



## *News Release*

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### **ABC BANCORP'S NET INCOME UP 27% FOR THIRD QUARTER OF 2005**

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**ABC BANCORP (Nasdaq:ABCB), Moultrie, Georgia**, reported net income of \$3.9 million, or \$0.33 per diluted share, for the quarter ended September 30, 2005, compared to net income for the same period in 2004 of \$3.1 million, or \$0.26 per diluted share. These results represent a 26.6% increase in net income and a 25.6% increase in diluted earnings per share over the same period in 2004. For the year to date period ending September 30, 2005, ABC reported net income of \$11.0 million, or \$0.93 per diluted share, an increase of 18.3% over the comparable period in 2004, when ABC reported net income of \$9.3 million, or \$0.78 per diluted share.

ABC's return on average assets for the quarter ended September 30, 2005 improved to 1.22% from 1.06% during the third quarter of 2004. Return on assets for the year to date period improved to 1.14% from the 1.07% reported for the same period in 2004. Return on average equity and average tangible equity for the third quarter of 2005 was 12.40% and 15.31%, respectively. This represented continued improvement in shareholder returns over the comparable period in 2004, with respect to which ABC reported 10.54% and 12.75%, respectively.

#### ***Balance Sheet Growth***

Total assets at September 30, 2005 were \$1.37 billion, an increase of \$185.4 million, or 15.6%, from the same period in 2004. Earning assets increased 16.0%, or \$174.1 million, to \$1.26 billion at September 30, 2005, driven primarily by strong growth in loans. Gross loans outstanding finished the third quarter of 2005 at \$1.005 billion, up \$134.2 million, or 15.4%, from the same period in 2004.

In addition to record levels of loans and total assets, ABC reported continued growth in deposit balances. Total deposits at September 30, 2005 were \$1.07 billion, compared to \$889.5 million at September 30, 2004, an increase of 20.6%. Non-interest bearing balances grew 16.7% to \$153.9 million at September 30, 2005 compared to the same period in 2004. Non-CD balances grew 11.3% to \$54.5 million over the same time period. Non-interest bearing demand deposits and non-CD deposits represented 14.3% and 50.1%, respectively, of total deposits at September 30, 2005.

ABC attributes the continued growth in its balance sheet to successful recruiting efforts in many of its markets during 2005. The plan to hire additional local talent to complement already strong production staffs in ABC's markets denotes the Company's commitment to have more of its employees engaged in sales and customer contact roles than in the past.

### ***Growth in Net Interest Income and Improvement in Net Interest Margin***

Growth in net interest income during the quarter was the primary driver of the Company's growth in earnings. Net interest income for the third quarter of 2005 was \$13.3 million, an increase of 17.7% over the same period in 2004. For the nine-month period, net interest income grew 15.0% to \$38.0 million. These increases in net interest income correlate closely with the 16.0% growth in earning assets over the periods concerned.

For the quarter ended September 30, 2005, ABC's net interest margin increased to 4.32%, compared to 4.14% for the same quarter in 2004. Yield on earning assets increased to 6.65% from 5.94%, while ABC's cost of funds increased to 2.39% from 1.86% for the same time periods. For the year to date periods ending September 30, 2005 and 2004, ABC's net interest margin increased to 4.31% from 4.15%. Yield on earning assets increased to 6.39% from 5.91%, while cost of funds increased to 2.15% from 1.83% for the same time periods.

ABC's net interest margin improvement is primarily attributable to the combination of the rising interest rate environment which began during 2004 and has pushed short-term rates up considerably while longer term rates have remained flat. Consequently, ABC has not yet been able to move the yields on fixed rate loans or a substantial portion of the investment portfolio higher because these assets are generally tied to yields that are longer in nature. Still, ABC's margins have improved as the Company has been able to manage the interest costs on its substantial base of core deposits. In addition, ABC's solid presence in many of its markets has allowed the Company to continue attracting lower cost deposits to fund strong loan growth for 2005.

### ***Sound Credit Quality and Continued Positive Trends***

ABC's credit quality improved again over already outstanding levels as the Company continued strengthening its credit culture. Non-performing assets decreased to 0.43% of total loans at September 30, 2005, compared to 0.70% at December 31, 2004. Non-performing assets totaled \$4.5 million at the end of the third quarter of 2005, a decrease of \$1.6 million, or 26.2%, over balances at the end of 2004.

For the nine-month period ending September 30, 2005, ABC had annualized net recoveries of 0.03% of average loans, compared to 0.23% of annualized net charge-offs for the same period in 2004. ABC's allowance for loan losses was \$17.3 million, or 1.72% of outstanding loans, at September 30, 2005 compared to \$15.3 million, or 1.72% of outstanding loans, at December 31, 2004. ABC tracks credit quality monthly using several indicators, all of which are trending positive at the end of the third quarter of 2005.

### ***Recently Announced Corporate Restructuring and Pending Merger***

In a press release dated August 31, 2005, ABC announced its intentions to begin consolidating its subsidiary bank charters across Georgia, Alabama and northern Florida into a single charter. In addition to the charter consolidation effort, ABC announced intentions to re-brand the Company and its surviving bank subsidiary with a single identity. In connection with these activities, ABC anticipates recording an

after-tax charge to earnings during the fourth quarter of 2005 of approximately \$0.14 per share. These costs are necessary to reengineer procedures to accommodate a more efficient single bank, rename the Company and aggressively market the uniform brand in and around our existing markets and begin gaining efficiencies through improved utilization of employees. Edwin Hortman, ABC's President and CEO commented on the restructuring saying, "The energy level around our restructuring and branding continues to build. Completing these initiatives will position us to more efficiently serve our customers and create a highly recognizable brand that we can begin leveraging in and around our existing markets. I am proud of the teamwork and the drive of our Company's leadership in being successful in these critical goals while still remaining focused on existing business and producing the quality results of the third quarter."

In another press release dated July 1, 2005, ABC announced the planned acquisition of First National Banc, Inc., a two bank holding company with assets of approximately \$265 million as of September 30, 2005. First National Banc's banking subsidiaries include the market leader in St. Marys, Georgia, and the largest community bank in Orange Park, Florida. The combination of the charter consolidation initiative and this pending merger will create a single bank having approximately \$1.65 billion in total assets serving 34 communities with approximately 125,000 core customer accounts. The proposed merger with First National Banc is subject to shareholder and regulatory approval and is expected to close before the end of 2005. The charter consolidation initiative is also subject to the approval of various regulatory agencies and is expected to be completed during the first quarter of 2006.

ABC Bancorp is headquartered in Moultrie, Georgia, and has 12 banking subsidiaries with 37 locations in Georgia, Alabama and northern Florida.

ABC Bancorp Common Stock is quoted on the Nasdaq National Market under the symbol "ABCB". The preceding release contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe", "estimate", "expect", "intend", "anticipate" and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates which they were made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

ABC Bancorp ("ABC") has filed with the SEC a Registration Statement on Form S-4, which contains the prospectus of ABC relating to the shares of ABC Common Stock to be issued in the acquisition of First National Banc, Inc. ("FNB") and the proxy statement of FNB relating to its 2005 Annual Meeting of Shareholders, at which the transaction will be considered and voted upon by FNB's shareholders, as well as other relevant documents concerning the transaction. Investors are urged to read the proxy statement/prospectus and any other relevant documents filed with the SEC because they contain important information. Investors may obtain the Form S-4 Registration Statement, including the exhibits filed therewith, free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors may obtain documents filed with the SEC by ABC free of charge by requesting them in writing from ABC Bancorp, 24 2nd Avenue, S.E., Moultrie, Georgia 31768, Attention: Corporate Secretary, or by telephone at (229) 890-1111. Investors may obtain documents filed with the SEC by FNB free of charge by requesting them in writing from First National Banc, Inc., 2509 Osborne Road, St. Marys, Georgia 31558.

FNB and its directors and executive officers may be deemed to be participants in the solicitation of proxies from its shareholders in connection with the acquisition of FNB by ABC. Information about such directors and executive officers and their ownership of FNB Common Stock is set forth in the proxy statement/prospectus described above.