loan officers who specialize in originating and servicing agricultrual-related loans.

Agricultural-Related Loans. A significant portion of ABC's consolidated loan portfolio is comprised of agricultural loans, described below, and real estate mortgage loans secured by farmland. In addition, due to the predominance of the agricultural industry in ABC's market area, management believes that a significant portion of ABC's commercial and industrial loans are agricultural-related. ABC has not attempted to quantify the amount of its commercial and industrial loans which should be considered agricultural-related loans because virtually all such loans are agricultrual-related to some extent.

Agricultural Loans. ABC classifies loans as agricultural loans if such loans are made for crop production expenses or to finance the purchase of farm-related equipment. Agricultural loans typically involve significant seasonal fluctuations in principal amounts. Although ABC typically looks to an agricultural borrower's cash flow as the principal source of repayment, agricultural loans are also generally secured by a security interest in the crops or the farm-related equipment and, in some cases, an assignment of crop insurance or a mortgage on real estate. In addition, a portion of ABC's agricultural loans are guaranteed by the FmHA Guaranteed Loan Program, described below. Agricultural loans are made with ABC's loan documentation in accordance with ABC's lending policies and are serviced by ABC's loan officers who visit the borrowers at least three times during the growing season to re-evaluate the loan in light of the borrowers' updated cash flows projections. See "Lending Policy." ABC maintains average crop production yield statistics on its agricultural borrowers which allows ABC to more accurately evaluate the borrowers' cash flow projections. In order to minimize the risk of fluctuating commodity prices, ABC encourages its agricultural borrowers to forward contract for the sale of their crops.

All of the Banks participate in the FmHA Guaranteed Loan Program. The FmHA guarantees 90% of the principal of and interest on loans made for the purpose of buying or improving farms; purchasing items necessary for farm operations; and developing or conserving land and water resources. ABC has generally been able to obtain FmHA approval of loans within 10 days after submitting an application.

Commercial and Industrial Loans. General commercial and industrial loans consist of loans made primarily to manufacturers, wholesalers and retailers of goods, service companies and other industries. Management believes that a significant portion of these loans are, to varying degrees, agricultural-related. See "--Agricultural-Related Loans." The Banks have also generated loans which are guaranteed by the U. S. Small Business Administration. Management believes that making such loans helps the local community and also provides ABC with a source of income and solid future lending relationships as such businesses grow and prosper. The primary repayment risk for commercial loans is the failure of the business due to economic or financial factors. Although ABC typically looks to a commercial borrower's cash flow as the principal source of repayment for such loans, many commercial loans are secured by inventory, equipment, accounts receivable and other assets.

Real Estate Loans. ABC's real estate loans are for a term of years, although rarely more than ten, over which period the principal thereof is amortized, and are generally secured by residential real estate, farmland or commercial real estate.

Consumer Lending. ABC's consumer loans include motor vehicle, home improvement, home equity, student and signature loans and small personal credit lines. Many of the Banks also offer credit cards to their customers.

Trust Services. ABC provides personal trust services to its customers through American Bank.

Compliance with Community Reinvestment Act. Each of the Banks has a Community Reinvestment Act Officer who develops and oversees that Bank's Community Reinvestment Act program and makes monthly reports to that Bank's board of directors. The Banks regularly sponsor or participate in community programs designed to ascertain and meet the credit needs of each of the communities they serve, including low and moderate income neighborhoods. Some of these activities include sponsoring minority festivals during Black History Month, participating in community meetings to explain the availability of Small Business Administration, Farmers' Home Loan Administration and Regional Development Center loans, and sponsoring educational seminars for area farmers. In addition, each of the Banks participate in the Georgia Residential Finance Authority program which makes low interest rate loans to rehabilitate low income rental housing.

Deposits

Checking, savings and money market accounts and other time accounts are the primary sources of the Banks' funds for loans and investments. The Banks obtain most of their deposits from individuals and from businesses in their respective market areas.

The Banks have not had to attract new or retain old deposits by paying depositors rates of interest on certificates of deposit, money market and other interest-bearing accounts significantly above rates paid by other banks in the Banks' respective market areas. In the future, increasing competition among banks in the Banks' market areas may cause the Banks' interest margins to shrink. The Banks have never accepted deposits for which a broker's commission was paid.

Investment Activities

ABC's investment policy is designed to maximize income from funds not needed to meet loan demand in a manner consistent with appropriate liquidity and risk objectives. Under this policy, the Banks may invest in federal, state and municipal obligations, public housing authority bonds, industrial development revenue bonds and Government National Mortgage Association ("GNMA") securities. The Banks' investments must satisfy certain investment quality criteria. The Bank's investments must be rated at least "BAA" by either Moody's or Standard and Poor's. Securities rated below "A" are periodically reviewed for creditworthiness. The Banks may purchase non-rated municipal bonds only if the issuer of such bonds is located in a Bank's general market area and such bonds are determined by the purchasing Bank to have a credit risk no greater than the minimum ratings referred to above. Industrial development authority bonds, which normally are not rated, are purchased only if the issuer is located in ABC's market area and if the bonds are considered to possess a high degree of credit soundness. The Banks typically have not purchased a significant amount of GNMA securities, which normally have higher yields than the Banks' other investments.

While ABC's investment policy permits the Banks to trade securities to improve the quality of yields or marketability or to realign the composition of the portfolio, the Banks historically have not done so to any significant extent.

ABC's investment officers implement the investment policy, monitor the portfolio and, reporting to each Bank's investment committee, recommend portfolio strategies. Reports on all purchases, sales, net profits or losses and market appreciation or depreciation of the bond portfolio are reviewed by ABC's board of directors each month. Once a year, the written investment policy is reviewed by ABC's board of directors.

The banks' securities are kept in safekeeping accounts at correspondent banks.

Asset/Liability Management

It is the objective of ABC to manage its assets and liabilities to provide a satisfactory, consistent level of profitability within the framework of established cash, loan, investment, borrowing and capital policies. It is the overall philosophy of ABC's management to support asset growth primarily through growth of core deposits, which include deposits of all categories made by individuals, partnerships, corporations and other entities. See "Management's
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Discussion and Analysis of Financial Condition and Results of Operations."

Properties

The table below sets forth the location, size and other information with respect to the Company's real properties. All properties are owned by ABC or the banks and are unencumbered.

<TABLE>
<CAPTION>

Offices	Used By	Approximate Square Footage
<S>	<C>	<C>
310 First Street, S.E., Moultrie, GA	ABC	7,000
24 Second Avenue, S. E., Moultrie, GA	ABC and American Bank	15,500
225 South Main Street, Moultrie, GA	American Bank	9,000
1707 First Avenue, S.E., Moultrie, GA	American Bank	5,500
137 Broad Street, Doerun, GA	American Bank	3,860
1000 West Screven Street, Quitman, GA	Heritage Bank	11,530
Eastern Brooks County, GA	Heritage Bank	1,100
529 Pine Avenue, Coolidge, GA	Thomas Bank	4,000
111 E. Eighth Street, Tifton, GA	Security Bank	11,700
804 W. Second Street, Tifton, GA	Security Bank	2,000
301 South Irwin Avenue, Ocilla, GA	Security Bank	10,000
100 South Pearle Avenue, Douglas, GA	Security Bank	3,100

201 South Broad Street, Cairo, GA	Cairo Bank	10,000
Hwy. 84 Drive-in, Cairo, GA	Cairo Bank	1,000
12 East Depot Street, Meigs, GA	Cairo Bank	2,700
2484 East Pinetree Boulevard, Thomasville, GA	Thomas Bank	4,800
3299 Ross Clark Circle, Dothan, AL	Southland Bank	21,918
1817 S. Oates St., Dothan, AL	Southland Bank	2,500
204 Kirkland St., Abbeville, AL	Southland Bank	5,300
33 Eufaula St., Clayton, AL	Southland Bank	4,500
1094 S. Eufaula Ave., Eufaula, AL	Southland Bank	2,240
208 Main St., Headland, AL	Southland Bank	2,037
502 Second Street South, Cordele, GA	Central Bank	5,800
1302 Sixteenth Avenue East, Cordele, GA	Central Bank	300
2627 Dawson Road, Albany, GA	First National Bank	8,750
1607 U. S. Highway 19 South, Leesburg, GA	First National Bank	7,000
109 W. Third St., Donalsonville, GA	M & F Bank	8,800
Hwy 374 and 253, Donalsonville, GA	M & F Bank	840

</TABLE>

Employees

At December 31, 1998, ABC and its subsidiaries employed 362 full-time employees and 37 part-time employees. ABC considers its relationship with its employees to be excellent.

ABC has adopted two retirement plans for its employees, the ABC Bancorp 401(k) Profit Sharing Plan and the ABC Bancorp Money Purchase Pension Plan. These plans provide both deferral of compensation by the employees and matching contributions by the Company. ABC and the banks made contributions for all eligible employees in 1998. ABC also maintains a comprehensive employee benefits program providing, among other benefits, hospitalization and major medical insurance and life insurance. Management considers these benefits to be competitive with those offered by other financial institutions in south Georgia and southeast Alabama. ABC's employees are not represented by any collective bargaining group.

SUPERVISION AND REGULATION

General

As a bank holding company, the Company is subject to the regulation and supervision of the Federal Reserve Board (the "FRB") and the Georgia Department of Banking and Finance (the "DBF"). The Subsidiary Banks are subject to supervision and examination by applicable state and Federal banking agencies, including the FRB, the Office of the Comptroller of the Currency (the "OCC"), the Federal Deposit Insurance Corporation (the "FDIC"), the DBF and the State of Alabama Department of Banking. The Subsidiary Banks are also subject to various requirements and restrictions under Federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered. Various consumer laws and regulations also affect the operations of the Banks. In addition to the impact of regulation, commercial banks are affected significantly by the actions of the FRB as it attempts to control the money supply and credit availability in order to influence the economy.

The Federal Bank Holding Company Act requires every bank holding company to obtain the prior approval of the FRB before (i) it may acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank that it does not already control; (ii) it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of a bank; and (iii) it may merge or consolidate with any other bank holding company. In addition, a bank holding company is generally prohibited from engaging in, or acquiring, direct or indirect control of the voting shares of any company engaged in non-banking activities. This prohibition does not apply to activities found by the FRB, by order or regulation, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the activities that the FRB has determined by regulation or order to be closely related to banking are: (i) operating a savings institution, mortgage company, finance company, credit card company or factoring company; (ii) making or servicing loans and certain types of leases; (iii) performing certain data processing services; (iv) acting as fiduciary or investment or financial advisor; (v) providing discount brokerage services; (vi) underwriting bank eligible securities; (vii) underwriting debt and equity securities on a limited basis through separately capitalized subsidiaries; and (viii) making investments in corporations or projects designed primarily to promote community welfare.

In addition, the DBF requires information with respect to the financial condition, operations, management and intercompany relationships of

ABC and the Banks and related matters. The DBF may also require such other information as is necessary to keep itself informed as to whether the provisions of Georgia law and the regulations and orders issued thereunder by the DBF have been complied with, and the DBF may examine ABC. ABC is an "affiliate" of the Banks under the Federal Reserve Act, which imposes certain restrictions on (i) loans by the Banks to ABC; (ii) investments in the stock or securities of ABC by the Banks; (iii) the Bank's taking the stock or securities of an "affiliate" as collateral for loans by the Banks to a borrower; and (iv) the purchase of assets from ABC by the Banks. Further, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit, lease or sale of property or furnishing of services.

Payment of Dividends and Other Restrictions

ABC is a legal entity separate and distinct from its subsidiaries. There are various legal and regulatory limitations under federal and state law on the extent to which ABC's subsidiaries can pay dividends or otherwise supply funds to ABC.

The principal source of ABC's cash revenues is dividends from its subsidiaries and there are certain limitations under federal and state laws on the payment of dividends by such subsidiaries. The prior approval of the FRB or the applicable state commissioner, as the case may be, is required if the total of all dividends declared by any state member bank of the Federal Reserve System in any calendar year exceeds the Bank's net profits (as defined) for that year combined with its retained net profits for the preceding two calendar years, less any required transfers to surplus or a fund for the retirement of any preferred stock. The relevant federal and state regulatory agencies also have authority to prohibit a state member bank or bank holding company, which would include ABC and the Banks from engaging in what, in the opinion of such regulatory body, constitutes an unsafe or unsound practice in conducting its business. The payment of dividends could, depending upon the financial condition of the subsidiary, be deemed to constitute such an unsafe or unsound practice.

Under Georgia law (which would apply to any payment of dividends by the Georgia Banks to ABC), the prior approval of the DBF is required before any cash dividends may be paid by a state bank if: (i) total classified assets at the most recent examination of such bank exceed 80% of the equity capital (as defined, which includes the reserve for loan losses) of such bank; (ii) the aggregate amount of dividends declared or anticipated to be declared in the calendar year exceeds 50% of the net profits (as defined) for the previous calendar year; or (iii) the ratio of equity capital to adjusted total assets is less than 6%.

Retained earnings of the Banks available for payment of cash dividends under all applicable regulations without obtaining governmental approval were approximately $3 million as of December 31, 1998.

In addition, the Banks are subject to limitations under Section 23A of the Federal Reserve Act with respect to extensions of credit to, investments in, and certain other transactions with, ABC. Furthermore, loans and extensions of credit are also subject to various collateral requirements.

The FRB has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the FRB's view that a bank holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earning retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The FRB also indicated that it would be inappropriate for a holding company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the prompt corrective action regulations adopted by the FRB, the FRB may prohibit a bank holding company from paying any dividends if one or more of the holding company's bank subsidiaries are classified as undercapitalized.

Bank holding companies are required to give the FRB prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of their consolidated net worth. The FRB may disapprove such a purchase or redemption if it determines that the proposal would continue an unsafe or unsound practice or would violate any law, regulation, FRB order, or any condition imposed by, or written agreement with, the FRB. This notification requirement does not apply to any company that meets the well-capitalized standard for commercial banks, has a safety and soundness examination rating of at least a "2" and is not subject to any unresolved supervisory issues.

Capital Adequacy

The FRB has adopted risk-based capital guidelines for bank holding companies. The minimum ratio of total capital to risk-weighted assets (including certain off-balance sheet items, such as standby letters of credit) is 8%. At least half of the total capital is to be composed of common stock, minority interests in the equity accounts of consolidated subsidiaries, noncumulative perpetual preferred stock and a limited amount of perpetual preferred stock, less goodwill ("Tier I capital"). The remainder may consist of subordinated debt, other preferred stock and a limited amount of loan loss reserves.

In addition, the FRB has established minimum leverage ratio guidelines for bank holding companies. These guidelines provide for a minimum ratio of Tier I capital to total assets, less goodwill (the leverage ratio) of 3% for bank holding companies that meet certain specified criteria, including those having the highest regulatory rating. All other bank holding companies generally are required to maintain a leverage ratio of at least 3% plus an additional cushion of 100 to 200 basis points. The guidelines also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Furthermore, the FRB has indicated that it will consider a tangible Tier I capital leverage ratio (deducting all intangibles) and other indications of capital strength in evaluating proposals for expansion or new activities.

Section 38 to the Federal Deposit Insurance Act, as revised in December 1992, implements the prompt corrective action provisions that Congress enacted as a part of the Federal Deposit Insurance Corporation Improvement Act of 1991 (the "FDIC Act"). The "prompt corrective action" provisions set forth five regulatory zones in which all banks are placed largely based on their capital positions. Regulators are permitted to take increasingly harsh action as a bank's financial condition declines. Regulators are also empowered to place in receivership or require the sale of a bank to another depository institution when a bank's capital leverage ratio reaches two percent. Better capitalized institutions are generally subject to less onerous regulation and supervision than banks with less amounts of capital.

Under the regulations of the FDIC implementing the prompt corrective action provisions of the FDIC Act, financial institutions are placed in the following five categories based upon capitalization ratios: (i) a "well capitalized" institution has a total risk-based capital ratio of at least 10%, a Tier I risk-based ratio of at least 6% and a leverage ratio of at least 5%; (ii) an "adequately capitalized" institution has a total risk-based capital ratio of at least 8%, a Tier I risk-based ratio of at least 4% and a leverage ratio of at least 4%; (iii) an "undercapitalized" institution has a total risk-based capital ratio of under 8%, a Tier I risk-based ratio of under 4% or a leverage ratio of under 4%; (iv) a "significantly undercapitalized" institution has a total risk-based capital ratio of under 6%, a Tier I risk-based ratio of under 3% or a leverage ratio of under 3%; and (v) a "critically undercapitalized" institution has a leverage ratio of 2% or less. Institutions in any of the three undercapitalized categories would be prohibited from declaring dividends or making capital distributions. The FDIC regulations also establish procedures for "downgrading" an institution to a lower capital category based on supervisory factors other than capital.

The downgrading of an institution's category is automatic in two situations: (i) whenever an otherwise well-capitalized institution is subject to any written capital order or directive; and (ii) where an undercapitalized institution fails to submit or implement a capital restoration plan or has its plan disapproved. The Federal banking agencies may treat institutions in the well-capitalized, adequately capitalized and undercapitalized categories as if they were in the next lower level based on safety and soundness considerations relating to factors other than capital levels.

All insured institutions regardless of their level of capitalization are prohibited by the FDIC Act from paying any dividend or making any other kind of capital distribution or paying any management fee to any controlling person if following the payment or distribution the institution would be undercapitalized. While the prompt corrective action provisions of the FDIC Act contain no requirements or restrictions aimed specifically at adequately capitalized institutions, other provisions of the FDIC Act and the agencies' regulations relating to deposit insurance assessments, brokered deposits and interbank liabilities treat adequately capitalized institutions less favorably than those that are well-capitalized.

Under the FDIC's regulations, all of the Banks are "well capitalized" institutions.

The OCC's regulations establish two capital standards for national banks: a leverage requirement and a risk-based capital requirement. In addition, the OCC may, on a case-by-case basis, establish individual minimum capital requirements for a national bank that vary from the requirements which would otherwise apply under OCC regulations. A national bank that fails to satisfy the capital requirements established under the OCC's regulations will be subject to such administrative action or sanctions as the OCC deems appropriate.

The leverage ratio adopted by the OCC requires a minimum leverage ratio of 3% for national banks rated composite 1 under the CAMEL rating system for banks. National banks not rated composite 1 under the CAMEL rating system for banks are required to maintain a minimum leverage ratio of 4% to 5%, depending upon the level and nature of risks of their operations. For purposes of the OCC's leverage requirement, Tier I capital generally consists of common stockholders' equity and retained income and certain non-cumulative perpetual preferred stock and related income, except that no intangibles and certain purchased mortgage servicing rights and purchased credit card relationships may be included in capital.

The risk-based capital requirements established by the OCC's regulations require national banks to maintain total capital equal to at least 8% of total risk-weighted assets. For purposes of the risk-based capital requirement, total capital means Tier 1 capital plus Tier 2 capital, provided that the amount of Tier 2 capital may not exceed the amount of Tier 1 capital, less certain assets. The components of Tier 2 capital include certain permanent and maturing capital instruments that do not qualify as core capital and general valuation loan and lease loss allowances up to a maximum of 1.25% of risk-weighted assets.

The OCC has revised its risk-based capital requirements to permit the OCC to require higher levels of capital for an institution in light of its interest rate risk. In addition, the OCC has proposed that a bank's interest rate risk exposure would be qualified using either the measurement system set forth in the proposal or the institution's internal model for measuring such exposure, if such model is determined to be adequate by the institution's examiner. Small institutions that are highly capitalized and have minimum interest rate risk would be exempt from the rule unless otherwise determined by the OCC. The Company has not determined what effect, if any, the OCC's proposed interest rate risk component would have on the Company's national bank subsidiary's capital if adopted as proposed.

Support of Subsidiary Banks

Under the FRB policy, ABC is expected to act as a source of financial strength to, and to commit resources to support, each of the Banks. This support may be required at times when, absent such FRB policy, ABC may not be inclined to provide it. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Under the Financial Institutions Reform, Recovery and Enforcement Act, a depository institution insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to any commonly controlled FDIC-insured depository institution in danger of default. Default is defined generally as the appointment of a conservator or receiver, and in danger of default is defined generally as the existence of certain conditions indicating that a default is likely to occur in the absence of regulator assistance. The FDIC's claim for damages is superior to claims of depositors, secured creditors and holders of subordinated debt (other than affiliates) of the commonly controlled insured depository institution.

FDIC Insurance Assessments

The Banks are subject to FDIC deposit insurance assessments for the Bank Insurance Fund (the "BIF"), which as of December 31, 1998, ranged from 0 to 27 basis points per $100 of insured deposits, based on the risk a particular institution poses to its deposit insurance fund. The risk classification is based on an institution's capital group and supervisory subgroup assignment.

On September 30, 1996, the President signed the Deposit Insurance Fund Act of 1996 ("DIFA") which was part of the omnibus spending bill enacted by Congress at the end of its 1996 session. DIFA provides that the FDIC may not set semi-annual assessments with respect to the BIF in excess of the amount needed to maintain the 1.25% designated reserve ratio or, if the reserve ratio is less than the designated reserve ratio, to increase the reserve ratio to the designated reserve ratio. In addition, DIFA mandates the merger of BIF and the Savings Association Insurance Fund (the "SAIF"), effective January 1, 1999, only if no insured depository institution is a savings association on that date. The combined deposit insurance fund would be called the "deposit insurance fund" or "DIF".

DIFA also imposes assessments against both SAIF and BIF deposits to avoid predicted default on the bonds issued by the Financing Corporation

("FICO") as deposits in savings institutions continue to decline. DIFA amends the Federal Home Loan Bank Act to impose the FICO assessment against both SAIF and BIF deposits beginning after December 31, 1996. The assessment imposed on insured depository institutions with respect to any BIF-assessable deposit will be assessed at a range equal to one-fifth of the rate (approximately 1.3 basis points) of the assessments imposed on insured depository institutions with respect to any SAIF-asssessable deposit (approximately 6.7 basis points). The FICO assessment for 1996 was paid entirely by SAIF-insured institutions, but BIF-insured banks will pay the same FICO assessment as SAIF-insured institutions beginning as of the earlier of December 31, 1999, or the date as of which the last savings association ceases to exist.

Community Reinvestment Act

The Banks are subject to certain fair lending requirements and reporting obligations involving home mortgage lending operations and Community Reinvestment Act ("CRA") activities. The CRA generally requires the Federal banking agencies to evaluate the record of a financial institution in meeting the credit needs of its local communities, including low and moderate income neighborhoods. In addition to substantial penalties and corrective measures that may be required for a violation of certain fair lending laws, the Federal banking agencies may take compliance with such laws and CRA into account when regulating and supervising other activities.

A bank's compliance with its CRA obligations is based on a performance-based evaluation system which bases CRA ratings on an institution's lending service and investment performance. When a bank holding company applies for approval to acquire a bank or other bank holding company, the FRB will review the assessment of each subsidiary bank of the applicant bank holding company, and such records may be the basis for denying the application. In connection with its assessment of CRA performance, the appropriate bank regulatory agency assigns a rating of "outstanding", "satisfactory", "needs to improve" or "substantial noncompliance". As of December 31, 1998, all of the Banks had a CRA rating of at least satisfactory.

On April 19,1995, the four Federal bank regulatory agencies adopted revisions to the regulations promulgated pursuant to the CRA, which are intended to set distinct assessment standards for financial institutions. The revised regulations contains three evaluation tests: (i) a lending test which will compare the institution's market share of loans in low- and moderate-income areas to its market share of loans in its entire service area and the percentage of a bank's outstanding loans to low- and moderate-income areas or individuals; (ii) a services test which will evaluate the provisions of services that promote the availability of credit to low- and moderate-income areas; and (iii) an investment test, which will evaluate an institution's record of investments in organizations designed to foster community development, small- and minority-owned businesses and affordable housing lending, including state and local government housing or revenue bonds. The regulation is designed to reduce some paperwork requirements of the current regulations and provide regulators, institutions and community groups with a more objective and predictable manner with which to evaluate the CRA performance of financial institutions. The rule became effective on January 1, 1996, at which time evaluation under streamlined procedures were scheduled to begin for institutions with assets of less than $250 million that are owned by a holding company with total assets of less than $1 billion. Congress and various Federal agencies (including, in addition to the bank regulatory agencies, the Department of Housing and Urban Development, the Federal Trade Commission and the Department of Justice) (collectively, the "Federal Agencies") responsible for implementing the nation's fair lending laws have been increasingly concerned that prospective home buyers and other borrowers are experiencing discrimination in their efforts to obtain loans. In recent years, the Department of Justice has filed suit against financial institutions, which it determined had discriminated, seeking fines and restitution for borrowers who allegedly suffered from discriminatory practices. Nearly all of these suits have been settled (some for substantial sums) without a full adjudication on the merits.

On March 8, 1994, the Federal Agencies, in an effort to clarify what constitutes lending discrimination and specify the factors the agencies will consider in determining if lending discrimination exists, announced a joint policy statement detailing specific discriminatory practices prohibited under the Equal Opportunity Act and the Fair Housing Act. In the policy statement, three methods of proving lending discrimination were identified: (i) over evidence of discrimination, when a lender blatantly discriminates on a prohibited basis; (ii) evidence of disparate treatment, when a lender treats applicants differently based on a prohibited factor even where there is no showing that the treatment was motivated by prejudice or a conscious intention to discriminate against a person; and (iii) evidence of disparate impact, when a lender applies a practice uniformly to all applicants, but the practice has a discriminatory effect, even where such practices are neutral on their face and are applied equally, unless the practice can be justified on the basis of business necessity.

On September 23, 1994, President Clinton signed the Reigle Community Development and Regulatory Improvement Act of 1994 (the "Regulatory Improvement Act"). The Regulatory Improvement Act contains funding for community development projects through banks and community development financial institutions and also numerous regulatory relief provisions designed to eliminate certain duplicative regulations and paperwork requirements.

Other Regulatory Action

On September 29, 1994, President Clinton signed the Reigle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Federal Interstate Bill") which amended Federal law to permit bank holding companies to acquire existing banks in any state effective September 29, 1995, and to permit any interstate bank holding company to merge its various bank subsidiaries into a single bank with interstate branches after May 31, 1997. States have the authority to authorize interstate branching prior to June 1, 1997, or, alternatively, to opt out of interstate branching prior to that date. The Georgia Financial Institutions Code was amended in 1994 to permit the acquisition of a Georgia bank or bank holding company by out-of-state bank holding companies beginning July 1, 1995. On September 29, 1995, the interstate banking provisions of the Georgia Financial Institutions Code were superseded by the Federal Interstate Act.

The Federal Interstate Act authorizes the OCC and FDIC to approve interstate branching de novo by national and state banks, respectively, only in states which specifically allow for such branching. The Federal Interstate Act also requires the appropriate Federal banking agencies to prescribe regulations by June 1, 1997 which prohibit any out-of-state bank from using the interstate branching authority primarily for the purpose of deposit production. These regulations must include guidelines to ensure that interstate branches operated by an out-of-state bank in a host state are reasonably helping to meet the credit needs of the communities which they serve.

Other legislative proposals are pending before Congress, the effect of which would reform the Glass-Steagall Act to allow banks and bank holding companies to engage in additional types of non-banking activities as well as effect regulatory relief for financial institutions. The regulatory relief provisions contained in several bills would, if enacted, eliminate or reduce and simplify disclosures and reporting requirements contained in current statues and regulations. The likelihood of enactment of any of the pending or proposed legislation is unknown.

In February 1996, Georgia adopted the "Georgia Interstate Branching Act," which permits Georgia-based banks and bank holding companies owning or acquiring banks outside of Georgia and all non-Georgia banks and bank holding companies owning or acquiring banks in Georgia the right to merge any lawfully acquired bank into an interstate branch network. The Georgia Interstate Branching Act also allows banks to establish de novo branch banks on a limited basis between July 1, 1996 and June 30, 1998. Beginning July 1, 1998, the number of de novo bank branches which may be established will no longer be limited.

Monetary Policy

The earnings of ABC are affected by domestic and foreign economic conditions, particularly by the monetary and fiscal policies of the United States government and its agencies.

The FRB has had, and will continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order, among other things, to mitigate recessionary and inflationary pressures by regulating the national money supply. The techniques used by the Federal Reserve Bank include setting the reserve requirements of member banks and establishing the discount rate on member bank borrowings. The FRB also conducts open market transactions in United States government securities.

Federal Home Loan Bank System

All of the Banks have correspondent relationships with the Federal Home Loan Bank of Atlanta ("FHLB Atlanta"), which is one of 12 regional Federal Home Loan Banks ("FHLBs") that administer the home financing credit function of savings companies. Each FHLB serves as a reserve or central bank for its members within its assigned region. FHLBs are funded primarily from proceeds derived from the sale of consolidated obligations of the FHLB System and make loans to members (i.e., advances) in accordance with policies and procedures, established by the Board of Directors of the FHLB which are subject to the oversight of the Federal Housing Finance Board. All advances from the FHLB are required to be fully secured by sufficient collateral as determined by the FHLB.

In addition, all long-term advances are required to provide funds for residential home financing.

FHLB Atlanta provides certain services to certain of the Banks such as processing checks and other items, buying and selling Federal funds, handling money transfers and exchanges, shipping coin and currency, providing security and safekeeping of funds or other valuable items, and furnishing limited management information and advice. As compensation for these services, the Banks maintain certain balances with FHLB Atlanta in noninterest-bearing accounts.

Under Federal law, the FHLBs are required to provide funds for the resolution of troubled savings companies and to contribute to low- and moderately-priced housing programs through direct loans or interest subsidies on advances targeted for community investment and low- and moderate-income housing projects.

The Federal Financial Institutions Examination Council recently issued an interagency statement to the chief executive officers of all federally supervised financial institutions regarding year 2000 project management awareness. It is expected that unless financial institutions address the technology issues relating to the coming of the year 2000, there will be major disruptions in the operations of financial institutions. The statement provides guidance to financial institutions, providers of data services, and all examining personnel of the federal bank regulatory agencies regarding the year 2000 problem. The federal bank regulatory agencies intend to conduct year 2000 compliance examinations, and the failure to implement a year 2000 program may be seen by the federal bank regulatory agencies as an unsafe and unsound banking practice. If a federal bank regulatory agency determines that the Banks are operating in an unsafe and unsound manner, the Banks may be required to submit a compliance plan. Failure to submit a compliance plan or to implement an accepted plan may result in enforcement action being taken, which may include a cease and desist order and fines.

Future Requirements

Statutes and regulations are regularly introduced which contain wide-ranging proposals for altering the structure, regulations and competitive relationships of the nation's financial institutions. It cannot be predicted whether or in what form any proposed statute or regulation will be adopted or the extent to which the business of ABC or any of the Banks may be affected by such statute or regulation.

ITEM 2. PROPERTIES

The principal properties of ABC consist of the properties of the Banks. For a description of the properties of the Banks, see "Item 1 - Business of ABC and the Banks - Properties" included elsewhere in this Annual Report.

ITEM 3. LEGAL PROCEEDINGS

Neither ABC nor any of the Banks is a party to, nor is any of their property the subject of, any material pending legal proceedings, other than ordinary routine proceedings incidental to the business of the Banks, nor to the knowledge of the management of ABC are any such proceedings contemplated or threatened against it or the Banks.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

No matters were submitted to a vote of ABC's shareholders during the fourth quarter of 1998.

ITEM 4.5 EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the executive officers of ABC.

<TABLE>
<CAPTION>

Name, Age and Term as Officer	Position with the Registrant	Principal Occupation for the Last Five Years and Other Directorships
<S>	<C>	<C>
Kenneth J. Hunnicutt; 62; Officer since 1981	President, Chief Executive Officer and Director	Chief Executive Officer of ABC Bancorp since 1994 and President since 1981. Mr. Hunnicutt served as Senior President of American Bank from 1989 to 1991 and as

		President of American Bank from 1975 to 1989 and currently serves as a director of each of the banks.
W. Edwin Lane, Jr; 44; Officer since January 1, 1995	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer of ABC Bancorp since January 1, 1995. Mr. Lane served as Controller of First Liberty Bank, Macon, Georgia from August 1992 to December 1994. Mr. Lane was associated with Mauldin & Jenkins, Certified Public Accountants, from 1985 to 1992, where he served as an audit manager from 1989 to 1992.

</TABLE>

Officers serve at the discretion of the Board of Directors.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

(a) The following table sets forth: (a) the high and low bid prices for the common stock as quoted on Nasdaq-NMS during 1997 and 1998; and (b) the amount of quarterly dividends declared on the common stock during the periods indicated.

<TABLE>
<CAPTION>

Calendar Period 1998	Bid Prices Low	Bid Prices High	Cash Dividends Declared
<S>	<C>	<C>	<C>
First quarter	$ 16.500	$ 20.375	$ .10
Second quarter	15.750	18.125	.10
Third quarter	11.500	16.375	.10
Fourth quarter	12.000	13.250	.10

</TABLE>

<TABLE>
<CAPTION>

Calendar Period 1997	Bid Prices Low	Bid Prices High	Cash Dividends Declared
<S>	<C>	<C>	<C>
First quarter	$ 13.375	$ 16.375	$ .08
Second quarter	15.500	17.250	.10
Third quarter	16.000	17.375	.10
Fourth quarter	15.625	19.875	.10

</TABLE>

(b) As of March 1, 1999, there were approximately 1,433 holders of record of the Common Stock.

(c) ABC paid an annual dividend on its common stock of $.40 and $.38 per share for fiscal years 1998 and 1997, respectively.

. Selected Consolidated Financial Information

The following table presents selected consolidated financial information for ABC. The data set forth below are derived from the audited consolidated financial statements of ABC. The selected financial data should be read in conjunction with, and are qualified in their entirety by, the Consolidated Financial Statements and the Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein.

<TABLE>
<CAPTION>

	Year Ended December 31,				
	1998	1997	1996	1995	1994
	(Dollars in Thousands, Except Per Share Data)				
<S>	<C>	<C>	<C>	<C>	<C>

Selected Balance Sheet Data:					
Total assets	$724,946	$691,886	$673,162	$531,243	$464,084
Total loans	477,194	490,244	452,844	319,471	285,575
Total deposits	633,325	600,711	577,905	466,317	409,645
Investment securities	154,546	123,219	135,266	101,695	96,200
Shareholders' equity	71,834	68,153	62,970	51,955	45,753
Selected Income Statement Data:					
Interest income	$ 59,894	$ 58,649	$ 50,586	$ 40,951	$ 33,021
Interest expense	26,444	25,950	22,324	17,367	12,717
Net interest income	33,450	32,699	28,262	23,584	20,304
Provision for loan losses	5,505	2,731	1,919	1,241	988
Other income	9,699	7,736	6,532	4,904	4,466
Other expenses	27,996	27,139	22,878	18,127	17,072
Income before tax	9,648	10,565	9,997	9,120	6,710
Income tax expense	2,735	3,119	2,839	2,752	1,945
Net income	$ 6,913	$ 7,446	$ 7,158	$ 6,368	$ 4,765
Per Share Data:					
Net income - basic	$ 0.95	$ 1.03	$ 1.01	$ 0.95	$ 0.76
Net income - diluted	0.95	1.02	1.01	0.95	0.76
Book value	9.95	9.40	8.69	7.76	6.87
Tangible book value	8.78	8.12	7.69	7.40	6.46
Dividends	0.40	0.38	0.32	0.28	0.23
Profitability Ratios:					
Net income to average total assets	0.99%	1.10%	1.21%	1.34%	1.11%
Net income to average stockholder's equity	10.07	11.35	12.19	13.01	12.83
Net interest margin	5.25	5.36	5.24	5.43	5.14

</TABLE>

SELECTED CONSOLIDATED FINANCIAL INFORMATION (Continued)

<TABLE>
<CAPTION>

<S>	Year Ended December 31,				
	1998	1997	1996	1995	1994
	(Dollars in Thousands, Except Per Share Data)				
	<C>	<C>	<C>	<C>	<C>
Loan Quality Ratios:					
Net charge-offs to total loans	0.62%	0.48%	0.39%	0.16%	0.25%
Reserve for loan losses to total loans and OREO	2.13	1.55	1.60	1.84	1.81
Nonperforming assets to total loans and OREO	1.99	2.41	1.39	1.08	1.50
Reserve for loan losses to nonperforming loans	116.25	75.86	135.34	215.91	124.53
Reserve for loan losses to total nonperforming assets	107.25	64.38	115.59	170.68	120.97
Liquidity Ratios:					
Loans to total deposits	75.35%	81.61%	78.36%	68.51%	69.71%
Loans to average earnings assets	74.85	80.45	84.04	73.53	72.32
Noninterest-bearing deposits to total deposits	15.78	15.00	15.06	17.56	17.14
Capital Adequacy Ratios:					
Common stockholders' equity to total assets	9.91%	9.85%	9.35%	9.78%	9.86%
Total stockholders' equity to total assets	9.91	9.85	9.35	9.78	9.86
Dividend payout ratio	42.11	36.89	31.68	29.47	30.26

</TABLE>

. SELECTED CONSOLIDATED FINANCIAL INFORMATION (Continued)

SELECTED QUARTERLY FINANCIAL DATA:

<TABLE>
<CAPTION>

Quarters Ended December 31, 1998

	4	3	2	1
	(Dollars in Thousands, Except Per Share Data)			
Selected Income Statement Data:				
Interest income	$ 15,024	$ 15,268	$ 14,880	$ 14,722
Net interest income	8,528	8,517	8,254	8,151
Net income	3,558	1,502	1,619	234
Per Share Data:				
Net income - basic	0.49	0.21	0.22	0.03
Net income - diluted	0.49	0.21	0.22	0.03
Dividends	0.10	0.10	0.10	0.10

	Quarters Ended December 31, 1997			
	4	3	2	1
	(Dollars in Thousands, Except Per Share Data)			
Selected Income Statement Data:				
Interest income	$ 14,990	$ 14,858	$ 14,570	$ 14,231
Net interest income	8,397	8,107	8,125	8,070
Net income	2,037	1,528	2,022	1,859
Per Share Data:				
Net income - basic	0.28	0.21	0.28	0.26
Net income - diluted	0.28	0.20	0.28	0.25
Dividends	0.10	0.10	0.10	0.08

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Information

ABC's 1998 Annual Report contains forward-looking statements in addition to historical information. ABC cautions that there are various important factors that could cause actual results to differ materially from those indicated in the forward-looking statements; accordingly, there can be no assurance that such indicated result will be realized. These factors include legislative and regulatory initiatives regarding deregulation and restructuring of the banking industry; the extent and timing of the entry of additional competition in ABC's markets; potential business strategies, including acquisitions or dispositions of assets or internal restructuring, that may be pursued by ABC, state and federal banking regulations; changes in or application of environmental and other laws and regulations to which ABC is subject; political, legal and economic conditions and developments; financial market conditions and the results of financing efforts; changes in commodity prices and interest rates; weather, natural disasters and other catastrophic events; and other factors discussed in ABC's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K. The words "believe", "expect", "anticipate", "project", and similar expressions signify forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements made by or on behalf of ABC. Any such statement speaks only as of the date the statement was made. ABC undertakes no obligation to update or revise any forward looking statements. Additional information with respect to factors that may cause results to differ materially from those contemplated by such forward-looking statements is included in the ABC's current and subsequent filings with the Securities and Exchange Commission.

General

ABC's principal asset is its ownership of the Banks. Accordingly, its results of operations are primarily dependent upon the results of operations of the Banks. The Banks conduct a commercial banking business which consists of attracting deposits from the general public and applying those funds to the origination of commercial, consumer and real estate loans (including commercial loans collateralized by real estate). The Banks' profitablity depends primarily on net interest income, which is the difference between interest income generated from interest-earning assets (i.e., loans and investments) less the interest expense incurred on interest-bearing liabilities (i.e., customer deposits and borrowed funds). Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities, and the interest rate paid and earned on these balances. Net interest income is dependent upon the Banks' interest rate spread, which is the difference between the average yield earned on its interest-earning assets and the average rate paid on its interest-bearing liabilities. When interest-earning assets approximates or exceeds interest-bearing liabilities, any positive interest rate spread will generate interest income. The interest rate spread is impacted by interest rates, deposit flows and loan demand. Additionally, and to a lesser extent, the profitability of the Banks is affected by such factors as the level of noninterest income and expenses, the provision for loan losses and the effective tax rate. Noninterest income consists primarily of service charges on deposit accounts and other fees and income from the sale of loans and investment securities. Noninterest expenses consist of compensation and benefits, occupancy-related expenses, deposit insurance premiums paid to the FDIC and other operating expenses.

Results of Operations for Years Ended December 31, 1998, 1997 and 1996

ABC's results of operations are determined by its ability to effectively manage interest income and expense, to minimize loan and investment losses, to generate noninterest income and to control noninterest expense. Since interest rates are determined by market forces and economic conditions beyond the control of ABC, the ability to generate net interest income is dependent upon the ability of the Banks to obtain an adequate spread between the rate earned on interest-earning assets and the rate paid on interest-bearing liabilities. Thus, the key performance measure for net interest income is the interest margin or net yield, which is taxable-equivalent net interest income divided by average earning assets.

The primary component of consolidated earnings is net interest income, or the difference between interest income on interest-earning assets and interest paid on interest-bearing liabilities. The net interest margin is net interest income expressed as a percentage of average interest-earning assets. Interest-earning assets consist of loans, investment securities and federal funds sold. Interest-bearing liabilities consist of deposits, Federal Home Loan Bank borrowings and other short-term borrowings. A portion of interest income is earned on tax-exempt investments such as state and municipal bonds. In an effort to state this tax-exempt income and its resultant yields on a basis comparable to all other taxable investments, an adjustment is made to analyze this income on a taxable-equivalent basis.

The net interest margin decreased 13 basis points or 2.38% to 5.34% in 1998 as compared to 5.47% in 1997. This decrease in net interest margin resulted from a decrease of 23 basis points in average yield earned on interest-earning assets accompanied by a decrease of 5 basis points in average rate paid on interest-bearing liabilities. Interest earned on loans decreased 22 basis points; interest earned on Federal funds sold decreased 49 basis points; interest earned on securities, including interest-bearing deposits in banks, decreased 25 basis points; while interest paid on interest-bearing liabilities decreased 5 basis points. Net interest income on a taxable-equivalent basis was $34,063,000 in 1998 as compared to $33,320,000 in 1997, representing an increase of $743,000 or 2.23%. Net interest income on a taxable-equivalent basis was $33,320,000 in 1997 as compared to $28,790,000 in 1996, representing an increase of $4,530,000 or 15.73%. Net interest margin increased 2.43% to 5.47% in 1997 from 5.34% in 1996 on an increase of 13.11% in average interest-earning assets and an increase of 14.87% in average interest-bearing liabilities. Interest earned on average interest-earning assets increased 23 basis points to 9.72% in 1997 as compared to 9.49% in 1996, while interest paid on interest-bearing liabilities increased 6 basis points to 4.94% in 1997 as compared to 4.88% in 1996.

Average interest-earning assets increased $28,001,000 or 4.59% to $637,501,000 in 1998 from $609,500,000 in 1997. Average loans increased $20,374,000; average investments, including interest-bearing deposits in banks, increased $10,078,000; and average federal funds sold decreased $2,451,000. The increase in average interest-earning assets was funded by an increase in average deposits of $31,060,000 or 5.39% to $607,039,000 in 1998 from $575,979,000 in 1997. By comparison, average interest-earning assets increased $70,659,000 or 13.11% to $609,500,000 in 1997 from $538,841,000 in 1996. The increase in average interest-earning assets in 1997 was funded by an increase in average deposits of $73,336,000, or 14.59%. In 1998 and 1997, approximately 14% of the average deposits were noninterest-bearing deposits.

The allowance for loan losses represents a reserve for potential losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated periodically based on a review of all significant loans, with a particular emphasis on nonaccruing, past due and other loans that management believes require attention. ABC segregates its loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risks within the portfolio. In addition, based on internal reviews and external reviews performed by independent auditors and regulatory authorities, ABC further segregates its loan portfolio by loan classifications within each type of loan based on an assessment of risk for a particular loan or group of loans. Certain reviewed loans require specific allowances. Allowances are provided for other types and classifications of loans based on anticipated loss rates. Allowances are also provided for loans that are reviewed by management and considered creditworthy and loans for which management determines no review is required. In establishing allowances, management considers historical loan loss experience with an emphasis on current loan quality trends, current economic conditions and other factors in the markets where the subsidiary banks operate. Factors considered include among others, unemployment rates, effect of weather on agriculture and significant local economic events, such as major plan closings.

The provision for loan losses is a charge to earnings in the current period to replenish the allowance and maintain it at a level management has determined to be adequate. The provision for loan losses charged to earnings amounted to $5,505,000 in 1998, $2,731,000 in 1997 and $1,919,000 in 1996. The increase in the provision for loan losses of $2,774,000, or 101.57%, as compared to 1997 was required to replenish the allowance for loan losses for approximately $3,000,000 of net charge-offs in 1998 and to cover potential losses in the loan portfolio resulting from the deterioration in asset quality of collateral assigned to secure related loans. During 1998 average loans increased $20,374,000 or 4.29% over 1997. The increase in the provision for loan losses in 1997 of $812,000, or 42.31%, as compared with 1996 was accompanied by an increase of 8.26% in total loans in 1997 and an increase in the allowance for loan losses of 4.87%. The allowance for loan losses increased $2,565,000 to $10,192,000 at December 31, 1998 from $7,627,000 at December 31, 1997. Net charge-offs represented 53.41% of the provision for loan losses in 1998 as compared to 87.04% in 1997. The loan charge-offs for 1998 represented .59% of average loans outstanding during the year as compared to .50% for 1997 and .44% for 1996. At December 31, 1998, the allowance for loan losses was 2.14% of total loans outstanding as compared to an allowance for loan losses of 1.56% of total loans outstanding at December 31, 1997 and 1.61% of total loans outstanding at December 31, 1996. The allowance for loan losses increased $354,000 to $7,627,000 in 1997 from $7,273,000 in 1996. The determination of the allowance rests upon management's judgment about factors affecting loan quality and assumptions about the local and national economy. Management considers the year-end allowance for loan losses adequate to cover potential losses in the consolidated loan portfolio.

Due to adverse economic conditions in early 1998, it became apparent that several agriculturally related loans and commercial business loans were not performing according to the loan agreements. Management intensified its efforts to identify those nonperforming loans, to charge off loans which were considered in the loss category and to adequately reserve for other loans determined to be at risk. Loan loss reserves are determined based on management's internal review of nonperforming loans, delinquency trends, the quality of collateral assets and charge-off trends.

Average total assets increased $23,513,000 or 3.48% to $700,094,000 in 1998 as compared to $676,581,000 in 1997. The increase in average total assets was accompanied by an increase in average deposits of $31,060,000 or 5.39%. Average total assets increased $86,204,000 or 14.60% to $676,581,000 in 1997 as compared to $590,377,000 in 1996. The increase in average total assets was accompanied by an increase in average total deposits of $73,336,000 or 14.59% to $575,979,000 in 1997 from $502,643,000 in 1996.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed only to U. S. Dollar interest rate changes and, accordingly, the Company manages exposure by considering the possible changes in the net interest margin. The Company does not have any trading instruments nor does it classify any portion of the investment portfolio as held for trading. The Company does not engage in any hedging activities or enter into any derivative instruments with a higher degree of risk than mortgage backed securities which are commonly pass through securities. Finally, the Company has no exposure to foreign currency exchange rate risk, commodity price risk, and other market risks.

Interest rates play a major part in the net interest income of a financial institution. The sensitivity to rate changes is known as "interest rate risk." The repricing of interest earning assets and interest-bearing liabilities can influence the changes in net interest income. As part of the Company's asset/liability management program, the timing of repriced assets and liabilities is referred to as Gap management. It is the policy of the Company to maintain a Gap ratio in the one-year time horizon of .80 to 1.20. As indicated by the Gap analysis included in this annual report, the Company is somewhat liability sensitive in relation to changes in market interest rates. Being liability sensitive would result in net interest income decreasing in a rising rate environment and increasing in a declining rate environment. See "Asset/Liability Management" included in SELECTED STATISTICAL INFORMATION OF ABC BANCORP.

The Company uses simulation analysis to monitor changes in net interest income due to changes in market interest rates. The simulation of rising, declining and flat interest rate scenarios allow management to monitor and adjust interest rate sensitivity to minimize the impact of market interest rate swings. The analysis of the impact on net interest income over a twelve month period is subjected to a gradual 200 basis point increase or decrease in market rates on net interest income and is monitored on a quarterly basis. The most recent simulation model projects net interest income would decrease 1.71% if rates rise gradually over the next year. On the other hand, the model projects net interest income to increase 1.08% if rates decline over the next year.

SELECTED STATISTICAL INFORMATION OF ABC BANCORP

The following statistical information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the financial statements and related notes included elsewhere in this Annual Report and in the documents incorporated herein by reference.

Average Balances and Net Income Analysis

The following tables set forth the amount of the ABC's interest income or interest expense for each category of interest-earning assets and interest-bearing liabilities and the average interest rate for total interest-earning assets and total interest-bearing liabilities, net interest spread and net yield on average interest-earning assets. Federally tax-exempt income is presented on a taxable-equivalent basis assuming a 34% Federal tax rate.

<TABLE>
<CAPTION>

	Year Ended December 31,								
	1998			1997			1996		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
	(Dollars in Thousands)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS									
Interest-earning assets:									
Loans, net of unearned interest	$ 495,421	$ 51,584	10.41%	$ 475,047	$ 50,502	10.63%	$ 395,822	$ 42,322	10.69%
Investment securities:									
Taxable	97,747	5,990	6.13	104,161	6,511	6.25	99,734	6,100	6.12
Nontaxable	22,946	1,803	7.86	22,872	1,826	7.98	20,559	1,553	7.55
Interest-bearing deposits in banks	20,382	1,077	5.28	3,964	232	5.85	-	-	-
Federal funds sold	1,005	53	5.27	3,456	199	5.76	22,726	1,139	5.01
Total interest-earning assets	637,501	60,507	9.49	609,500	59,270	9.72	538,841	51,114	9.49
Noninterest-earning assets:									
Cash	23,802			28,620			25,336		
Allowance for loan losses	(9,933)			(7,458)			(6,776)		
Unrealized gain (loss) on available for sale securities	406			(121)			(338)		
Other assets	48,318			46,040			33,314		

Total noninterest-earning assets	62,593	67,081	51,536
Total assets	$ 700,094	$ 676,581	$ 590,377

</TABLE>

Average Balances and Net Income Analysis (Continued)

<TABLE>
<CAPTION>

	Year Ended December 31,					
	1998			1997		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Savings and interest-bearing demand deposits	$174,443	$ 5,439	3.12%	$166,877	$ 5,089	3.05%
Time deposits	348,826	19,971	5.73	330,621	19,139	5.79
Other short-term borrowings	835	41	4.91	2,804	154	5.49
Other borrowings	16,494	993	6.02	25,080	1,568	6.25
Total interest-bearing liabilities	540,598	26,444	4.89	525,382	25,950	4.94
Noninterest-bearing liabilities and stockholders' equity:						
Demand deposits	83,770			78,481		
Other liabilities	7,068			7,118		
Stockholders' equity	68,658			65,600		
Total noninterest-bearing liabilities and stockholders' equity	159,496			151,199		
Total liabilities and stockholders' equity	$700,094			$676,581		
Interest rate spread			4.60%			4.78%
Net interest income		$34,063			$33,320	
Net interest margin			5.34%			5.47%

<CAPTION>

	1996		
	Average Balance	Interest Income/ Expense	Average Yield Rate Paid
<S>	<C>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing liabilities:			
Savings and interest-bearing demand deposits	$149,503	$ 4,558	3.05%
Time deposits	283,054	16,377	5.79
Other short-term borrowings	5,713	221	3.87
Other borrowings	19,113	1,168	6.11

Total interest-bearing liabilities	457,383	22,324	4.88
Noninterest-bearing liabilities and stockholders' equity:			
Demand deposits	70,086		
Other liabilities	4,168		
Stockholders' equity	58,740		
Total noninterest-bearing liabilities and stockholders' equity	132,994		
Total liabilities and stockholders' equity	$590,377		
Interest rate spread			4.61%
Net interest income		$28,790	
Net interest margin			5.34%

</TABLE>

Rate and Volume Analysis

The following table reflects the changes in net interest income resulting from changes in interest rates and from asset and liability volume. Federally tax-exempt interest is presented on a taxable-equivalent basis assuming a 34% Federal tax rate. The change in interest attributable to rate has been determined by applying the change in rate between years to average balances outstanding in the later year. The change in interest due to volume has been determined by applying the rate from the earlier year to the change in average balances outstanding between years. Thus, changes that are not solely due to volume have been consistently attributed to rate.

<TABLE>
<CAPTION>

	Year Ended December 31,					
	1998 vs. 1997			1997 vs. 1996		
	Increase	Changes Due To		Increase	Changes Due To	
	(Decrease)	Rate	Volume	(Decrease)	Rate	Volume
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Increase (decrease) in:						
Income from earning assets:						
Interest and fees on loans	$ 1,082	$ (1,084)	$ 2,166	$ 8,180	$ (291)	$ 8,471
Interest on securities:						
Taxable	(521)	(120)	(401)	411	140	271
Nontaxable	(23)	(29)	6	273	98	175
Interest-bearing deposits in banks	845	(116)	961	232	-	232
Interest on Federal funds	(146)	(5)	(141)	(940)	26	(966)
Total interest income	1,237	(1,354)	2,591	8,156	(27)	8,183
Expense from interest-bearing liabilities:						
Interest on savings and interest-bearing demand deposits	350	119	231	531	1	530
Interest on time deposits	832	(222)	1,054	2,762	10	2,752
Interest on short-term borrowings	(113)	(5)	(108)	(67)	46	(113)
Interest on other borrowings	(575)	(38)	(537)	400	35	365
Total interest expense	494	(146)	640	3,626	92	3,534
Net interest income	$ 743	$ (1,208)	$ 1,951	$ 4,530	$ (119)	$ 4,649

</TABLE>

Noninterest Income

Service charges on deposit accounts increased $211,000 or 3.83% to $5,720,000 in 1998 as compared to $5,509,000 in 1997 on an increase in average deposits of $31.060,000 or 5.39% to $607,039,000 in 1998 from $575,979,000 in 1997. The significant increase in service charges on deposit accounts of $787,000 or 16.67% to $5,509,000 in 1997 as compared to $4,722,000 in 1996 resulted from the sizable increase of $73,336,000 in average deposits in 1997 over 1996. Approximately $48,000,000 or 65% of the increase in average deposits in 1997 over 1996 was attributable to the average deposits of Southland Bank, a subsidiary bank acquired in June of 1996 and accounted for as a purchase. With the expansion of mortgage loan origination activities during the last three years, origination fees on mortgages have increased significantly during the last two years as evidenced by an increase of $438,000 or 98.43% in 1998 over 1997 and an increase of $278,000 or 166.47% in 1997 over 1996. In 1998, ABC recognized nontaxable income of $1,200,000 in life insurance benefits upon the death of a former officer and director of a subsidiary bank. This nonrecurring transaction represented 12.37% of total noninterest income in 1998 and 17.36% of consolidated net income for 1998. All other noninterest income increased $114,000 or 6.40% in 1998 over 1997 as compared to $139,000 or 8.46% in 1997 over 1996.

Following is a comparison of noninterest income for 1998, 1997 and 1996.

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
	(Dollars in Thousands)		
Service charges on deposit accounts	$ 5,720	$ 5,509	$ 4,722
Mortgage origination fees	883	445	167
Other service charges, commissions and fees	506	474	500
Nontaxable life insurance benefits	1,200	-	24
Other income	1,390	1,308	1,119
	$ 9,699	$ 7,736	$ 6,532

</TABLE>

Noninterest Expense

Salaries and employee benefits increased $283,000 or 2.06% to $14,025,000 in 1998 from $13,742,000 in 1997. Although individual salaries and employee benefits increased during the year, the moderate increase in total salaries and employee benefits was achieved by a reduction of total personnel employed during the year of approximately 3%. Salaries and employee benefits increased $2,388,000 or 21.03% in 1997 over 1996, of which $875,000 was attributable to Southland Bank and $226,000 was attributable to the acquisition of the Douglas branch of Security Bank. The remaining increase in salaries and employee benefits resulted from normal increases in salaries and bonuses and the addition of several employees by the parent company, including three senior executives.

Equipment and occupancy expense increased $362,000 or 9.15% to $4,320,000 in 1998 as compared to $3,958,000 in 1997. The increase in expense was attributable to an increase of $143,000 in depreciation expense, representing approximately 40% of the total increase. Increased rentals of office space and equipment, and general increases in utilities, property taxes and maintenance expense accounted for the majority of additional expense. Equipment and occupancy expense increased $795,000 or 25.13% in 1997 over 1996, of which $311,000 was attributable to Southland Bank and $50,000 was attributable to the Douglas branch of Security Bank. The remaining increase was due to normal expansion within its banking subsidiaries.

Amortization of intangible assets increased $107,000 in 1998 over 1997. This increase represents the additional amount of cost amortized in 1998 over 1997 for the purchase of the Douglas branch of Security Bank. Amortization of intangible assets increased $257,000 in 1997 over 1996. The entire amount of the increase resulted from the amortization of the excess of purchase price over net book value of assets acquired upon the acquisitions of Southland Bank and the Douglas branch which were accounted for as purchase transactions.

Merger and acquisition expense of $406,000 in 1997 resulted from the acquisition of one financial institution and a branch of another financial institution in 1997. Merger and acquisition expense of $708,000 in 1996 resulted from the acquisition of four financial institutions in 1996. There was no significant amount of merger expense in 1998.

All other noninterest expense increased $507,000 or 6.12% in 1998 over 1997. Approximately 50% of the increase in 1998 was attributable to an increase of $246,000 in data processing fees. Under terms of the agreement with ABC's third party provider of main frame hardware for computer services and the software for processing computer applications, the provider abates fees for one year for services provided for newly acquired banks. In 1998, fees were assessed for services provided for the full year for recently acquired banks for which fees were assessed for only a portion of the year in 1997. All other noninterest expense increased $1,123,000 in 1997 over 1996, of which $770,000 was attributable to Southland Bank and $74,000 was attributable to Douglas.

Following is an analysis of noninterest expense for 1998, 1997 and 1996.

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
	(Dollars in Thousands)		
Salaries and employee benefits	$ 14,025	$ 13,742	$ 11,354
Equipment and occupancy	4,320	3,958	3,163
Merger and acquisition expense	4	406	708
Amortization of intangible assets	851	744	487
Data processing fees	774	528	586
Stationery and supplies expense	476	560	616
Other expense	7,546	7,201	5,964
	$ 27,996	$ 27,139	$ 22,878

</TABLE>

Asset/Liability Management

A principal objective of ABC's asset/liability management strategy is to minimize its exposure to changes in interest rates by matching the maturity and repricing horizons of interest-earning assets and interest-bearing liabilities. This strategy is overseen in part through the direction of ABC's Asset and Liability Committee (the "ALCO Committee") which establishes policies and monitors results to control interest rate sensitivity.

As part of ABC's interest rate risk management policy, the ALCO Committee examines the extent to which its assets and liabilities are "interest rate-sensitive" and monitors its interest rate-sensitivity "gap". An asset or liability is considered to be interest rate sensitive if it will reprice or mature within the time period analyzed, usually one year or less. The interest rate-sensitivity gap is the difference between the interest-earning assets and interest-bearing liabilities scheduled to mature or reprice within such time period. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. A gap is considered negative when the amount of interest rate-sensitive liabilities exceeds the interest rate-sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to adversely affect net interest income. If ABC's assets and liabilities were equally flexible and moved concurrently, the impact of any increase or decrease in interest rates on net interest income would be minimal.

A simple interest rate "gap" analysis by itself may not be an accurate indicator of how net interest income will be affected by changes in interest rates. Accordingly, the ALCO Committee also evaluates how the repayment of particular assets and liabilities is impacted by changes in interest rates. Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by changes in interest rates. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. For example, although certain assets and liabilities may have similar maturities or periods of repricing, they may not react identically to changes in market interest rates. Interest rates on certain types of assets and liabilities fluctuate in advance of changes in general market interest rates, while interest rates on other types may lag behind changes in general market rates. In addition, certain assets, such as adjustable rate mortgage loans, have features (generally referred to as "interest rate caps") which limit changes in interest rates on a short-term basis and over the life of the asset. In the event of a change in interest rates, prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the interest-rate gap. The ability of many borrowers to service their debts also may decrease in the event of an interest-rate increase.

The following table sets forth the distribution of the repricing of ABC's earning assets and interest-bearing liabilities as of December 31, 1998, the interest rate sensitivity gap (i.e., interest rate sensitive assets divided by interest rate sensitivity liabilities), the cumulative interest rate sensitivity gap ratio (i.e., interest rate sensitive assets divided by interest rate sensitive liabilities) and the cumulative sensitivity gap ratio. The table also sets forth the time periods in which earning assets and liabilities will mature or may reprice in accordance with their contractual terms. However, the table does not necessarily indicate the impact of general interest rate movements on the net interest margin since the repricing of various categories of assets and liabilities is subject to competitive pressures and the needs of ABC's customers. In addition, various assets and liabilities indicated as repricing within the same period may in fact reprice at different times within such period and at different rates.

<TABLE>
<CAPTION>

	At December 31, 1998				
	Maturing or Repricing Within				
	Zero to Three Months	Three Months to One Year	One to Three Years	Over Three Years	Total
	(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Earning assets:					
Interest-bearing deposits in banks	$ 10,417	$ 4,000	$ -	$ -	$ 14,417
Investment securities	61,783	42,258	17,396	33,109	154,546
Loans	114,558	148,783	121,801	92,052	477,194
	186,758	195,041	139,197	125,161	646,157
Interest-bearing liabilities:					
Interest-bearing demand deposits (1)	-	39,325	93,202	-	132,527
Savings (1)	-	-	59,719	-	59,719
Certificates less than $100,000	76,511	125,664	36,264	9,302	247,741
Certificates, $100,000 and over	29,246	54,397	7,734	2,004	93,381
Other short-term borrowings	883	-	-	-	883
Other borrowings	7,500	-	4,350	-	11,850
	114,140	219,386	201,269	11,306	546,101
Interest rate sensitivity gap	$ 72,618	$ (24,345)	$ (62,072)	$ 113,855	$ 100,056
Cumulative interest rate sensitivity gap	$ 72,618	$ 48,273	$ (13,799)	$ 100,056	
Interest rate sensitivity gap ratio	1.64	0.89	0.69	11.07	
Cumulative interest rate sensitivity gap ratio	1.64	1.14	0.97	1.18	

</TABLE>

(1) The Company has found that NOW checking accounts and savings deposits are generally not sensitive to changes in interest rates and, therefore, it has

placed such liabilities in the "One to Three Years" category. It has also found that the money-market checking deposits reprice between three months to one year, on the average.

INVESTMENT PORTFOLIO

The Company manages the mix of asset and liability maturities in an effort to control the effects of changes in the general level of interest rates on net interest income. See "--Asset/Liability Management." Except for its effect on the general level of interest rates, inflation does not have a material impact on the Company due to the rate variability and short-term maturities of its earning assets. In particular, approximately 55% of the loan portfolio is comprised of loans which mature or reprice within one year or less. Mortgage loans, primarily with five to fifteen year maturities, are also made on a variable rate basis with rates being adjusted every one to five years. Additionally, 67% of the investment portfolio matures or reprices within one year or less.

Types of Investments

The amortized cost and fair value of investments in securities at December 31, 1998 and 1997 were as follows:

<TABLE>
<CAPTION>

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Securities Available for Sale				
December 31, 1998:				
U. S. Government and agency securities	$ 65,146	$ 278	$ (16)	$ 65,408
Mortgage-backed securities	63,677	198	(180)	63,695
State and municipal securities	6,097	273	-	6,370
Other securities	525	-	(65)	460
	$ 135,445	$ 749	$ (261)	$ 135,933
December 31, 1997:				
U. S. Government and agency securities	$ 79,636	$ 287	$ (101)	$ 79,822
Mortgage-backed securities	6,984	120	(19)	7,085
State and municipal securities	5,660	174	-	5,834
Other securities	525	-	(67)	458
	$ 92,805	$ 581	$ (187)	$ 93,199
Securities Held to Maturity				
December 31, 1998:				
U. S. Government and agency securities	$ 999	$ 2	$ -	$ 1,001
Mortgage-backed securities	1,662	25	-	1,687
State and municipal securities	15,952	686	(1)	16,637
	$ 18,613	$ 713	$ (1)	$ 19,325
December 31, 1997:				
U. S. Government and agency securities	$ 8,995	$ 1	$ (10)	$ 8,986
Mortgage-backed securities	2,951	27	(10)	2,968
State and municipal securities	18,074	557	(8)	18,623
	$ 30,020	$ 585	$ (28)	$ 30,577

</TABLE>

Maturities

The amounts of investments in securities in each category as of December 31, 1998 are shown in the following table according to contractual maturity classifications (1) one year or less, (2) after one year through five years, (3) after five years through ten years, and (4) after ten years.

<TABLE>
<CAPTION>

	U. S. Treasury and Other U. S. Government Agencies and Corporations Amount	Yield (1)	State and Political Subdivisions Amount	Yield (1) (2)
	(Dollars in Thousands)			
Maturity:				
One year or less	$ 6,720	5.78%	$ 3,010	7.99%
After one year through five years	123,839	5.75	8,831	7.17
After five years through ten years	1,665	7.08	6,938	7.40
After ten years	-	-	3,543	7.25
	$ 132,224	5.77%	$ 22,322	7.36%

(1) Yields were computed using coupon interest, adding discount accretion or subtracting premium amortization, as appropriate, on a ratable basis over the life of each security. The weighted average yield for each maturity range was computed using the acquisition price of each security in that range.

(2) Yields on securities of state and political subdivisions are stated on a taxable-equivalent basis, using a tax rate of 34%.

LOAN PORTFOLIO

Types of Loans

Management believes that the Company's loan portfolio is adequately diversified. The loan portfolio contains no foreign or energy-related loans or significant concentrations in any one industry, with the exception of residential and commercial real estate mortgages, which constituted approximately 50% of the Company's loan portfolio as of December 31, 1998. The amount of loans outstanding at the indicated dates is shown in the following table according to type of loans.

	December 31, 1998	1997	1996	1995	1994
	(Dollars in Thousands)				
Commercial and financial	$ 70,282	$ 72,171	$ 69,772	$ 48,031	$ 40,185
Agricultural	36,567	41,882	35,525	22,716	24,304
Real estate - construction	8,439	13,117	13,612	3,756	3,886
Real estate - mortgage, farmland	56,595	55,245	52,978	48,411	42,458
Real estate - mortgage, commercial	123,854	108,339	89,708	61,806	50,461
Real estate - mortgage, residential	114,930	127,767	121,448	74,671	69,129
Consumer instalment loans	65,307	68,959	67,572	58,615	53,419
Other	1,220	2,764	2,229	1,465	1,733
	477,194	490,244	452,844	319,471	285,575
Less reserve for possible loan losses	10,192	7,627	7,273	5,890	5,168
Loans, net	$ 467,002	$ 482,617	$ 445,571	$ 313,581	$ 280,407

Maturities and Sensitivity to Changes in Interest Rates

Total loans as of December 31, 1998 are shown in the following table according to maturity or repricing opportunities (1) one year or less, (2) after one year through three years, and (3) after three years.

<TABLE>
<CAPTION>
(Dollars in

	Thousands)
Maturity or Repricing Within:	
One year or less	$ 263,341
After one year through three years	121,801
After three years	92,052
	$ 477,194

The following table summarizes loans at December 31, 1998 with the due dates after one year which (1) have predetermined interest rates and (2) have floating or adjustable interest rates.

	(Dollars in Thousands)
Predetermined interest rates	$ 211,204
Floating or adjustable interest rates	2,649
	$ 213,853

Records were not available to present the above information in each category listed in the first paragraph above and could not be reconstructed without undue burden.

Nonperforming Loans

A loan is placed on nonaccrual status when, in management's judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued in prior years and is subsequently determined to have doubtful collectibility is charged to the allowance for possible loan losses. Interest on loans that are classified as nonaccrual is recognized when received. Past due loans are loans whose principal or interest is past due 90 days or more. In some cases, where borrowers are experiencing financial difficulties, loans may be restructured to provide terms significantly different from the original contractual terms.

	December 31,				
	1998	1997	1996	1995	1994
	(Dollars in Thousands)				
Loans accounted for on a nonaccrual basis	$ 8,767	$ 10,101	$ 4,977	$ 2,271	$ 3,518
Instalment loans and term loans contractually past due ninety days or more as to interest or principal payments and still accruing	94	59	397	457	274
Loans, the terms of which have been renegotiated to provide a reduction or deferral of interest or principal because of deterioration in the financial position of the borrower	-	-	-	-	358
Loans now current about which there are serious doubts as to the ability of the borrower to comply with present loan repayment terms	-	-	-	-	-

In the opinion of management, any loans classified by regulatory authorities as doubtful, substandard or special mention that have not been disclosed above do not (i) represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity or capital resources, or (ii) represent material credits about which management is aware of any information which causes management to have serious doubts as to the ability of such borrowers to comply with the loan repayment terms. Any loans classified by regulatory authorities as loss have been charged off.

SUMMARY OF LOAN LOSS EXPERIENCE

The provision for possible loan losses is created by direct charges to operations. Losses on loans are charged against the allowance in the period in which such loans, in management's opinion, become uncollectible. Recoveries during the period are credited to this allowance. The factors that influence management's judgment in determining the amount charged to operating expense are past loan experience, composition of the loan portfolio, evaluation of possible future losses, current economic conditions and other relevant factors. The Company's allowance for loan losses was approximately $10,192,000 at December 31, 1998, representing 2.14% of year end total loans outstanding, compared with $7,627,000 at December 31, 1997, which represented 1.56% of year end total loans outstanding. The allowance for loan losses is reviewed quarterly based on management's evaluation of current risk characteristics of the loan portfolio, as well as the impact of prevailing and expected economic business conditions. Management considers the allowance for loan losses adequate to cover possible loan losses on the loans outstanding.

Allocation of the Allowance for Loan Losses

The following table sets forth the breakdown of the allowance for loan losses by loan category for the periods indicated. Management believes the allowance can be allocated only on an approximate basis. The allocation of the allowance to each category is not necessarily indicative of future losses and does not restrict the use of the allowance to absorb losses in any other category.

<TABLE>
<CAPTION>

	At December 31,					
	1998		1997		1996	
	Amount	Percent of Loans in Category to Total Loans	Amount	Percent of Loans in Category to Total Loans	Amount	Percent of Loans in Category to Total Loans
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, financial, industrial and agricultural	$ 3,047	22%	$ 1,792	23%	$ 1,661	23%
Real estate	3,404	64	3,274	62	2,928	62
Consumer	1,906	14	1,112	15	1,446	15
Unallocated	1,835	-	1,449	-	1,238	-
	$ 10,192	100%	$ 7,627	100%	$ 7,273	100%

</TABLE>

<TABLE>
<CAPTION>

	1995	
	Amount	Percent of Loans in Category to Total Loans
<S>	<C>	<C>
Commercial, financial, industrial and agricultural	$ 1,364	22%
Real estate	2,032	59
Consumer	1,206	19
Unallocated	1,288	-
	$ 5,890	100%

</TABLE>

The following table presents an analysis of the Company's loan loss experience for the periods indicated:

<TABLE>
<CAPTION>

	December 31,				
	1998	1997	1996	1995	1994
	(Dollars in Thousands)				
Average amount of loans outstanding	$495,421	$475,047	$395,822	$308,405	$271,970
Balance of reserve for possible loan losses at beginning of period	$ 7,627	$ 7,273	$ 5,890	$ 5,169	$ 4,889
Charge-offs:					
Commercial, financial and agricultural	(1,456)	(759)	(768)	(309)	(479)
Real estate	(1,252)	(1,981)	(1,242)	(108)	(338)
Consumer	(1,322)	(383)	(279)	(573)	(481)
Recoveries:					
Commercial, financial and agricultural	276	168	89	116	100
Real estate	365	512	275	128	265
Consumer	449	66	178	226	225
Net charge-offs	(2,940)	(2,377)	(1,747)	(520)	(708)
Additions to reserve charged to operating expenses	5,505	2,731	1,919	1,241	988
Allowance for loan losses of acquired subsidiary	-	-	1,211	-	-
Balance of reserve for possible loan losses	$ 10,192	$ 7,627	$ 7,273	$ 5,890	$ 5,169
Ratio of net loan charge-offs to average loans	.59%	.50%	.44%	.17%	.26%

</TABLE>

DEPOSITS

Average amount of deposits and average rate paid thereon, classified as to noninterest-bearing demand deposits, interest-bearing demand and savings deposits and time deposits, for the periods indicated are presented below.

<TABLE>
<CAPTION>

	Year Ended December 31,			
	1998		1997	
	Amount	Rate	Amount	Rate
	(Dollars in Thousands)			
Noninterest-bearing demand deposits	$ 83,770	- %	$ 78,481	- %
Interest-bearing demand and savings deposits	174,443	3.12	166,877	3.05
Time deposits	348,826	5.73	330,621	5.79
Total deposits	$ 607,039		$ 575,979	

</TABLE>

ABC has a large, stable base of time deposits with little or no dependence on volatile deposits of $100,000 or more. The time deposits are principally certificates of deposit and individual retirement accounts obtained for individual customers.

The amounts of time certificates of deposit issued in amounts of $100,000 or more as of December 31, 1998, are shown below by category, which is based on time remaining until maturity of (1) three months or less, (2) over three through twelve months and (3) over twelve months.

	(Dollars in Thousands)
Three months or less	$ 29,246
Over three through twelve months	54,397
Over twelve months	9,738
Total	$ 93,381

RETURN ON ASSETS AND SHAREHOLDERS' EQUITY

The following rate of return information for the periods indicated is presented below.

	Year Ended December 31,		
	1998	1997	1996
Return on assets (1)	0.99%	1.10%	1.21%
Return on equity (2)	10.07	11.35	12.19
Dividends payout ratio (3)	42.11	36.89	31.68
Equity to assets ratio (4)	9.81	9.70	9.95

(1) Net income divided by average total assets.
(2) Net income divided by average equity.
(3) Dividends declared per share divided by net income per share.
(4) Average equity divided by average total assets.

Liquidity and Capital Resources

Liquidity management involves the matching of the cash flow requirements of customers, who may be either depositors desiring to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs, and the ability of ABC and the Subsidiary Banks to meet those needs. ABC and the Subsidiary Banks seek to meet liquidity requirements primarily through management of short-term investments (principally Federal funds sold) and monthly amortizing loans. Another source of liquidity is the repayment of maturing single payment loans. In addition, the Subsidiary Banks maintain relationships with correspondent banks which could provide funds to them on short notice, if needed.

The liquidity and capital resources of ABC and the Subsidiary Banks are monitored on a periodic basis by state and Federal regulatory authorities. At December 31, 1998, the Subsidiary Banks' short-term investments were adequate to cover any reasonable anticipated immediate need for funds. During 1998, ABC increased its capital by retaining net earnings of $4,016,000 after payment of dividends. After recording an increase in capital of $80,000 for unrealized gains on securities available for sale, net of taxes, and a decrease in capital of $415,000 for repurchase of treasury shares, total capital increased $3,681,000 during 1998. At December 31, 1998, total capital of ABC amounted to $71,834,000. ABC and the Subsidiary Banks are aware of no events or trends likely to result in a material change in their liquidity.

Liquidity and Capital Resources (Continued)

At December 31, 1998, ABC had binding commitments for capital expenditures of approximately $238,000. In addition, management estimates that approximately $1,250,000 will be required for completion of banking facilities in 1999.

In accordance with risk capital guidelines issued by the Federal Reserve Board, ABC is required to maintain a minimum standard of total capital to weighted risk assets of 8%. Additionally, all member banks must maintain "core" or "Tier 1" capital of at least 4% of total assets ("leverage ratio"). Member banks operating at or near the 4% capital level are expected to have well-diversified risks, including no undue interest rate risk exposure, excellent control systems, good earnings, high asset quality, and well managed on- and off-balance sheet activities; and, in general, be considered strong banking organizations with a composite 1 rating under the CAMEL rating system of banks. For all but the most highly rated banks meeting the above conditions, the minimum leverage ratio is to be 4% plus an additional 100 to 200 basis points.

The following table summarizes the regulatory capital levels of the Company at December 31, 1998.

	Actual		Required		Excess	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Leverage capital	$62,637	8.95%	$27,994	4.00%	$34,643	4.95%
Risk-based capital:						
Core capital	62,637	13.41	18,681	4.00	43,956	9.41
Total capital	68,529	14.67	37,361	8.00	31,168	6.67

Each Bank also met its individual regulatory capital requirements at December 31, 1998.

Year 2000 Issue

ABC has initiated a company-wide program to identify and address issues associated with the ability of its information, computer, telephone, business system and certain other date-sensitive equipment to properly recognize the year 2000 as a result of the century date change on January 1, 2000. The program is also designed to assess the readiness of other entities with which ABC does business.

Inability by ABC to reach year 2000 compliance in its systems and integral third-party systems could result in the interruption of telecommunications services, failure of operating and other information systems and failure of certain date-sensitive equipment. Such failures could interrupt ABC's ability to service its customers accurately and timely and, thus, could result in substantial loss of revenue and increased expenses associated with litigating customer claims, stabilizing operations and executing contingency plans.

ABC's Year 2000 Program is being conducted by a management team that is coordinating the efforts of internal resources as well as third party providers and vendors in identifying and making corrective changes or replacing date-sensitive software and equipment. The program encompasses ABC and its subsidiaries. Some of the changes that are necessary in ABC's operations are being made as a part of ongoing systems upgrades.

The Year 2000 Program is divided into five phases: awareness; assessment; renovation; validation; and implementation. Using these five phases, ABC measures the progress in four focus areas: mission critical; mission necessary; mission desirable and mission unnecessary.

Mission critical applications include those that (1) directly affect delivery of primary services to customers; (2) directly affect ABC revenue recognition and collection; (3) create noncompliance with any statutes or laws; or (4) require significant costs to address in the event of noncompliance. Management's target date for completion of all phases for its mission critical applications is June 30, 1999. As of January 31, 1999, the awareness, assessment, renovation and validation phases of mission critical applications were approximately 95% complete, and the implementation phase was approximately 75% complete.

The second focus area, mission necessary, consists of hardware, software and vendor relationships that, while important to day-to-day operations, do not pose a significant threat to the ability to service customers. As of January 31, 1999, the awareness, assessment and renovation, and validation phases of mission necessary applications were approximately 90%

complete, and the implementation phase was approximately 60% complete.

The third focus area, mission desirable, consists of hardware, software and vendor relationships that pose no threat to the ability to service customers. Without these systems, however, ABC's employees would need to make inefficient modifications to the way they perform day-to-day duties. As of January 31, 1999, the awareness, assessment and renovation and validation phases of mission desirable systems were approximately 85% complete, and implementation was approximately 50% complete.

The fourth focus area, mission unnecessary, consists of hardware, software and vendor relationships that pose no threat to customer service or day-to-day operations. As of January 31, 1999, the awareness, assessment, renovation and validation phases of mission unnecessary systems were approximately 85% complete, and implementation was approximately 25% complete.

In addition to the above, ABC will complete a review of all of its subject loan relationships, and assess the need to increase loan loss reserves to compensate for perceived risk of borrowers to achieve Year 2000 compliance. As of January 31, 1999, the review process was 100% complete and the loan loss reserve assessments approximately 25% complete.

ABC has recently contracted with a third party to provide consulting services relative to the development and testing of a Year 2000 contingency plan as well as disaster recovery and business continuity plans for ABC and subsidiary bank operations. It is anticipated that the Year 2000 contingency plan will be completed and tested prior to June 30, 1999.

Expenses associated with ABC's Year 2000 compliance efforts for fiscal year 1998 were approximately $300,000. Expenses projected for 1999 are approximately $350,000. Additionally, ABC estimates that the total cost of its capital investments will be between $1.0 million and $1.5 million over the life of the project. ABC intends to continually reassess the estimated costs and status of Year 2000 compliance efforts.

ABC currently anticipates that its mission critical applications will be Year 2000 compliant by June 30, 1999. However, no assurance can be given that unforeseen circumstances will not arise during the performance of the testing and implementation phases that would adversely affect the Year 2000 compliance of ABC's systems. Furthermore, the Year 2000 compliance status of integral third party suppliers and networks, which could aversely impact ABC's mission critical applications, cannot be fully known. As a result, ABC is unable to determine the impact that any system interruption would have on its results of operations, financial position and cash flows. However, such impact could be material.

Commitments and Lines of Credit

In the ordinary course of business, the Banks have granted commitments to extend credit to approved customers. Generally, these commitments to extend credit have been granted on a temporary basis for seasonal or inventory requirements and have been approved by the Banks' Board of Directors. The Banks have also granted commitments to approved customers for standby letters of credit. These commitments are recorded in the financial statements when funds are disbursed or the financial instruments become payable. The Banks use the same credit policies for these off balance sheet commitments as they do for financial instruments that are recorded in the consolidated financial statements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitment amounts expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Following is a summary of the commitments outstanding at December 31, 1998 and 1997.

<TABLE>
<CAPTION>

	1998	1997
	(Dollars in Thousands)	
<S>	<C>	<C>
Commitments to extend credit	$ 80,861	$ 81,682
Credit card commitments	7,866	7,153
Standby letters of credit	2,761	1,584
	$ 91,488	$ 90,419

</TABLE>

Impact of Inflation

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with generally accepted accounting principles and practices within the banking industry which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Company and its subsidiaries are included on pages F-1 through F-41 of this Annual Report on Form 10-K:

Consolidated Balance Sheets - December 31, 1998 and 1997

Consolidated Statements of Income - Years ended December 31, 1998, 1997 and 1996

Consolidated Statements of Comprehensive Income - Years ended December 31, 1998, 1997 and 1996

Consolidated Statements of Stockholders' Equity - Years ended December 31, 1998, 1997 and 1996

Consolidated Statements of Cash Flows - Years ended December 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements.

ITEM 9. DISAGREEMENT ON ACCOUNTING AND FINANCIAL DISCLOSURE

During 1998 and 1997, the Company did not change its accountants and there was no disagreement on any matter of accounting principles or practices for financial statement disclosure that would have required the filing of a current report on Form 8-K.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The information required by this Item is incorporated by reference to the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report ("ABC's Proxy Statement").

Information concerning the Company's executive officers is included in Item 4.5 of Part I of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to ABC's Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to ABC's Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to ABC's Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON

Item 13(a) 1., 2. and 3.

(a) The following documents are filed as part of this report:

1. Financial statements:

(a) ABC Bancorp and Subsidiaries:

(i) Consolidated Balance Sheets - December 31, 1998 and 1997

(ii) Consolidated Statements of Income - Years ended December 31, 1998, 1997 and 1996

(iii) Consolidated Statements of Comprehensive Income - Years ended December 31, 1998, 1997 and 1996

(iv) Consolidated Statements of Stockholders' Equity - Years ended December 31, 1998, 1997 and 1996

(v) Consolidated Statements of Cash Flows - Years ended December 31, 1998, 1997 and 1996

(vi) Notes to Consolidated Financial Statements

(b) ABC Bancorp (Parent Company Only):

Parent Company only financial information has been included in Note 18 of Notes to Consolidated financial statements.

2. Financial statement schedules:

All schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes .

3. Exhibits required by Item 601 of Regulation S-K:

Exhibit No.	Description
3.1	Articles of Incorporation of ABC, as amended (incorporated by reference to Exhibit 2.1 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630) filed August 14, 1987).
3.2	Amendment to Amended Articles of Incorporation dated May 26, 1995 (incorporated by reference to Exhibit 3.1.1 to ABC's Form 10-K filed March 28, 1996).
3.3	Amendment to Amended Articles of Incorporation (filed as Exhibit 4.3 to ABC's Registration on Form S-4 (Registration No. 333-08301), filed with the Commission on July 17, 1996 and incorporated herein by reference).
3.4	Bylaws of ABC, as amended (incorporated by reference to Exhibit 2.2 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630) filed August 14, 1987.
3.5	Form of Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.5 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
3.6	Form of Amendment to Bylaws (incorporated by reference to Exhibit 3.6 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
3.7	Form of Articles of Amendment to the Articles of Incorporation filed electronically herewith.
3.8	Form of Amendment to Bylaws filed electronically herewith.
10.1	1985 Incentive Stock Option Plan (filed as Exhibit 5.1 to ABC's Regulation A Offering Statement on Form 1-A

	(File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.2	Incentive Stock Option Agreement with Kenneth J. Hunnicutt dated October 17, 1985 (filed as Exhibit 5.2 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.3	Deferred Compensation Agreement for Kenneth J. Hunnicutt dated December 16, 1986 (filed as Exhibit 5.3 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).

Exhibit No	Description
10.4	Security Deed in favor of M.I.A., Co. dated December 31, 1984 (filed as Exhibit 5.4 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.5	Loan Agreement and Master Term Note dated December 30, 1986 (filed as Exhibit 5.5 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.6	Executive Salary Continuation Agreement dated February 14, 1984 (filed as Exhibit 10.6 to ABC's Annual Report on Form 10-KSB (File Number 2-71257), filed herewith with the Commission on March 27, 1989 and incorporated herein by reference.
10.7	1992 Incentive Stock Option Plan and Option Agreement for K. J. Hunnicutt (filed as Exhibit 10.7 to ABC's Annual Report on Form 10-KSB (File Number 0-16181), filed with the Commission on March 30, 1993 and incorporated herein by reference).
10.8	Executive Employment Agreement with Kenneth J. Hunnicutt dated September 20, 1994 (filed as Exhibit 10.8 to ABC's Annual Report on Form 10-KSB (File Number 0-016181), filed with the Commission on March 30, 1995 and incorporated herein by reference).
10.9	Executive Consulting Agreement with Eugene M. Vereen dated September 20, 1994 (filed as Exhibit 10.9 to ABC's Annual Report on Form 10-KSB (File Number 0-016181), filed with the Commission on March 30, 1995 and incorporated herein by reference).
10.10	Agreement and Plan of Merger by and between ABC and Southland Bancorporation dated as of December 18, 1995 (filed as Exhibit 10.10 to ABC's Annual Report on Form 10-K (File No. 0-16181), filed with the Commission on March 28, 1996 and incorporated herein by reference), and Amendment No. 1 thereto dated as of April 16,1996 (filed as part of Appendix A to Amendment No. 1 to ABC's Registration on Form S-4 (Registration No. 333-2387), filed with the Commission on May 21, 1996 and incorporated herein by reference).
10.11	Agreement and Plan of Merger by and between ABC and Central Bankshares, Inc., dated as of December 29, 1995 (filed as Exhibit 10.11 to ABC's Annual Report on Form 10-K (File No. 0-16181), filed with the Commission on March 28, 1996 and incorporated herein by reference), and Amendment No. 1 thereto dated as April 26, 1996 (filed as part of Appendix A to ABC's Registration on Form S-4 (Registration No. 333-05861), filed with the Commission on June 12, 1996 and incorporated herein by reference).

Exhibit No	Description

10.12	Agreement and Plan of Merger by and between ABC and First National Financial Corporation dated as of April 15, 1996 (filed as Exhibit 10.12 to Amendment No. 1 to ABC's Registration on Form S-4 (Registration No. 333-2387), filed with the Commission on May 21, 1996 and incorporated herein by reference).
10.13	Agreement and Plan of Merger by and between ABC and M & F Financial Corporation dated as of September 12, 1996 (filed as Appendix A to ABC's Registration on Form S-4 (Registration No. 333-14649), filed with the Commission on October 23, 1996 and incorporated herein by reference).
10.15	Form of Purchase and Assumption Agreement by and between NationsBank, N.A. (South) and ABC Bancorp dated as of February 26, 1997 (incorporated by reference to Exhibit 10.15 to ABC's Annual Report on Form 10-K (File No. 001-13981), filed with the Commission on March 25, 1998).
10.16	Form of Agreement and Plan of Merger by and between ABC Bancorp and Irwin Bankcorp, Inc. dated as of May 15, 1997 (incorporated by reference to Exhibit 10.16 to ABC's Annual Report on Form 10-K (File No. 001-13901) filed with the Commission on March 25, 1998).
10.17	Form of Omnibus Stock Ownership and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
10.18	Form of Rights Agreement between ABC Bancorp and SunTrust Bank dated as of February 17, 1998 (incorporated by reference to Exhibit 10.18 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
21.1	Schedule of subsidiaries of ABC Bancorp.
24.1	Power of Attorney relating to this Form 10-K is set forth on the signature pages of this Form 10-K.
27	Financial Data Schedule.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
<TABLE>
<CAPTION>

<S>	<C> ABC BANCORP
Date: 3/16/99	By: /s/ Kenneth J. Hunnicutt Kenneth J. Hunnicutt, President, Chief Executive Officer and Director
Date: 3/16/99	By: /s/ W. Edwin Lane, Jr. W. Edwin Lane, Jr., Executive Vice President and Chief Financial Officer

</TABLE>

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenneth J. Hunnicutt as his attorney-in-fact, acting with full power of substitution for him in his name, place and stead, in any and all capacities, to sign any amendments to this Form 10-K and to file the same, with exhibits thereto, and any other documents in connection therewith, with the Securities and Exchange Commission and hereby ratifies and confirms all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Exchange Act, this Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

<S>	<C>
Date: 3/16/99	/s/ Kenneth J. Hunnicutt
	Kenneth J. Hunnicutt, President, Chief Executive Officer and Director
Date: 3/16/99	/s/ W. Edwin Lane, Jr.
	W. Edwin Lane, Jr., Executive Vice President and Chief Financial Officer
Date: 3/16/99	______________________________
	Johnny W. Floyd, Director
Date: 3/16/99	/s/ J. Raymond Fulp
	J. Raymond Fulp, Director
Date: 3/16/99	/s/ Daniel B. Jeter
	Daniel B. Jeter, Director

</TABLE>

<TABLE>

<S>	<C>
	/s/ Bobby B. Lindsey
Date: 3/16/99	Bobby B. Lindsey, Director
	/s/ Hal L. Lynch
Date: 3/16/99	Hal L. Lynch, Director
	/s/ Eugene M. Vereen
Date: 3/16/99	Eugene M. Vereen, Jr., Director
	/s/ Doyle Weltzbarker
Date: 3/16/99	Doyle Weltzbarker, Director and Chairman of the Board
	/s/ Henry Wortman
Date: 3/16/99	Henry Wortman, Director

</TABLE>

ABC BANCORP

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

Consolidated financial statements:

All schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ABC Bancorp
Moultrie, Georgia

We have audited the accompanying consolidated balance sheets of ABC Bancorp and Subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ABC Bancorp and Subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Mauldin & Jenkins, LLC

Albany, Georgia
January 22, 1999

ABC BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997
(Dollars in Thousands)

<TABLE>
<CAPTION>

Assets	1998	1997
<S>	<C>	<C>
Cash and due from banks	$ 42,058	$ 33,973
Interest-bearing deposits in banks	14,417	2,288
Federal funds sold	0	890
Securities available for sale, at fair value	135,933	93,199
Securities held to maturity, at cost (fair value $19,325 and $30,577)	18,613	30,020
Loans	477,194	490,244
Less allowance for loan losses	10,192	7,627
Loans, net	467,002	482,617
Premises and equipment, net	19,088	19,054
Excess of cost over net assets of banks acquired	8,440	9,291
Other assets	19,395	20,554
	$724,946	$691,886
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing demand	$ 99,957	$ 90,109
Interest-bearing demand	132,527	128,294
Savings	59,719	46,715
Time, $100,000 and over	93,381	85,937

Other time	247,741	249,656
Total deposits	633,325	600,711
Federal funds purchased and securities sold under agreements to repurchase	883	660
Other borrowings	11,850	15,400
Other liabilities	7,054	6,962
Total liabilities	653,112	623,733
Commitments and contingent liabilities		
Stockholders' equity		
Common stock, par value $1; 15,000,000 shares authorized, 7,524,718 shares issued	7,525	7,525
Capital surplus	29,677	29,677
Retained earnings	36,280	32,264
Accumulated other comprehensive income	322	242
	73,804	69,708
Less cost of shares acquired for the treasury, 305,153 and	(1,970)	(1,555)
272,353 shares Total stockholders' equity	71,834	68,153
	$724,946	$691,886

</TABLE>
See Notes to Consolidated Financial Statements.

ABC BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Interest income			
Interest and fees on loans	$ 51,584	$ 50,502	$ 42,322
Interest on taxable securities	5,990	6,511	6,092
Interest on nontaxable securities	1,190	1,205	1,025
Interest on deposits in other banks	1,077	232	8
Interest on Federal funds sold	53	199	1,139
	59,894	58,649	50,586
Interest expense			
Interest on deposits	25,411	24,229	20,935
Interest on other borrowings	1,033	1,721	1,389
	26,444	25,950	22,324
Net interest income	33,450	32,699	28,262
Provision for loan losses	5,505	2,731	1,919
Net interest income after provision for loan losses	27,945	29,968	26,343
Other income			
Service charges on deposit accounts	5,720	5,509	4,722
Other service charges, commissions and fees	506	474	500
Mortgage origination fees	883	445	167
Non-taxable life insurance benefits	1,200	0	24
Gain (loss) on sale of securities	0	-22	-5
Other	1,390	1,330	1,124
	9,699	7,736	6,532
Other expenses			
Salaries and employee benefits	14,025	13,742	11,354
Equipment expense	2,442	2,305	1,783
Occupancy expense	1,878	1,653	1,380
Merger and acquisition expense	4	406	708
Amortization of intangible assets	851	744	487
Data processing fees	774	528	586

Stationary and supplies expense	476	560	616
Other operating expenses	7,546	7,201	5,964
	27,996	27,139	22,878
Income before income taxes	9,648	10,565	9,997
Applicable income taxes	2,735	3,119	2,839
Net income	$ 6,913	$ 7,446	$ 7,158
Income per common share - Basic	$ 0.95	$ 1.03	$ 1.01
Income per common share - Diluted	$ 0.95	$ 1.02	$ 1.01

</TABLE>

See Notes to Consolidated Financial Statements.

ABC BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Net income	$ 6,913	$ 7,446	$ 7,158
Other comprehensive income:			
Net unrealized holding gains (losses) arising during period, net of tax of $32, $152 and $(123)	80	284	(238)
Reclassification adjustment for losses included in net income, net of tax of $ - -, $7 and $2	-	15	3
Total other comprehensive income	80	299	(235)
Comprehensive income	$ 6,993	$ 7,745	$ 6,923

</TABLE>

See Notes to Consolidated Financial Statements.

ABC BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Common Stock				Accumulated	Treasury Stock		
<S>	Shares <C>	Par Value <C>	Capital Surplus <C>	Retained Earnings <C>	Other Comprehensive Income <C>	Shares <C>	Cost <C>	Total <C>
Balance, December 31, 1995	5,567,209	$ 5,567	$ 25,314	$ 22,255	$ 374	217,882	$ (1,555)	$ 51,955
Net income	-	-	-	7,158	-	-	-	7,158
Cash dividends declared, $.32 per share	-	-	-	(1,682)	-	-	-	(1,682)
Cash dividends paid by pooled subsidiary	-	-	-	(248)	-	-	-	(248)
Adjustments to record acquisition of a purchased subsidiary	402,271	402	5,543	-	(196)	-	-	5,749
Exercise of options and capital contributions by shareholders of pooled subsidiaries prior to merger	144,963	145	109	-	-	-	-	254
Purchase of fractional shares	-	-	(7)	-	-	-	-	(7)
Net treasury stock transactions								

of pooled subsidiary	-	-	26	-	-	-	-	26
Other comprehensive income	-	-	-	-	(235)	-	-	(235)
Balance, December 31, 1996	6,114,443	6,114	30,985	27,483	(57)	217,882	(1,555)	62,970
Net income	-	-	-	7,446	-	-	-	7,446
Cash dividends declared, $.38 per share	-	-	-	(2,665)	-	-	-	(2,665)
Five-for-four common stock split	1,403,241	1,403	(1,403)	-	-	54,471	-	-
Exercise of options by shareholders								
of pooled subsidiaries	7,034	8	102	-	-	-	-	110
Purchase of fractional shares	-	-	(7)	-	-	-	-	(7)
Other comprehensive income	-	-	-	-	299	-	-	299
Balance, December 31, 1997	7,524,718	7,525	29,677	32,264	242	272,353	(1,555)	68,153
Net income	-	-	-	6,913	-	-	-	6,913
Cash dividends declared, $.40 per share	-	-	-	(2,897)	-	-	-	(2,897)
Net treasury stock transactions	-	-	-	-	-	32,800	(415)	(415)
Other comprehensive income	-	-	-	-	80	-	-	80
Balance, December 31, 1998	7,524,718	$ 7,525	$ 29,677	$ 36,280	$ 322	305,153	$ (1,970)	$ 71,834

</TABLE>

See Notes to Consolidated Financial Statements.

ABC BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$ 6,913	$ 7,446	$ 7,158
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,143	2,000	1,576
Amortization of intangible assets	851	744	487
Net losses on securities available for sale	-	22	5
Net gains on sale of premises and equipment	(188)	-	-
Gain from life insurance benefits	(1,200)	-	-
Provision for loan losses	5,505	2,731	1,919
Provision for deferred taxes	(1,170)	(449)	(382)
(Increase) decrease in interest receivable	1,271	(1,435)	(513)
Increase (decrease) in interest payable	(38)	56	(113)
Increase (decrease) in taxes payable	(485)	463	(528)
Other prepaids, deferrals and accruals, net	891	(2,048)	1,499
Total adjustments	7,580	2,084	3,950
Net cash provided by operating activities	14,493	9,530	11,108
INVESTING ACTIVITIES			
(Increase) decrease in interest-bearing deposits in banks	(12,129)	(2,288)	199
Purchases of securities available for sale	(110,362)	(48,972)	(45,123)
Purchases of securities held to maturity	(400)	(6,102)	(2,871)
Proceeds from maturities of securities available for sale	67,708	48,633	31,064
Proceeds from sale of securities available for sale	-	10,851	4,638
Proceeds from maturities of securities held to maturity	11,807	8,072	1,894
Decrease in Federal funds sold	890	7,730	48,235
(Increase) decrease in loans, net	10,110	(32,550)	(53,968)
Net cash paid for purchased subsidiary	-	-	(3,947)
Net cash received from acquisition of deposits	-	16,398	-
Purchase of premises and equipment	(2,383)	(4,598)	(3,728)
Proceeds from the sale of premises and equipment	708	-	48
Proceeds from life insurance benefits	1,671	-	-
Net cash used in investing activities	(32,380)	(2,826)	(23,559)

</TABLE>

ABC BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
FINANCING ACTIVITIES			
Increase (decrease) in deposits	$32,614	$(3,965)	$20,092
Increase (decrease) in Federal funds purchased and securities sold under agreements to repurchase	223	(337)	(2,690)
Proceeds from other borrowings	5,500	34,678	12,600
Repayment of other borrowings	(9,050)	(43,478)	(5,200)
Dividends paid	(2,900)	(2,633)	(1,763)
Proceeds from sale of stock of pooled subsidiary	-	110	324
Purchase of fractional shares	-	(7)	(7)
Purchase of treasury shares	(415)	-	(44)
Net cash provided by (used in) financing activities	25,972	(15,632)	23,312
Net (decrease) increase in cash and due from banks	8,085	(8,928)	10,861
Cash and due from banks at beginning of year	33,973	42,901	32,040
Cash and due from banks at end of year	$42,058	$33,973	$42,901
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$26,482	$25,894	$22,437
Income taxes	$ 4,390	$ 3,105	$ 3,749
NONCASH TRANSACTION			
Net change in unrealized gains (losses) on securities available for sale	$ 94	$ 471	$ (340)

</TABLE>

See Notes to Consolidated Financial Statements.

ABC BANCORP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

ABC Bancorp, (the "Company") is a multi-bank holding company whose business is presently conducted by its subsidiary banks (the "Banks"). Through the Banks, the Company operates a full service banking business and offers a broad range of retail and commercial banking services to its customers located in a market area which includes South Georgia and Southeast Alabama. The Company and the Banks are subject to the regulations of certain Federal and state agencies and are periodically examined by those regulatory agencies.

Basis of Presentation

The accounting and reporting policies of the Company conform to generally accepted accounting principles and general practices within the financial services industry. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates.

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation. Results of operations of purchased banks are included from the dates of acquisition. Following the purchase method of accounting, the assets and liabilities of purchased banks are stated at estimated fair values at the date of acquisition.

The principles which significantly affect the determination of financial position, results of operations and cash flows are summarized below.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and due from banks includes cash on hand and amounts due from banks (including cash items in process of clearing). Cash flows from loans originated by the Banks, deposits, interest-bearing deposits and Federal funds purchased and sold are reported net.

The Company maintains amounts due from banks which, at times, may exceed Federally insured limits. The Company has not experienced any losses in such accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Securities

Securities are classified based on management's intention on the date of purchase. Securities which management has the intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost. All other debt securities are classified as available for sale and carried at fair value with net unrealized gains and losses included in stockholders' equity, net of tax. Marketable equity securities are carried at fair value with net unrealized gains and losses included in stockholders' equity. Other equity securities without a readily determinable fair value are carried at cost.

Interest and dividends on securities, including amortization of premiums and accretion of discounts, are included in interest income. Realized gains and losses from the sales of securities are determined using the specific identification method.

A decline in the fair value below cost of any security that is deemed other than temporary is charged to earnings resulting in the establishment of a new cost basis for the security.

Loans Held for Sale

Loans held for sale include mortgage and other loans and are carried at the lower of aggregate cost or fair value.

Loans

Loans are carried at their principal amounts outstanding less unearned income and the allowance for loan losses. Interest income on loans is credited to income based on the principal amount outstanding.

Loan origination fees and certain direct costs of most loans are recognized at the time the loan is recorded. Loan origination fees and costs incurred for other loans are deferred and recognized as income over the life of the loan. Because net origination loan fees and costs are not material, the results of operations are not materially different than the results which would be obtained by accounting for loan fees and costs in accordance with generally accepted accounting principles.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans (Continued)

The allowance for loan losses is maintained at a level that management believes to be adequate to absorb potential losses in the loan portfolio. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolio, past loan loss experience, current economic conditions, volume, growth, composition of the loan portfolio, and other risks inherent in the portfolio. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses, and may require the Company to record additions to the allowance based on their judgment about information available to them at the time of their examinations.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When accrual of interest is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

A loan is impaired when it is probable the Company will be unable to collect all principal and interest payments due in accordance with the terms of the loan agreement. Individually identified impaired loans are measured based on the present value of payments expected to be received, using the contractual loan rate as the discount rate. Alternatively, measurement may be based on observable market prices or, for loans that are solely dependent on the collateral for repayment, measurement may be based on the fair value of the collateral. If the recorded investment in the impaired loan exceeds the measure of fair value, a valuation allowance is established as a component of the allowance for loan losses. Changes to the valuation allowance are recorded as a component of the provision for loan losses.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the following estimated useful lives:

<TABLE>
<CAPTION>

<S>	Years ------- <C>
Buildings and improvements	15-40
Furniture and equipment	5-7

</TABLE>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Real Estate Owned

Other real estate owned (OREO) represents properties acquired through foreclosure or other proceedings. OREO is held for sale and is recorded at the lower of the recorded amount of the loan or fair value of the properties less estimated costs of disposal. Any write-down to fair value at the time of transfer to OREO is charged to the allowance for loan losses. Property is evaluated regularly to ensure the recorded amount is supported by its current fair value and valuation allowances to reduce the carrying amount to fair value less estimated costs to dispose are recorded as necessary. Subsequent decreases in fair value and increases in fair value, up to the value established at foreclosure, are recognized as charges or credits to noninterest expense. OREO is reported net of allowance for losses in the Company's financial statements.

Intangible Assets

Intangible assets, arising from excess of purchase price over net assets acquired of purchased banks, are being amortized on the straight-line method over various periods not exceeding 25 years for banks acquired prior to 1996. Excess acquisition cost of Southland Bank acquired in 1996 and the Douglas branch of Citizens Security Bank acquired in 1997 are being amortized on the straight-line method over 15 years.

Income Taxes

Income tax expense consists of current and deferred taxes. Current income tax provisions approximate taxes to be paid or refunded for the applicable year. Deferred tax assets and liabilities are recognized on the temporary differences between the bases of assets and liabilities as measured by tax laws and their bases as reported in the financial statements. Deferred tax expense or benefit is then recognized for the change in deferred tax assets or liabilities between periods.

Recognition of deferred tax balance sheet amounts is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences, tax operating loss carryforwards, and tax credits will be realized. A valuation allowance is recorded for those deferred tax items for which it is more likely than not that realization will not occur.

The Company and its subsidiaries file a consolidated income tax return. Each subsidiary provides for income taxes based on its contribution to income taxes (benefits) of the consolidated group.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings Per Share

Basic earnings per share are calculated on the basis of the weighted average number of common shares outstanding. Diluted earnings per share are computed by dividing net income by the sum of the weighted average number of common shares outstanding and potential common shares. Earnings per common share for the prior periods have been restated to reflect the adoption of FASB 128. All per share data for prior years have been adjusted to reflect the five-for-four stock split effected in the form of a 25% stock dividend to shareholders of record as of April 15, 1997.

Recent Accounting Pronouncements

In 1998, the Company adopted Statement of Financial Accounting Standards No. 130 ("SFAS No. 130"), "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components in the financial statements. This statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed in equal prominence with the other financial statements. The Company has elected to report comprehensive income in a separate financial statement titled "Consolidated Statements of Comprehensive Income". SFAS No. 130 describes comprehensive income as the total of all components of comprehensive income, including net income. This statement uses other comprehensive income to refer to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income. Currently, the Company's other comprehensive income consists of items previously reported directly in equity under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". As required by SFAS No. 130, the financial statements for the prior year have been reclassified to reflect application of the provisions of this statement. The adoption of this statement did not affect the Company's financial position, results of operations or cash flows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities". This statement is required to be adopted for fiscal years beginning after June 15, 1999. However, the statement permits early adoption as of the beginning of any fiscal quarter after its issuance. The Company expects to adopt this statement effective January 1, 2000. SFAS 133 requires the Company to recognize all derivatives as either assets or liabilities in the balance sheet at fair value. For derivatives that are not designated as hedges, the gain or loss must be recognized in earnings in the period of change. For derivatives that are designated as hedges, changes in the fair value of the hedged assets, liabilities, or firm commitments must be recognized in earnings or recognized in other comprehensive income until the hedged item is recognized in earnings, depending on the nature of the hedge. The ineffective portion of a derivative's change in fair value must be recognized in earnings immediately.

Management has not yet determined what effect the adoption of SFAS 133 will have on the Company's earnings or financial position.

NOTE 2. ACQUISITIONS

During the three-year period ended December 31, 1998, the Company consummated the following acquisitions:

<TABLE>
<CAPTION>

Date	Entity	Accounting Method	Consideration	Resulting Intangibles
<S>	<C>	<C>	<C>	<C>
June 1996	Southland Bank	Purchase	$5,880,000 in cash and 402,271 shares of Company stock	$5,310,000
July 1996	Central Bank & Trust	Pooling of interests	524,300 shares of Company stock	None
August 1996	First National Bank of South Georgia	Pooling of interests	725,772 shares of Company stock	None
December 1996	Merchants & Farmers Bank	Pooling of interests	365,026 shares of Company stock	None
August 1997	The Bank of Ocilla	Pooling of interests	507,034 shares of Company stock	None

</TABLE>

NOTE 3. INVESTMENTS IN SECURITIES

The amortized cost and approximate fair values of investments in securities at December 31, 1998 and 1997 were as follows:

<TABLE>
<CAPTION>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Securities Available for Sale				
December 31, 1998:				

U. S. Government and agency securities	$ 65,146	$ 278	$ (16)	$ 65,408
Mortgage-backed securities	63,677	198	(180)	63,695
State and municipal securities	6,097	273	-	6,370
Other securities	525	-	(65)	460
	$135,445	$ 749	$ (261)	$135,933
December 31, 1997:				
U. S. Government and agency securities	$ 79,636	$ 287	$ (101)	$ 79,822
Mortgage-backed securities	6,984	120	(19)	7,085
State and municipal securities	5,660	174	-	5,834
Other securities	525	-	(67)	458
	$ 92,805	$ 581	$ (187)	$ 93,199
Securities Held to Maturity				
December 31, 1998:				
U. S. Government and agency securities	$ 999	$ 2	$ -	$ 1,001
Mortgage-backed securities	1,662	25	-	1,687
State and municipal securities	15,952	686	(1)	16,637
	$ 18,613	$ 713	$ (1)	$ 19,325
December 31, 1997:				
U. S. Government and agency securities	$ 8,995	$ 1	$ (10)	$ 8,986
Mortgage-backed securities	2,951	27	(10)	2,968
State and municipal securities	18,074	557	(8)	18,623
	$ 30,020	$ 585	$ (28)	$ 30,577

</TABLE>

NOTE 3. INVESTMENTS IN SECURITIES (Continued)

The amortized cost and fair value of securities as of December 31, 1998 by contractual maturity are shown below. Maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or repaid without any penalties. Therefore, these securities are not included in the maturity categories in the following maturity summary.

<TABLE>
<CAPTION>

	Securities Available for Sale		Securities Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Due in one year or less	$ 7,819	$ 7,837	$ 1,433	$ 1,442
Due from one year to five years	57,962	58,253	9,061	9,330
Due from five to ten years	3,683	3,810	4,792	5,083
Due after ten years	1,779	1,878	1,665	1,783
Mortgage-backed securities	63,677	63,695	1,662	1,687
Marketable equity securities	525	460	-	-
	$ 135,445	$ 135,933	$ 18,613	$ 19,325

</TABLE>

Securities with a carrying value of $59,332,000 and $69,033,000 at December 31, 1998 and 1997, respectively, were pledged to secure public deposits and for other purposes.

Gains and losses on sales of securities available for sale consist of the following:

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997	December 31, 1996
	(Dollars in Thousands)		
Gross gains on sales of securities	$ -	$ 26	$ 13
Gross losses on sales of securities	-	(48)	(18)
Net realized gains (losses) on sales of securities available for sale	$ -	$ (22)	$ (5)

</TABLE>

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of loans is summarized as follows:

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997
	(Dollars in Thousands)	
Commercial and financial	$ 70,282	$ 72,171
Agricultural	36,567	41,882
Real estate - construction	8,439	13,117
Real estate - mortgage, farmland	56,595	55,245
Real estate - mortgage, commercial	123,854	108,339
Real estate - mortgage, residential	114,930	127,767
Consumer instalment loans	65,307	68,959
Other	1,220	2,764
	477,194	490,244
Allowance for loan losses	10,192	7,627
	$ 467,002	$ 482,617

</TABLE>

The total recorded investment in impaired loans was $8,767,000 and $10,054,000 at December 31, 1998 and 1997, respectively. Included in these loans were $8,767,000 and $5,680,000 that had related allowances for loan losses of $1,846,000 and $1,060,000 at December 31, 1998 and 1997, respectively. The average recorded investment in impaired loans for 1998 and 1997 was $12,730,000 and $7,686,000, respectively. Interest income on impaired loans of $160,000 and $383,000 was recognized for cash payments received for the years ended 1998 and 1997, respectively.

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

The Company has granted loans to certain directors, executive officers, and related entities of the Company and the Banks. The interest rates on these loans were substantially the same as rates prevailing at the time of the transaction and repayment terms are customary for the type of loan involved. Changes in related party loans for the years ended December 31, 1998 and 1997 are as follows:

<TABLE>
<CAPTION>

	December 31,	
	1998	1997
	(Dollars in Thousands)	
Balance, beginning of year	$ 23,642	$ 21,235
Advances	15,742	18,708
Repayments	(17,935)	(14,593)
Transactions due to change(s) in related parties	(2,093)	(1,708)
Balance, end of year	$ 19,356	$ 23,642

Changes in the allowance for loan losses are as follows:

	December 31,		
	1998	1997	1996
	(Dollars in Thousands)		
Balance, beginning of year	$ 7,627	$ 7,273	$ 5,890
Allowance for loan losses of acquired subsidiary	-	-	1,211
Provision charged to operations	5,505	2,731	1,919
Loans charged off	(4,030)	(3,338)	(2,291)
Recoveries	1,090	961	544
Balance, end of year	$ 10,192	$ 7,627	$ 7,273

NOTE 5. PREMISES AND EQUIPMENT, NET

Major classifications of these assets are summarized as follows:

	December 31,	
	1998	1997
	(Dollars in Thousands)	
Land	$ 4,454	$ 4,535
Buildings	14,644	13,761
Equipment	15,182	14,291
Construction in progress	910	649
	35,190	33,236
Accumulated depreciation	16,102	14,182
	$ 19,088	$ 19,054

Depreciation expense for the years ended December 31, 1998, 1997 and 1996 was $2,122,000, $1,923,000 and $1,465,000, respectively.

NOTE 6. Employee Benefit Plans

Prior to 1998, the Company and its subsidiaries maintained simplified employee pension plans for substantially all employees. These plans were SEP-IRA defined contribution plans. Contributions to these plans charged to expense during 1997 and 1996 amounted to $1,093,000 and $879,000, respectively.

Effective January 1, 1998, the Company established two retirement plans to replace the simplified employee pension plans. The ABC Bancorp 401(k) Profit Sharing Plan allows a participant to defer a portion of his compensation and provides that the Company will match a portion of the deferred compensation. The plan also provides for nonelective and discretionary contributions to be made at the sole discretion of the Company. The ABC Bancorp Money Purchase Pension Plan was established to supplement a participant's income upon retirement. The Plan is fully funded by the Company. The Plan provides for a fixed rate of contribution, currently 5%, of the participant's eligible compensation. The rate of contribution is established by the Compensation Committee of ABC Bancorp's Board of Directors. The Plan must be amended to change the fixed rate of 5% established by the Compensation Committee in December 1997. All full-time and part-time employees are eligible to participate in both plans provided they have met the eligibility requirements. Generally, a participant must have completed twelve months of employment with a minimum of 1,000 hours. Aggregate expense under the two plans charged to operations in 1998 amounted to $644,000.

NOTE 7. DEFERRED COMPENSATION PLANS

The Company and two subsidiary banks have entered into separate deferred compensation arrangements with certain executive officers and directors. The plans call for certain amounts payable at retirement, death or disability. The estimated present value of the deferred compensation is being accrued over the remaining expected term of active employment. The Company and Banks have purchased life insurance policies which they intend to use to finance this liability. Aggregate compensation expense under the plans were $78,000, $70,000 and $12,000 for 1998, 1997 and 1996, respectively, and is included in other operating expenses.

NOTE 8. STOCK OPTION PLANS

the Company has two fixed stock option plans under which it has granted options to its Chief Executive Officer to purchase common stock at the fair market price on the date of grant. All of the options are intended to be incentive stock options qualifying under Section 422 of the Internal Revenue Code for favorable tax treatment. Under the 1992 Plan, options to purchase 8,334 shares were granted. None of these options have been exercised, however, all of the options were exercisable as of December 31, 1998. Options under the 1992 Plan expire in 2002. Under the 1997 Plan, options to purchase 56,250 shares were granted. Options under the 1997 Plan are fully vested and are exercisable over a period of ten years subject to certain limitations as to aggregate fair market value (determined as of the date of the grant) of all options exercisable for the first time by the optionee during any calendar year (the "$100,000 Per-Year Limitation"). Under the 1997 Plan, options to purchase 13,875 shares were exercisable as of December 31, 1998.

At the annual meeting on April 15, 1997, the shareholders approved the ABC Bancorp Omnibus Stock Ownership and Long-Term Incentive Plan (the "Omnibus Plan"). Awards granted under the Omnibus Plan may be in the form of Qualified or Nonqualified Stock Options, Restricted Stock, Stock Appreciation Rights ("SARS"), Long-Term Incentive Compensation Units consisting of a combination of cash and Common Stock, or any combination thereof within the limitations set forth in the Omnibus Plan. The Omnibus Plan provides that the aggregate number of shares of the Company's Common Stock which may be subject to award may not exceed 531,250, subject to adjustment in certain circumstances to prevent dilution. As of December 31, 1998, options to purchase 32,842 shares of the Company's common stock have been granted under the Omnibus Plan.

NOTE 8. STOCK OPTION PLANS (Continued)

A summary of the status of the three fixed plans at December 31, 1998, 1997 and 1996 and changes during the years ended on those dates is as follows:

<TABLE>
<CAPTION>

<S>	1998 Number <C>	1998 Weighted-Average Exercise Price <C>	1997 Number <C>	1997 Weighted-Average Exercise Price <C>	1996 Number <C>	1996 Weighted-Average Exercise Price <C>
Under option, beginning of the year	64,584	$12.54	8,334	$ 5.40	8,334	$ 5.40
Granted	35,228	18.79	56,250	13.60	-	-
Exercised	-	-	-	-	-	-
Forfeited	(2,386)	18.68	-	-	-	-
Under option, end of year	97,426	14.65	64,584	12.54	8,334	5.40
Exercisable at end of year	22,209		14,959		6,668	
Weighted-average fair value per option of options granted during year	$ 4.10		$ 4.11		$ -	

</TABLE>

A further summary about options outstanding at December 31, 1998 is as follows:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices <S>	Number Outstanding <C>	Weighted-Average Contractual Life in Years <C>	Weighted-Average Exercise Price <C>	Number Outstanding <C>	Weighted-Average Exercise Price <C>
$ 5.40	8,334	4.0	$ 5.40	8,334	$ 5.40
13.60	56,250	8.3	13.60	13,875	13.60
19.13	27,842	9.0	19.13	-	-
17.00	5,000	9.3	17.00	-	-
	97,426	8.18	14.65	22,209	10.52

</TABLE>

NOTE 8. STOCK OPTION PLANS (Continued)

As permitted by Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), the Company recognizes compensation cost for stock-based employee compensation awards in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees". The Company recognized no compensation cost for stock-based employee compensation awards for the years ended December 31, 1998, 1997 and 1996. If the Company had recognized compensation cost in accordance with SFAS No. 123, net income and net income per share would have been reduced as follows:

<TABLE>
<CAPTION>

December 31,		
1998	1997	1996

	Net Income	Basic Net Income Per Share	Net Income	Basic Net Income Per Share	Net Income	Basic Net Income Per Share
As reported	$6,913	$0.95	$7,446	$1.03	$7,158	$1.01
Stock based compensation, net of related tax effect	(18)	-	(153)	(0.02)	-	-
As adjusted	$6,895	$0.95	$7,293	$1.01	$7,158	$1.01

	December 31,					
	1998		1997		1996	
	Net Income	Diluted Net Income Per Share	Net Income	Diluted Net Income Per Share	Net Income	Diluted Net Income Per Share
As reported	$6,913	$0.95	$7,446	$1.02	$7,158	$1.01
Stock based compensation, net of related tax effect	(18)	-	(153)	(0.02)	-	-
As adjusted	$6,895	$0.95	$7,293	$1.00	$7,158	$1.01

NOTE 8. STOCK OPTION PLANS (Continued)

The fair value of the options granted in 1998 was based upon the discounted value of future cash flows of the options using the following assumptions:

Risk-free interest rate	5.12%
Expected life of the options	10 years
Expected dividends (as a percent of the fair value of the stock)	3.17%
Expected volatility	17.70%

NOTE 9. DEPOSITS

At December 31, 1998, the scheduled maturities of time deposits are as follows:

	(Dollars in Thousands)
1999	$ 285,608
2000	30,639
2001	13,426
2002	4,797
2003	5,836
Later years	816
	$ 341,122

NOTE 10. OTHER BORROWINGS

Other borrowings consist of the following:

	December 31, 1998	December 31, 1997
	(Dollars in Thousands)	
Advances under revolving credit agreement with SunTrust Bank with interest at the three month LIBOR rate plus .9% (6.86% at at December 31, 1998) due on March 30, 1999; unsecured.	$ 2,500	$ 5,000
Advances from Federal Home Loan Bank with interest at adjustable rates (ranging from 5.10% to 5.81% at December 31, 1998) due at various dates from January 29, 1999 to March 21, 2002.	6,000	10,000
Advance from Federal Home Loan Bank with interest at a fixed rate (6.48% at December 31, 1998) due in annual installments of $50,000 through June 5, 2005.	350	400
Advance from Federal Home Loan Bank with interest at a fixed rate of 5.52% due on April 2, 2003.	3,000	-
	$ 11,850	$ 15,400

The advances from the Federal Home Loan Bank are collateralized by the pledging of first mortgage loans and other specific loans. One subsidiary bank has also pledged mortgage-backed securities having an aggregate market value of approximately $1,513,000 at December 31, 1998.

Other borrowings at December 31, 1998 have maturities in future years as follows:

	(Dollars in Thousands)
1999	$ 5,550
2000	2,050
2001	50
2002	1,050
2003	3,050
Later years	100
	$ 11,850

NOTE 11. INCOME TAXES

The total income taxes in the consolidated statements of income are as follows:

	December 31, 1998	December 31, 1997	December 31, 1996
	(Dollars in Thousands)		

Current	$ 3,905	$ 3,568	$ 3,221
Deferred	(1,170)	(449)	(382)
	$ 2,735	$ 3,119	$ 2,839

</TABLE>

The Company's provision for income taxes differs from the amounts computed by applying the Federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

<TABLE>
<CAPTION>

	December 31,					
	1998		1997		1996	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tax provision at statutory rate	$ 3,280	34 %	$ 3,592	34 %	$ 3,399	34 %
Increase (decrease) resulting from:						
Tax-exempt interest	(407)	(4)	(439)	(4)	(359)	(4)
Amortization of excess cost over assets acquired	167	1	167	2	82	1
Tax-exempt life insurance proceeds	(408)	(4)	-	-	-	-
Changes in valuation allowance for deferred taxes	-	-	(94)	(1)	(228)	(2)
Other	103	1	(107)	(1)	(55)	(1)
Provision for income taxes	$ 2,735	28 %	$ 3,119	30	$ 2,839	28 %

</TABLE>

NOTE 11. INCOME TAXES (Continued)

Net deferred income tax assets of $2,952,000 and $1,814,000 at December 31, 1998 and 1997, respectively, are included in other assets. The components of deferred income taxes are as follows:

<TABLE>
<CAPTION>

	December 31,	
	1998	1997
	(Dollars in Thousands)	
<S>	<C>	<C>
Deferred tax assets:		
Loan loss reserves	$ 2,902	$ 1,853
Deferred compensation	196	192
Nonaccrual interest	337	-
Other	2	78
Net operating loss tax carryforward	213	237
Alternative minimum tax credits	-	142
	3,650	2,502
Deferred tax liabilities:		
Deprecation and amortization	532	554
Unrealized gain on securities available for sale	166	134
	698	688
Net deferred tax assets	$ 2,952	$ 1,814

</TABLE>

NOTE 12. EARNINGS PER COMMON SHARE

The following is a reconciliation of net income (the numerator) and the weighted average shares outstanding (the denominator) used in determining basic and diluted earnings per share. All amounts are presented in thousands, except per share amounts.

	Year Ended December 31, 1998		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per share			
Net income	$ 6,913	7,249	$ 0.95
Effect of Dilutive Securities			
Stock options	-	12	
Dilutive earnings per share			
Net income	$ 6,913	7,261	$ 0.95

NOTE 12. EARNINGS PER COMMON SHARE (Continued)

	Year Ended December 31, 1997		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per share			
Net income	$ 7,446	7,252	$ 1.03
Effect of Dilutive Securities			
Stock options	-	13	
Dilutive earnings per share			
Net income	$ 7,446	7,265	$ 1.02

	Year Ended December 31, 1996		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per share			
Net income	$ 7,158	7,056	$ 1.01
Effect of Dilutive Securities			
Stock options	-	5	
Dilutive earnings per share			
Net income	$ 7,158	7,061	$ 1.01

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Company has entered into off-balance-sheet financial instruments which are not reflected in the financial statements. These financial instruments include commitments to extend credit and standby letters of credit. Such financial instruments are included in the financial statements when funds are disbursed or the instruments become payable. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet.

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit and collateral policies for these off-balance-sheet financial instruments as it does for on-balance-sheet financial instruments. A summary of the Company's commitments is as follows:

	December 31, 1998	December 31, 1997
	(Dollars in Thousands)	
Commitments to extend credit	$ 80,861	$ 81,682
Credit card commitments	7,866	7,153
Standby letters of credit	2,761	1,584
	$ 91,488	$ 90,419

Commitments to extend credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to customers. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies but may include real estate and improvements, marketable securities, accounts receivable, crops, livestock, inventory, equipment and personal property.

Credit card commitments are unsecured.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held varies as specified above and is required in instances which the Company deems necessary.

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management for the Company, any liability resulting from such proceedings would not have a material adverse effect on the Company's financial statements.

NOTE 14. CONCENTRATIONS OF CREDIT

The Banks make agricultural, agribusiness, commercial, residential and consumer loans to customers primarily in counties in south Georgia and southeast Alabama. A substantial portion of the Company's customers' abilities to honor their contracts is dependent on the business economy in the geographical area served by the Banks.

Although the Company's loan portfolio is diversified, there is a relationship in this region between the agricultural economy and the economic performance of loans made to nonagricultural customers. The Company's lending policies for agricultural and nonagricultural customers require loans to be well-collateralized and supported by cash flows. Collateral for agricultural loans include equipment, crops, livestock and land. Credit losses from loans related to the agricultural economy is taken into consideration by management in determining the allowance for loan losses.

A substantial portion of the Company's loans are secured by real estate in the Company's primary market area. In addition, a substantial portion of the real estate owned is located in those same markets. Accordingly, the ultimate collectibility of a substantial portion of the Company's loan portfolio and the recovery of a substantial portion of the carrying amount of real estate owned are susceptible to changes in market conditions in the Company's primary market area.

The Company has a concentration of funds on deposit at its primary correspondent banks at December 31, 1998, as follows:

Noninterest-bearing accounts	$31,934,000

NOTE 15. REGULATORY MATTERS

The Banks are subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 1998, approximately $3,140,000 of retained earnings were available for dividend declaration without regulatory approval.

The Company and the Banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Banks must meet specific capital guidelines that involve quantitative measures of the assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company and Banks capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Banks to maintain minimum amounts and ratios of total and Tier I capital to risk-weighted assets and of Tier I capital to average assets. Management believes, as of December 31, 1998, the Company and the Banks meet all capital adequacy requirements to which it is subject.

As of December 31, 1998, the most recent notification from the regulatory authorities categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Banks must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Banks' category.

NOTE 15. REGULATORY MATTERS (Continued)

The Company and Banks' actual capital amounts and ratios are presented in the following table.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
As of December 31, 1998						
Total Capital						
(to Risk Weighted Assets):						
Consolidated	$68,529	14.67%	$37,361	8.00%	$46,702	10.00%
American Banking Banking	$12,453	13.64%	$ 7,306	8.00%	$ 9,132	10.00%
Heritage Community Bank	$ 4,092	13.92%	$ 2,353	8.00%	$ 2,941	10.00%
Bank of Thomas County	$ 2,956	12.03%	$ 1,966	8.00%	$ 2,457	10.00%
Citizens Security Bank	$11,150	16.08%	$ 5,547	8.00%	$ 6,934	10.00%
Cairo Banking Company	$ 8,029	18.73%	$ 3,429	8.00%	$ 4,287	10.00%
Southland Bank	$12,797	12.61%	$ 8,118	8.00%	$10,147	10.00%
Central Bank and Trust	$ 4,891	13.29%	$ 2,945	8.00%	$ 3,681	10.00%
First National Bank of South Georgia	$ 4,688	11.20%	$ 3,347	8.00%	$ 4,184	10.00%
Merchants and Farmers Bank	$ 3,745	13.27%	$ 2,258	8.00%	$ 2,823	10.00%
Tier I Capital						
(to Risk Weighted Assets):						
Consolidated	$62,637	13.41%	$18,681	4.00%	$28,021	6.00%
American Banking Company	$11,304	12.38%	$ 3,653	4.00%	$ 5,479	6.00%
Heritage Community Bank	$ 3,723	12.66%	$ 1,176	4.00%	$ 1,764	6.00%
Bank of Thomas County	$ 2,644	10.76%	$ 983	4.00%	$ 1,474	6.00%
Citizens Security Bank	$10,276	14.82%	$ 2,773	4.00%	$ 4,160	6.00%
Cairo Banking Company	$ 7,483	17.46%	$ 1,715	4.00%	$ 2,572	6.00%
Southland Bank	$11,520	11.35%	$ 4,059	4.00%	$ 6,088	6.00%
Central Bank and Trust	$ 4,420	12.01%	$ 1,472	4.00%	$ 2,209	6.00%
First National Bank of South Georgia	$ 4,164	9.95%	$ 1,674	4.00%	$ 2,510	6.00%
Merchants and Farmers Bank	$ 3,391	12.01%	$ 1,129	4.00%	$ 1,694	6.00%

</TABLE>

NOTE 15. REGULATORY MATTERS (Continued)

<TABLE>
<CAPTION>

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
As of December 31, 1998 (Continued)						
Tier I Capital						
(to Average Assets):						
Consolidated	$62,637	8.95%	$27,994	4.00%	$34,993	5.00%
American Banking Company	$11,304	8.58%	$ 5,270	4.00%	$ 6,587	5.00%
Heritage Community Bank	$ 3,723	8.62%	$ 1,728	4.00%	$ 2,160	5.00%
Bank of Thomas County	$ 2,644	7.16%	$ 1,477	4.00%	$ 1,846	5.00%
Citizens Security Bank	$10,276	8.02%	$ 5,125	4.00%	$ 6,407	5.00%
Cairo Banking Company	$ 7,483	10.19%	$ 2,937	4.00%	$ 3,672	5.00%
Southland Bank	$11,520	6.95%	$ 6,630	4.00%	$ 8,288	5.00%
Central Bank and Trust	$ 4,420	7.50%	$ 2,357	4.00%	$ 2,947	5.00%
First National Bank of South Georgia	$ 4,164	7.60%	$ 2,192	4.00%	$ 2,739	5.00%
Merchants and Farmers Bank	$ 3,391	7.75%	$ 1,750	4.00%	$ 2,188	5.00%

</TABLE>

NOTE 15. REGULATORY MATTERS (Continued)

<TABLE>
<CAPTION>

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As of December 31, 1997						
Total Capital (to Risk Weighted Assets):						
Consolidated	$ 64,178	13.32%	$ 38,534	8.00%	$ 48,169	10.00%
American Banking Company	$ 11,298	11.55%	$ 7,824	8.00%	$ 9,780	10.00%
Heritage Community Bank	$ 3,785	13.11%	$ 2,309	8.00%	$ 2,887	10.00%
Bank of Thomas County	$ 3,317	12.63%	$ 2,101	8.00%	$ 2,627	10.00%
Citizens Security Bank	$ 14,350	18.79%	$ 6,110	8.00%	$ 7,637	10.00%
Cairo Banking Company	$ 7,066	15.10%	$ 3,743	8.00%	$ 4,679	10.00%
Southland Bank	$ 11,511	11.16%	$ 8,249	8.00%	$ 10,312	10.00%
Central Bank and Trust	$ 5,474	12.68%	$ 3,453	8.00%	$ 4,316	10.00%
First National Bank of South Georgia	$ 4,841	12.38%	$ 3,128	8.00%	$ 3,909	10.00%
Merchants and Farmers Bank	$ 3,946	14.34%	$ 2,202	8.00%	$ 2,752	10.00%
Tier I Capital (to Risk Weighted Assets):						
Consolidated	$ 58,137	12.07%	$ 19,267	4.00%	$ 28,901	6.00%
American Banking Company	$ 10,075	10.30%	$ 3,912	4.00%	$ 5,868	6.00%
Heritage Community Bank	$ 3,424	11.86%	$ 1,155	4.00%	$ 1,732	6.00%
Bank of Thomas County	$ 2,988	11.38%	$ 1,051	4.00%	$ 1,576	6.00%
Citizens Security Bank	$ 13,395	17.54%	$ 3,055	4.00%	$ 4,582	6.00%
Cairo Banking Company	$ 6,471	13.83%	$ 1,872	4.00%	$ 2,808	6.00%
Southland Bank	$ 10,218	9.91%	$ 4,125	4.00%	$ 6,187	6.00%
Central Bank and Trust	$ 4,933	11.43%	$ 1,726	4.00%	$ 2,590	6.00%
First National Bank of South Georgia	$ 4,351	11.13%	$ 1,564	4.00%	$ 2,346	6.00%
Merchants and Farmers Bank	$ 3,602	13.09%	$ 1,101	4.00%	$ 1,651	6.00%

</TABLE>

NOTE 15. REGULATORY MATTERS (Continued)

<TABLE>
<CAPTION>

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
As of December 31, 1997 (Continued)						
Tier I Capital (to Average Assets):						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Consolidated	$ 58,137	8.60%	$ 27,039	4.00%	$ 33,799	5.00%
American Banking Company	$ 10,075	8.46%	$ 4,792	4.00%	$ 5,990	5.00%
Heritage Community Bank	$ 3,424	8.53%	$ 1,617	4.00%	$ 2,022	5.00%
Bank of Thomas County	$ 2,988	8.25%	$ 1,443	4.00%	$ 1,804	5.00%
Citizens Security Bank	$ 13,395	10.89%	$ 4,975	4.00%	$ 6,219	5.00%
Cairo Banking Company	$ 6,471	8.66%	$ 3,029	4.00%	$ 3,786	5.00%
Southland Bank	$ 10,218	7.37%	$ 5,543	4.00%	$ 6,929	5.00%
Central Bank and Trust	$ 4,933	8.36%	$ 2,345	4.00%	$ 2,931	5.00%
First National Bank of South Georgia	$ 4,351	8.28%	$ 2,101	4.00%	$ 2,626	5.00%
Merchants and Farmers Bank	$ 3,602	8.45%	$ 1,724	4.00%	$ 2,156	5.00%

</TABLE>

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using discounted cash flow methods. Those methods are significantly affected by the assumptions used, including the discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. The use of different methodologies may have a material effect on the estimated fair value amounts. Also, the fair value estimates presented herein are based on pertinent information available to management as of December 31, 1998 and 1997. Such amounts have not been revalued for purposes of these financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions were used by the Company in estimating fair values of financial instruments as disclosed herein:

Cash, Due From Banks, and Federal Funds Sold:

The carrying amounts of cash, due from banks, and Federal funds sold approximate their fair value.

Available For Sale and Held To Maturity Securities:

Fair values for securities are based on quoted market prices. The carrying values of equity securities with no readily determinable fair value approximate fair values.

Loans:

For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. For other loans, the fair values are estimated using discounted cash flow methods, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow methods or underlying collateral values.

Deposits:

The carrying amounts of demand deposits, savings deposits, and variable-rate certificates of deposit approximate their fair values. Fair values for fixed-rate certificates of deposit are estimated using discounted cash flow methods, using interest rates currently being offered on certificates.

Other Borrowings:

For variable-rate borrowings that reprice frequently, fair values are based on carrying values. For fixed-rate borrowings, the fair values are estimated using discounted cash flow methods, using interest rates currently being offered for borrowings with similar terms.

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Off-Balance Sheet Instruments:

Fair values of the Company's off-balance sheet financial instruments are based on fees charged to enter into similar agreements. However, commitments to extend credit and standby letters of credit do not represent a significant value to the Company until such commitments are funded. The Company has determined that these instruments do not have a distinguishable fair value and no fair value has been assigned.

The carrying value and estimated fair value of the Company's financial instruments were as follows:

<TABLE>
<CAPTION>

	December 31, 1998		December 31, 1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Financial assets:				
Cash and short-term investments	$ 56,475	$ 56,475	$ 37,151	$ 37,151
Investments in securities	$ 154,546	$ 155,258	$ 123,219	$ 123,776
Loans	$ 477,194	$ 474,259	$ 490,244	$ 505,637
Allowance for loan losses	(10,192)	-	(7,627)	-
Loans, net	$ 467,002	$ 474,259	$ 482,617	$ 505,637
Financial liabilities:				
Noninterest-bearing demand	$ 99,957	$ 99,957	$ 90,109	$ 90,109
Interest-bearing demand	132,527	132,527	128,294	128,294
Savings	59,719	59,719	46,715	46,715
Time deposits	341,122	343,893	335,593	343,990
Total deposits	$ 633,325	$ 636,096	$ 600,711	$ 609,108
Federal funds purchased and securities sold under agreements to repurchase	$ 883	$ 883	$ 660	$ 660
Other borrowings	$ 11,850	$ 11,958	$ 15,400	$ 15,400

</TABLE>

NOTE 17. YEAR 2000

The Company is currently working to resolve the potential impact of the Year 2000 on the processing of date-sensitive information by the Company's computerized information systems. The Year 2000 problem is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. Due to the fact that the Company is heavily dependent on computer processing and telecommunication systems in their daily business activities, this could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions or engage in normal business activities.

In response to the Year 2000 issue, the Company created a Year 2000 Task Force to coordinate and monitor the Company's progress in their Year 2000 remediation efforts. The Task Force reports directly to the Company's executive management and also provides regular reports to the Board of Directors. The Task Force has conducted a comprehensive review of the Company's computer systems and software to identify the systems and software that could be effected by the Year 2000 issue. Although absolute assurance cannot be given, the Company presently believes that with the modifications to existing systems and software and converting to new software, the Year 2000 problem will not pose a significant operational problem to the Company or have a material adverse effect on future operating results.

The Company has also conducted formal communications with its significant suppliers and large customers to determine their plans to address the Year 2000 issue. While the Company expects a successful resolution of all issues, there can be no guarantee that the systems of other companies on which the Company's systems rely will be converted in a timely manner, or that a failure to convert by a supplier or customer, would not have a material adverse effect on the Company.

Note 18. CONDENSED FINANCIAL INFORMATION OF ABC BANCORP
(PARENT COMPANY ONLY)

CONDENSED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997
(Dollars in Thousands)

	1998	1997
Assets		
Cash	$ 2,747	$ 2,262
Investment in subsidiaries	66,201	67,172
Other assets	6,544	5,189
Total assets	$ 75,492	$ 74,623
Liabilities		
Other borrowings	$ 2,500	$ 5,000
Other liabilities	1,158	1,470
Total liabilities	3,658	6,470
Stockholders' equity	71,834	68,153
Total liabilities and stockholders' equity	$ 75,492	$ 74,623

NOTE 18. CONDENSED FINANCIAL INFORMATION OF ABC BANCORP
(PARENT COMPANY ONLY) (Continued)

CONDENSED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

	1998	1997	1996
Income			

	1998	1997	1996
Dividends from subsidiaries	$ 8,942	$ 7,911	$ 5,358
Interest	69	63	44
Fee income	6,702	5,392	2,953
Other income	962	446	111
Total income	16,675	13,812	8,466
Expense			
Interest	223	353	230
Amortization and depreciation	636	567	477
Merger and acquisition expense	4	406	708
Other expense	7,593	6,365	4,408
Total expense	8,456	7,691	5,823
Income before income tax benefits and equity in undistributed earnings (distributions in excess of earnings) of subsidiaries	8,219	6,121	2,643
Income tax benefits	77	828	889
Income before equity in undistributed earnings (distributions in excess of earnings) of subsidiaries	8,296	6,949	3,532
Equity in undistributed earnings (distributions in excess of earnings) of subsidiaries	(1,383)	497	3,626
Net income	$ 6,913	$ 7,446	$ 7,158

</TABLE>

NOTE 18. CONDENSED FINANCIAL INFORMATION OF ABC BANCORP (PARENT COMPANY ONLY) (Continued)

CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S> <C>	1998	1997	1996
OPERATING ACTIVITIES			
Net income	$ 6,913	$ 7,446	$ 7,158
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	276	208	117
Amortization of intangible assets	360	359	360
Distributions in excess of earnings (undistributed earnings) of subsidiaries	1,383	(497)	(3,626)
Decrease in interest receivable	-	6	10
Increase (decrease) in interest payable	(82)	79	(11)
Increase (decrease) in taxes payable	(812)	199	(169)
Provision for deferred taxes	47	(231)	(38)
(Increase) decrease in due from subsidiaries	(79)	136	(333)
Other prepaids, deferrals and accruals, net	102	51	(240)
Total adjustments	1,195	310	(3,930)
Net cash provided by operating activities	8,108	7,756	3,228
INVESTING ACTIVITIES			
Decrease in interest-bearing deposits in banks	-	-	2,060
Purchases of premises and equipment	(1,458)	(935)	(482)
Proceeds from sale of premises	-	-	10

Contribution of capital to subsidiary bank	(350)	(4,200)	-
Cash paid for purchased subsidiary	-	-	(6,216)
Proceeds from maturities of securities held to maturity	-	200	-
Net cash used in investing activities	(1,808)	(4,935)	(4,628)

</TABLE>

NOTE 18. CONDENSED FINANCIAL INFORMATION OF ABC BANCORP
(PARENT COMPANY ONLY) (Continued)

CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(Dollars in Thousands)

<TABLE>
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	1998	1997	1996
FINANCING ACTIVITIES			
Proceeds from other borrowings	$ -	$ -	$ 5,000
Repayment of other borrowings	(2,500)	-	(2,200)
Proceeds from exercise of stock options of pooled subsidiaries	-	-	254
Treasury stock transactions, net	(415)	-	26
Purchase of fractional shares	-	(7)	(7)
Dividends paid	(2,900)	(2,633)	(1,763)
Net cash provided by (used in) financing activities	(5,815)	(2,640)	1,310
Net increase (decrease) in cash	485	181	(90)
Cash at beginning of year	2,262	2,081	2,171
Cash at end of year	$ 2,747	$ 2,262	$ 2,081
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for interest	$ 305	$ 274	$ 241

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.	Description
3.1	Articles of Incorporation of ABC, as amended (incorporated by reference to Exhibit 2.1 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630) filed August 14, 1987).
3.2	Amendment to Amended Articles of Incorporation dated May 26, 1995 (incorporated by reference to Exhibit 3.1.1 to ABC's Form 10-K filed March 28, 1996).
3.3	Amendment to Amended Articles of Incorporation (filed as Exhibit 4.3 to ABC's Registration on Form S-4 (Registration No. 333-08301), filed with the Commission on July 17, 1996 and incorporated herein by reference).
3.4	Bylaws of ABC, as amended (incorporated by reference to Exhibit 2.2 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630) filed August 14, 1987.

3.5	Form of Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.5 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
3.6	Form of Amendment to Bylaws (incorporated by reference to Exhibit 3.6 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
3.7	Form of Articles of Amendment to the Articles of Incorporation filed electronically herewith.
3.8	Form of Amendment to Bylaws filed electronically herewith.
10.1	1985 Incentive Stock Option Plan (filed as Exhibit 5.1 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.2	Incentive Stock Option Agreement with Kenneth J. Hunnicutt dated October 17, 1985 (filed as Exhibit 5.2 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.3	Deferred Compensation Agreement for Kenneth J. Hunnicutt dated December 16, 1986 (filed as Exhibit 5.3 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).

</TABLE>

<TABLE>
<CAPTION>

Exhibit No	Description
<S>	<C>
10.4	Security Deed in favor of M.I.A., Co. dated December 31, 1984 (filed as Exhibit 5.4 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.5	Loan Agreement and Master Term Note dated December 30, 1986 (filed as Exhibit 5.5 to ABC's Regulation A Offering Statement on Form 1-A (File No. 24A-2630), filed with the Commission on August 14, 1987 and incorporated herein by reference).
10.6	Executive Salary Continuation Agreement dated February 14, 1984 (filed as Exhibit 10.6 to ABC's Annual Report on Form 10-KSB (File Number 2-71257), filed herewith with the Commission on March 27, 1989 and incorporated herein by reference.
10.7	1992 Incentive Stock Option Plan and Option Agreement for K. J. Hunnicutt (filed as Exhibit 10.7 to ABC's Annual Report on Form 10-KSB (File Number 0-16181), filed with the Commission on March 30, 1993 and incorporated herein by reference).
10.8	Executive Employment Agreement with Kenneth J. Hunnicutt dated September 20, 1994 (filed as Exhibit 10.8 to ABC's Annual Report on Form 10-KSB (File Number 0-016181), filed with the Commission on March 30, 1995 and incorporated herein by reference).
10.9	Executive Consulting Agreement with Eugene M. Vereen dated September 20, 1994 (filed as Exhibit 10.9 to ABC's Annual Report on Form 10-KSB (File Number 0-016181), filed with the Commission on March 30, 1995 and incorporated herein by reference).
10.10	Agreement and Plan of Merger by and between ABC and Southland Bancorporation dated as of December 18, 1995 (filed as Exhibit 10.10 to ABC's Annual Report on Form 10-K (File No. 0-16181), filed with the Commission on March 28, 1996 and incorporated herein by reference), and Amendment No. 1 thereto dated as of April 16,1996 (filed as part of Appendix A to Amendment No. 1 to ABC's Registration on Form

	S-4 (Registration No. 333-2387), filed with the Commission on May 21, 1996 and incorporated herein by reference).
10.11	Agreement and Plan of Merger by and between ABC and Central Bankshares, Inc., dated as of December 29, 1995 (filed as Exhibit 10.11 to ABC's Annual Report on Form 10-K (File No. 0-16181), filed with the Commission on March 28, 1996 and incorporated herein by reference), and Amendment No. 1 thereto dated as April 26, 1996 (filed as part of Appendix A to ABC's Registration on Form S-4 (Registration No. 333-05861), filed with the Commission on June 12, 1996 and incorporated herein by reference).

</TABLE>

<TABLE>
<CAPTION>

Exhibit No	Description
10.12	Agreement and Plan of Merger by and between ABC and First National Financial Corporation dated as of April 15, 1996 (filed as Exhibit 10.12 to Amendment No. 1 to ABC's Registration on Form S-4 (Registration No. 333-2387), filed with the Commission on May 21, 1996 and incorporated herein by reference).
10.13	Agreement and Plan of Merger by and between ABC and M & F Financial Corporation dated as of September 12, 1996 (filed as Appendix A to ABC's Registration on Form S-4 (Registration No. 333-14649), filed with the Commission on October 23, 1996 and incorporated herein by reference).
10.15	Form of Purchase and Assumption Agreement by and between NationsBank, N.A. (South) and ABC Bancorp dated as of February 26, 1997 (incorporated by reference to Exhibit 10.15 to ABC's Annual Report on Form 10-K (File No. 001-13981), filed with the Commission on March 25, 1998).
10.16	Form of Agreement and Plan of Merger by and between ABC Bancorp and Irwin Bankcorp, Inc. dated as of May 15, 1997 (incorporated by reference to Exhibit 10.16 to ABC's Annual Report on Form 10-K (File No. 001-13901) filed with the Commission on March 25, 1998).
10.17	Form of Omnibus Stock Ownership and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
10.18	Form of Rights Agreement between ABC Bancorp and SunTrust Bank dated as of February 17, 1998 (incorporated by reference to Exhibit 10.18 to ABC's Annual Report on Form 10-K (File No. 001-13901), filed with the Commission on March 25, 1998).
21.1	Schedule of subsidiaries of ABC Bancorp.
24.1	Power of Attorney relating to this Form 10-K is set forth on the signature pages of this Form 10-K.
27	Financial Data Schedule.

</TABLE>

Exhibit 3.7

AMENDMENTS TO THE
ARTICLES OF INCORPORATION OF
ABC BANCORP

II(A):

The Articles of Incorporation of the Corporation shall be amended by adding the following Article XII, thereof:

"XII.

(1) Vacancies on the Board of Directors of the Corporation and newly directorships resulting from an increase in the authorized number of members of the Board of Directors of the Corporation may be filled only by a majority of the directors, then in office, although less than a quorum, or by a sole remaining director.

(2) Each director, including a director elected to fill a vacancy or a newly created directorship, shall hold office until the next election of the class of directors to which such director belongs and until his or her successor is elected and qualified or until his or her earlier death, resignation, or removal from office for cause ...."

II(B):

The Article of Incorporation of the Corporation shall be amended by adding the following as Article XII thereof:

"... (3) any director or the entire Board of Directors of the Corporation may be removed from any office at any time but only for cause and only by the affirmative vote of the holders of at least a majority of all outstanding shares of capital stock of the Corporation then entitled to vote in an election of directors of the Corporation voting as a single class.... "

II(C):

The Articles of Incorporation of the Corporation shall be amended by adding the following as Article XII. thereof:

"... (4) A majority of total directors shall constitute a quorum for the transaction of business."

II(E):

The Articles of Incorporation of the Corporation shall be amended by adding the following as Articles XIII. thereof:

"XIII.

Notwithstanding any provisions of these Articles of Incorporation or the Bylaws of the Corporation to the contrary, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of all outstanding shares of capital stock of the Corporation then entitled to vote in an election of directors of the Corporation, voting as a single class, shall be required to alter, amend or repeal the provisions of Article XII hereof, this Article XIII or Article III, Section 2 of the Bylaws of the Corporation or to adopt any provision of these Articles of Incorporation or the Bylaws of the Corporation which is inconsistent with the provisions of Article XII hereof, this Article XIII or Article II, Section 2 of the Bylaws of the Corporation."

Exhibit 3.8

AMENDMENTS
TO THE
BYLAWS OF
ABC BANCORP

II(A):

1. The Bylaws of ABC Bancorp shall be amended by deleting Article III, Section 3 in its entirety and substituting the following in lieu thereof:

"Section 3. Vacancies. Vacancies on the Board of Directors of the Corporation and newly created directorships resulting from an increase in the authorized numbers of members of the Board of Directors of the Corporation may be filled only by a majority of the directors, then in office, although less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next election of the class of directors to which such director belongs and until his successor is duly elected and qualified unless sooner displaced."

II(B):

2. The Bylaws of ABC Bancorp shal be amended by deleting the words "or without" from the third line of Article III, Section 9 of the Bylaws.

II(D):

3. The Bylaws of ABC Bancorp shall be amended by deleting ARticle III, Section 2 in its entirety and substitution the following in lieu thereof:

"Section 2. Number, Election, Term and Retirement; Nominations by Shareholders. (a) The number of directors which shall constitute the whole Board of Directors shall be not less than seven nor more than 15. The Board of Directors of the corporation shall be divided into three classes which shall be as nearly equal in number as is possible. At the first election of directors to such classified Board of Directors, each Class 1 director shall be elected to serve until the next ensuing annual meeting of shareholders, each Class 2 director shall be elected to serve until the second ensuing annual meeting of shareholders and each Class 3 director shall be elected to serve until the third ensuing annual meeting of shareholders. At each annual meeting of shareholders following the meeting at which the Board of Directors is initially classified, the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to serve until the third ensuing annual meeting of shareholders. In the event of any change in the authorized number of directors, the number of directors in each class shall be adjusted so that thereafter each of the three classes shall be composed, as nearly as may be possible, of one-third of the authorized number of directors; provided that any change in the authorized number of directors shall not increase or shorten the term of any director, and any decrease shall become effective only as and when the term or terms of office of the class or classes of directors affected thereby shall expire, or a vacancy or vacancies in such class or classes shall occur. The number of directors may be increased or decreased from time to time by the Board of Directors by amendment of this by-law, but no decrease shall have the effect of shortening the term of an incumbent director. The directors shall be elected by plurality vote at the annual meeting of shareholders, except as hereinafter provided, and each director elected shall hold office until his successor is elected and qualified or until his earlier resignation, removal from office or death. Directors shall be natural persons who have attained the age of 18 years, but need not be residents of the State of Georgia or shareholders of the corporation. Employees of subsidiary corporations shall not be eligible to serve as directors. With the exception of Eugene M. Vereen, Jr., each director shall retire at the annual meeting following the date such director attains the age or 70.

(b) Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of shareholders of the Corporation either by or at the direction of the Board of Directors of the Corporation or by any shareholder or record entitled to vote in the election of directors at such meeting who has complied with the notice procedures set forth in this Section 2(b). A share holder who desires to nominate a person for election to the Board of Directors of the Corporation at a meeting of shareholders of the Corporation and who is eligible to make such nomination must give timely written notice of the proposed nomination to the secretary of the Corporation. To be timely, a shareholder's notice given pursuant to this Section 2(b) must be received at the principal executive office of the Corporation not less than one hundred twenty (120) calendar days in advance of the date which is one year later than the date of the proxy statement of the Corporation released to shareholders in connection with the previous year's annual meeting of the shareholders of the Corporation; provided, however, that if no annual meeting of shareholders of the Corporation was held in the previous year or if the date of the forthcoming annual meeting of shareholders has been changed by more than thirty (30) calendar days from the date contemplated at the time of the previous year's proxy statement or if the forthcoming meeting is not an annual meeting of shareholders of the Corporation, then to be timely such shareholder's notice must be so received not later than the close of business on the tenth day following the earlier of (i) the day on which notice of the date of the forthcoming meeting was mailed or given to shareholders by or on behalf of the Corporation or (ii) the day on which public disclosure of the date of the forthcoming meeting was made by or on behalf of the Corporation. Such shareholder's notice to the secretary of the Corporation shall set forth (i) as to each person whom the shareholder proposes or nominate for election or re-election as a director (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of capital stock of the Corporation which then are beneficially owned by such person, (D) any other information relating to such person that is required by law or regulation to be disclosed in solicitations of proxies for the election of directors of the Corporation, and (E) such person's written consent to being named as a nominee for election as a director and to serve as a director if elected and (ii) as to the shareholder giving notice (A) the name and address, as they appear in the stock records of the Corporation, of such shareholder, (B) the class and number of shares of capital stock of the Corporation which then are beneficially owned by such shareholder, (C) a description of all arrangements or understandings between such shareholder and each nominee for election as director and any other person or persons (naming such person or persons) relating to the nomination proposed to be made by such shareholder, and (D) any other information required by law or regulation to be provided by a shareholder intending to nominate a person for election as a director of the Corporation. At the request of the Board of Directors of the Corporation, any person nominated by or at the direction of the Board of Directors of the Corporation for election as director of the Corporation shall furnish to the secretary of the Corporation the information concerning such nominee which is required to be set forth in a shareholder's notice of a proposed nomination. No person shall be eligible for election as a director of the Corporation unless nominated in compliance with the procedures set forth in this Section 2(b). The chairman of a meeting of shareholders of the Corporation shall refuse to accept the nomination of any person not made in compliance with the procedures set forth in this Section 2(b), and such defective nomination shall be disregarded."

Exhibit 21.1

REGISTRANT'S SUBSIDIARIES

Following is a list of the Registrant's subsidiaries and the state of incorporation or other jurisdiction.

<TABLE>
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Name of Subsidiary	State of Incorporation or Other Jurisdiction
<S>	<C>
American Banking Company	State of Georgia
Heritage Community Bank	State of Georgia
Bank of Thomas County	State of Georgia
Citizens Security Bank	State of Georgia
Cairo Banking Company	State of Georgia
Southland Bank	State of Alabama
Central Bank & Trust	State of Georgia
First National Bank of South Georgia	The Comptroller of the Currency
Merchants & Farmers Bank	State of Georgia

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Each subsidiary conducts business under the name listed above.

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