

BANK OF SOUTH CAROLINA CORP

Form DEF 14A

March 03, 2008

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
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Bank of South Carolina Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 4, 2008

Dear Shareholder:

The Annual Meeting of Shareholders of Bank of South Carolina Corporation will be held at 2:00 p.m. on Tuesday, April 8, 2008, in the Board Room of the 256 Meeting Street office of The Bank of South Carolina in the City of Charleston, South Carolina. Enclosed you will find the formal Notice of Annual Meeting of Shareholders, Proxy Card, and Proxy Statement detailing the matters which will be acted upon. Again this year, we are incorporating the enclosed Annual Report on Form 10KSB, as filed with the Securities and Exchange Commission, as our Annual Report to Shareholders.

We urge you to sign and date the proxy card and return it as soon as possible in the enclosed postage-paid envelope. Should you decide to attend the meeting and vote in person, you may withdraw your proxy.

We appreciate your continued interest and investment in Bank of South Carolina Corporation.

Sincerely,

/s/Hugh C. Lane, Jr.

Hugh C. Lane, Jr.

President

**PROXY MATERIAL OF
BANK OF SOUTH CAROLINA CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 8, 2008**

To Our Shareholders:

The Annual Meeting of Shareholders of Bank of South Carolina Corporation (the Company) will be held at 256 Meeting Street, Charleston, South Carolina, on Tuesday, April 8, 2008, at 2:00 p.m., for the following purposes:

1. To elect sixteen (16) Directors to serve until the Company's 2009 Annual Meeting of Shareholders;
2. To ratify the appointment of Elliott Davis, LLC, as independent certified public accountants for 2008;
3. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on February 22, 2008, will be entitled to notice of and to vote at the Annual Meeting and any adjournments thereof.

You may revoke your Proxy at any time prior to its exercise by written notice to the Company prior to the meeting or by attending the meeting personally and voting. The Board of Directors of the Company solicits the accompanying form of Proxy.

PLEASE SIGN AND DATE THE ACCOMPANYING PROXY AND PROMPTLY RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

By Order of the Board of Directors

/s/Richard W. Hutson

Richard W. Hutson

Secretary

February 28, 2008

BANK OF SOUTH CAROLINA CORPORATION
256 Meeting Street
Charleston, South Carolina 29401

PROXY STATEMENT

This Proxy Statement, which is first being mailed to Shareholders on or about March 4, 2008, is provided in conjunction with the solicitation of proxies by the Board of Directors of Bank of South Carolina Corporation (the Company) for use at the 2008 Annual Shareholders Meeting of the Company. The Notice of Meeting, Proxy Form and Annual Report are enclosed in this package.

The Proxy

The Board of Directors of the Company selected the persons named as proxies on the enclosed Proxy Form. No officer or employee of the Company or any subsidiary may be named as proxy.

The solicitation of proxies on behalf of the Board of Directors is conducted by Directors, officers and regular employees of the Company and its wholly owned subsidiary, The Bank of South Carolina (the Bank), at no additional compensation over regular salaries. The cost of printing and mailing of all proxy materials has been paid by the Company. Brokers and others involved in handling and forwarding the proxy materials to their customers having beneficial interests in the stock of the Company registered in the names of Nominees will be reimbursed for their reasonable expenses in doing so.

Voting Rights

The Common Stock of the Company is its only class of voting securities. On February 22, 2008, there were issued and outstanding 3,953,984 shares of Common Stock (no par value). Each share is entitled to one vote; provided, however, that Shareholders have cumulative voting rights for the election of Directors. The right to cumulate votes means that the Shareholders are entitled to multiply the number of votes they are entitled to cast by the number of Directors for whom they are entitled to vote and cast the product for a single candidate or distribute the product among two or more candidates.

CUMULATIVE VOTING SHALL APPLY FOR THE ELECTION OF DIRECTORS

The solicitation of proxies on behalf of the Board of Directors includes a solicitation for discretionary authority to cumulate votes.

The Board of Directors of the Company has fixed the close of business February 22, 2008, as the record date for the determination of Shareholders entitled to notice of and to vote at the Annual Meeting. Proxies properly executed by Shareholders of record on February 22, 2008, and received in time for the meeting, will be voted as specified on all business to be acted upon at the meeting and any adjournment thereof.

Right of Revocation

Any Shareholder executing a Proxy for the meeting on the Proxy Form provided may revoke the Proxy in writing delivered to the President of the Company prior to the meeting or by attending the meeting and voting in person.

Principal Shareholders of the Company

To the extent known to the Board of Directors of the Company, as of February 22, 2008, the only Shareholders of the Company having beneficial ownership of more than 5% of the shares of Common Stock of the Company are as set forth below:

Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Hugh C. Lane, Jr. ⁽¹⁾ 30 Church Street Charleston, SC 29401	501,688 ⁽²⁾	12.69%
The Bank of South Carolina Employee Stock Ownership Plan and Trust (the ESOP) 256 Meeting Street Charleston, SC 29401	224,129 ⁽³⁾	5.67%

(1) To the extent known to the Board of Directors, the Marital Trust for the benefit of Beverly G. Lane, Beverly G. Lane Trust, Beverly G. Jost, Kathleen L. Schenck, Charles G. Lane and Hugh C. Lane Jr., collectively, have beneficial ownership of 672,638 shares or 17.01% of the outstanding shares. As more fully described in the following footnotes, Hugh C. Lane, Jr. is the only one of the above who have a beneficial ownership interest in more than 5% percent

of the
Company's
Common Stock.
Hugh C. Lane,
Jr. disclaims any
beneficial
interest in those
shares in which
other members
of his family
have a
beneficial
interest other
than those
shares his wife
owns directly
and those for
which he serves
as trustee or she
serves as
custodian (as
more fully
described in the
following
footnote).

- (2) To the extent
known to the
Board of
Directors, Hugh
C. Lane, Jr., an
Executive
Officer and
Director of the
Bank and the
Company,
directly owns
and has sole
voting and
investment
power with
respect to
268,469 shares;
as trustee for
three trust
accounts
holding an
aggregate of
113,125 shares,
he has sole
voting and

investment power with respect to such shares; as a co-trustee for three trust accounts holding 13,731 shares, he has joint voting and investment power with respect to such shares; as a trustee for the Mills Bee Lane Memorial Foundation, he has shared voting and investment power with respect to 9,831 shares; he is indirectly beneficial owner of 12,764 shares owned by his wife and an aggregate of 48,965 shares held by his wife as custodian for their son, and 34,803 shares owned by the ESOP in which he has a vested interest. All of the shares beneficially owned by Hugh C. Lane, Jr. are currently owned. Hugh C. Lane, Jr. has had beneficial ownership of more than 5% of the Bank's Common Stock

since
October 23,
1986, and more
than 10% since
November 16,
1988.

- (3) The Trustees of the ESOP, T. Dean Harton, a Director of the Bank and the Company, Sheryl G. Sharry, an officer of the Bank and Hugh C. Lane, Jr., an Executive Officer and Director of the Bank and the Company, disclaim beneficial ownership of the 224,129 shares owned by the ESOP which have been allocated to members of the plan each of whom under the terms of the plan has the right to direct the Trustees as to the manner in which voting rights are to be exercised.

Beneficial Ownership of Common Stock of the Company

The table below sets forth the number of shares of Common Stock (the only class of outstanding equity securities of the Company) known by the Company to be beneficially owned by each Nominee for election as Director and by the Executive Officers and Directors of the Company as a group as of February 22, 2008. Except as otherwise indicated in the footnotes to the table, the persons named possess sole voting and investment power with respect to the shares shown opposite their names. As of February 22, 2008, no Executive Officer, Director or Nominee beneficially owned more than 10% of the outstanding shares of the Company other than Hugh C. Lane, Jr. As of February 22, 2008, the Executive

Officers, Directors and Nominees beneficially owned 1,004,277 shares, representing approximately 25.40% of the outstanding shares.

As of February 22, 2008, the beneficial ownership of Common Stock of the Company by all current Directors and each Nominee for Director was as set forth in the following table:

Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Dr. Linda J. Bradley-McKee, CPA 3401 Waterway Blvd. Isle of Palms, SC 29451	151	.004%
C. Ronald Coward 537 Planters Loop Mt. Pleasant, SC 29464	47,955 ⁽¹⁾	1.21%
Graham M. Eubank, Jr. 791 Navigators Run Mt. Pleasant, SC 29464	550	.01%
T. Dean Harton 4620 Lazy Creek Lane Wadmalaw Island, SC 29487	13,160 ⁽¹⁾	.33%
Fleetwood S. Hassell 30 New Street Charleston, SC 29401	57,242 ⁽¹⁾	1.45%
Glen B. Haynes, DVM 101 Drayton Drive Summerville, SC 29464	2,876	.07%
William L. Hiott, Jr. 1831 Capri Drive Charleston, SC 29407	141,878 ⁽¹⁾	3.59%
Katherine M. Huger 1 Bishop Gadsden Way, C-17 Charleston, SC 29412	8,051 ⁽¹⁾	.20%

Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Richard W. Hutson, Jr. 124 Tradd Street Charleston, SC 29401	1,525	.04%
Charles G. Lane 10 Gillon Street Charleston, SC 29401	184,909 ⁽¹⁾	4.68%
Hugh C. Lane, Jr. 30 Church Street Charleston, SC 29401	501,688 ⁽¹⁾	12.69%
Louise J. Maybank 8 Meeting Street Charleston, SC 29401	44,907 ⁽¹⁾	1.14%
Alan I. Nussbaum, MD 37 Rebellion Road Charleston, SC 29407	703	.02%
Edmund Rhett, Jr., MD 17 Country Club Drive Charleston, SC 29412	2,387 ⁽¹⁾	.06%
Malcolm M. Rhodes, MD 7 Guerard Road Charleston, SC 29407	1,787	.05%
Thomas C. Stevenson, III 173 Tradd Street Charleston, SC 29401	21,209	.54%

(1) To the extent known to the Board of Directors, each of the following Directors and Nominees for election as Directors (each of whom directly owns

and has sole voting and investment power of all shares beneficially owned by him or her except as set forth in this footnote)

indirectly owns the following number of shares: C.

Ronald Coward an aggregate of 1,663 shares owned by a company of which he is chairman and director; T.

Dean Harton - an aggregate of 3,224 shares owned by his wife and held by his wife as custodian for his son; Fleetwood

S. Hassell an aggregate of 10,520 shares owned by his wife, held by him as trustee for the revocable trust of his father, held by him as a co-trustee with Charles G. Lane for the children of Hugh C.

Lane, Jr. and 23,110 shares owned by the ESOP, in which he has a vested interest;

William L.

Hiott, Jr. an aggregate of 8,050 shares directly owned by his wife and 22,099 shares owned by the ESOP, in which he has a vested interest;

Katherine M.

Huger 731 shares owned by her husband;

Charles G. Lane

an aggregate of 79,706 shares owned by his wife, held by her as custodian for two of their children, held by him as a co-trustee with Hugh C. Lane, Jr. under two trusts for their sisters children, held by him as a co-trustee with Fleetwood S. Hassell for the children of Hugh C. Lane, Jr., held by him as co-trustee under the Irrevocable Trust of Hugh C. Lane and held by him as a trustee of Mills Bee Lane Memorial Foundation;

Hugh C. Lane, Jr. an aggregate of 198,416 shares owned by his wife, held by his wife as

custodian for their son, held by him as a co-trustee with Charles G. Lane under two trusts for their sisters children, held by him as trustee under the Hugh C. Lane Trust for the benefit of three of the grandchildren of Hugh C. Lane, held by him as trustee for the Beverly Glover Lane Trust, held by him as a trustee for the Hugh C. Lane Irrevocable Trust, held by him as trustee for the Marital Trust for the benefit of Beverly Glover Lane, held by him as a trustee of Mills Bee Lane Memorial Foundation, and 34,803 shares owned by the ESOP in which he has a vested interest; Louise J. Maybank 15,506 shares held by her as a co-trustee for a Family Charitable Trust;

Edmund Rhett,
Jr. MD 756
shares owned by
his wife; and
Thomas C.
Stevenson, III-
an aggregate of
20,478 shares
held by him as
co-trustee under
a Marital Trust,
held by him as
co-trustee of a
QTip Trust. All
such indirectly
owned shares
are included in
the totals of the
number of
shares set forth
in the above
table and
beneficially
owned by the
Directors and
Nominees.

As a group, all Directors, and Executive Officers (including Hugh C. Lane, Jr., President and Chief Executive Officer; Fleetwood S. Hassell Executive Vice President; and William L. Hiott, Jr., Executive Vice President and Treasurer) are sixteen in number and beneficially own an aggregate of 1,004,277 shares, representing 25.40% of the issued and outstanding Common Stock of the Company. All of these shares beneficially owned by the Directors, Nominees and Executive Officers are currently owned.

Independence of Directors

With the exception of Hugh C. Lane, Jr., Fleetwood S. Hassell, and William L. Hiott, Jr., all Executive Officers of the Company, and Charles G. Lane, brother of Hugh C. Lane, Jr., all of the Directors proposed to be elected are independent and they constitute a majority of the Board of Directors.

Election of Directors

Sixteen Directors, constituting the current Board of Directors, will be elected at the Annual Meeting, each to hold office for one year and until a successor shall have been duly elected or appointed and shall have qualified. In the absence of instructions to the contrary, shares of Common Stock represented by properly executed proxies will be voted for the sixteen Nominees listed on pages 6 and 7, all of whom are recommended by the Nominating Committee and the Board of Directors of the Company and have consented to be named and to serve if elected.

The Company does not presently know of anything that would preclude any Nominee from serving; however, should any Nominee for any reason become unable or unwilling to serve as a Director, the number of Directors to be elected will be reduced accordingly.

The name of each Nominee designated by the Board of Directors of the Company for election as a Director of the Company and certain information provided by such Nominee to the Company are set forth in the table below. Eight of the current Nominees served as initial Directors of the Bank from October 22, 1986, when the Bank's charter was

issued until the first Annual Meeting of Shareholders on April 14, 1987, and were elected to serve a one year term at such Annual Meeting. All of the above eight Directors of the Bank were elected to serve one-year terms at subsequent Annual Meetings. All of the above eight Directors of the Bank were elected Directors of the Company upon its organization in 1995. Alan I. Nussbaum, MD and Edmund Rhett, Jr., MD, were first elected as Directors of the Company during 1999. Dr. Linda J. Bradley-McKee, CPA was first elected as a Director of the Company during 2002. They were all re-elected as Directors of the Company to serve one year terms at subsequent Annual Meetings. Graham M. Eubank, Jr., Richard W. Hutson, Jr. and Malcolm M. Rhodes, MD were elected pursuant to the By-Laws of the Company on December 16, 2004, and were elected to serve one year terms at subsequent annual meetings. Fleetwood S. Hassell was elected pursuant to the By-Laws of the Company on December 15, 2005, and was elected to serve one year terms at subsequent annual meetings. Glen B. Haynes, DVM was elected pursuant to the By-Laws of the Company on December 14, 2006 and was elected to serve a one year term on April 10, 2007.

Name	Age	Positions and Offices Held With Corporation	Family Relationship	Business Experience 1987-2008 and Other Directorships
Dr. Linda J. Bradley- McKee, CPA	57	Director	None	Director, MS in Accountancy Program College of Charleston (education) 1998-2007; Chairman, Dept. of Accountancy 1999-2004; Associate Professor 1999-2008; Assistant Professor 1993-1999
C. Ronald Coward	72	Director	None	Chairman, Coward Hund Construction Company, Inc. (construction) 2004-2008; President, 1976-2004
Graham M. Eubank, Jr.	40	Director	None	President, Palmetto Ford, Inc. (retail automobile) 2000-2008; Vice President 1996-2000
T. Dean Harton	62	Director	None	President, Hawthorne Corporation (management and investment) 2007-2008 Vice-Chairman, Piedmont Hawthorne Holdings, Inc. (aviation) 2004-2006; President, Piedmont Hawthorne Holdings, Inc. 1999-2004; President, Hawthorne Corporation (aviation) 1986-1999
Fleetwood S. Hassell	48	Executive Vice President	Brother-in-law Charles G. Lane, Director	The Bank of South Carolina (banking) 1986-2008
Glen B. Haynes, DVM	53	Director	None	Westbury Veterinary Clinic (Veterinary) 1984-2008
William L. Hiott, Jr.	63	Executive Vice President, Treasurer, Director	None	The Bank of South Carolina (banking) 1986-2008
Katherine M. Huger	66	Director	None	Emerita Professor of Economics, Charleston Southern University;

Assistant Professor of
Economics, Charleston Southern
University
(education) 1972-2004

Richard W. Hutson, Jr.

50

Secretary
Director

None

Manager, William M. Means
Company Insurance, LLC
(insurance) 1998-2008; Sole
Proprietor, William M. Means
Insurance Co.
(insurance) 1992-1998

Name	Age	Positions and Offices Held With Corporation	Family Relationship	Business Experience 1987-2008 and Other Directorships
Charles G. Lane	53	Director	Brother of Hugh C. Lane, Jr.; Brother-in-law Fleetwood S. Hassell, Executive Vice President	Managing Member Holcombe, Fair & Lane, LLC (real estate) 1996-2008; Associate Holcombe & Fair Realtors 1987-1996
Hugh C. Lane, Jr.	60	President, Chief Exec. Officer, Director	Brother of Charles G. Lane	The Bank of South Carolina (banking) 1986-2008
Louise J. Maybank	68	Director	None	Active in community programs
Alan I. Nussbaum, MD	56	Director	None	Physician in private practice with Rheumatology Associates, PA
Edmund Rhett, Jr., MD	60	Director	None	Physician in private practice as Edmund Rhett, Jr., PA 2007-2008; Physician in private obstetrical practice with Low Country Obstetrics & Gynecology, PA 1977-2007
Malcolm M. Rhodes, MD	49	Director	None	Physician in private practice with Parkwood Pediatric Group
Thomas C. Stevenson, III	57	Director	None	President, Fabtech, Inc. (metal fabrication) 1991-2008; Private Investor 1990-91; Chairman of the Board Stevenson Hagerty, Inc. (diversified holding company) 1984-1990

Committees of the Board of Directors

Hugh C. Lane, Jr. presently serves as President of the Board of Directors. The Board has four committees: the Executive/Long-Range Planning Committee, resulting from the merger of the Executive Committee and the Long-Range Planning Committee in 2004, the Compensation Committee, the Nominating Committee, and the Audit and Compliance Committee. The Compensation Committee and the Nominating Committee were established at the regular monthly meeting of the Board of Directors on December 18, 2003.

The Executive/Long-Range Planning Committee consists of the President of the Company and seven designated Directors. The President of the Company chairs the Committee. At present, the fixed membership of the Committee consists of C. Ronald Coward, T. Dean Harton, Fleetwood S. Hassell, William L. Hiott, Jr., Charles G. Lane, Hugh C. Lane, Jr., Alan I. Nussbaum, MD, and Thomas C. Stevenson, III. During 2007, this Committee held two meetings. In addition to long-range and strategic planning, the principal function of the Committee is to exercise all authority of the Board of Directors in the management and affairs of the Company and the Bank. In addition, the Executive Committee acts on behalf of the entire Board of the Company between the regular Board Meetings.

The Audit and Compliance Committee reviews and examines detailed reports of the internal auditor for the Bank; meets periodically with the internal auditor; reviews reports of regulatory bodies having jurisdiction over the Company and the Bank; evaluates internal accounting controls; recommends and approves the engagement and continuation of engagement of independent auditors, the scope of their work and the fees for their services; and meets with and considers recommendations of the independent auditors for the Company and the Bank. The Audit and Compliance Committee consists of Dr. Linda J. Bradley-McKee, CPA, C. Ronald Coward, Graham M. Eubank, Jr., Glen B. Haynes, Katherine M. Huger, Alan I. Nussbaum, MD, and Malcolm M. Rhodes, MD, all independent Directors of the Company. The Audit and Compliance Committee met five times during 2007.

The Compensation Committee consists of T. Dean Harton, Thomas C. Stevenson, III and Graham M. Eubank, Jr., all independent Directors of the Company. The function of the Compensation Committee is to recommend the compensation of Executive Officers to the Directors of the Company. The Compensation Committee met once during 2007.

The Nominating Committee consists of C. Ronald Coward, Graham M. Eubank, Jr. and Edmund Rhett, Jr., MD all independent Directors of the Company. The function of the Nominating Committee is to recommend a slate of proposed Directors to the Board of Directors of the Company. The Nominating Committee has adopted a written Charter. The Charter was attached as Exhibit A to the 2005 Proxy Statement. The Nominating Committee met two times during 2007.

Report of the Audit and Compliance Committee of the Board of Directors

Membership and Role of the Audit and Compliance Committee

The Audit and Compliance Committee (the Audit Committee) presently consists of seven members of the Board of Directors. During 2007, the Audit Committee held five meetings. The Audit Committee operates under a written charter adopted by the Board of Directors. The charter was attached as Exhibit A to the 2004 Proxy Statement. Members are considered to be independent of the Company under applicable rules and regulations, including Rule 4200(a) (15) of the National Association of Securities Dealers.

Review of the Company's Audited Financial Statements for the Fiscal Year Ended December 31, 2007

The Audit Committee has reviewed and discussed with management the audited financial statements of the Company for the fiscal year ended December 31, 2007. The Audit Committee has discussed with Elliott Davis, LLC, the Company's independent public accountants, the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee has also received the written disclosures and the letter from Elliott Davis, LLC required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and the Audit Committee has discussed the independence of Elliott Davis, LLC with that firm. Based on the Audit Committee's review and discussions mentioned above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 for filing with the Securities and Exchange Commission.

Submitted by:

Alan I. Nussbaum, MD, Chairman

Dr. Linda J. Bradley-McKee, CPA

C. Ronald Coward

Graham M. Eubank, Jr.

Glen B. Haynes

Katherine M. Huger

Malcolm M. Rhodes, MD

Nominations for Director

Nominations, other than those made by the Nominating Committee of the Company, shall be made in writing and shall be delivered or mailed to the President of the Company not less than 14 days nor more than 50 days prior to any meeting of Shareholders calling for election of Directors; provided however, that if less than 21 days notice of the meeting is given to Shareholders, such nomination shall be mailed or delivered to the President of the Company not later than the close of business on the 7th day following the day on which the Notice of Meeting was mailed.

Nominations not made according to these procedures will be disregarded.

Nominating Committee Policy for Shareholder Nominations

The Nominating Committee has a policy with regard to consideration of any Director candidates recommended by security holders and that policy is to consider any and all such recommendations. The Nominating Committee has adopted specific minimum qualifications which the Nominating Committee believes must be met by a Nominating Committee recommended Nominee for a position on the Company's Board of Directors, and those are that such Nominee must be generally recognized as successful in such Nominee's business or community efforts, have a generally recognized reputation for honesty and integrity, have demonstrated such Nominee's commitment to the community in which the Company and its subsidiary Bank operates and have demonstrated in meetings with the Nominating Committee such Nominee's commitment to the best interests of the Company, its subsidiary Bank, and their officers, directors, employees and shareholders. The Nominating Committee's process for identifying and evaluating Nominees for Director of the Company and its subsidiary Bank, including Nominees recommended by security holders, is to investigate whether or not such Nominee meets the specific minimum qualifications adopted as a policy by the Nominating Committee through contacts the members of the Nominating Committee have in their community. There are no differences in the manner in which the Nominating Committee evaluates Nominees for Director based on whether the Nominee is recommended by a security holder.

The Company does not utilize or pay a fee to any third party to evaluate Nominees for Director.

Directors Meetings

The Board of Directors of the Company held six meetings (including all regularly scheduled and special meetings) during the year ended December 31, 2007. No Directors attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board of Directors on which he served.

Compensation of Executive Officers and Directors

The following table sets forth all remuneration (including remuneration under any contract, authorization or arrangement, whether or not set forth in a formal document) paid during the year ended December 31, 2007, by the Bank to the three Executive Officers of the Company and the Bank, and one retired Executive Officer of the Company and Bank, whose cash remuneration from the Bank exceeded \$100,000.00 dollars for their services in all capacities. Such Executive Officers receive no compensation from the Company as Executive Officers or as Directors or in any other capacity.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (1)	Bonus(2)	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified	All	Total
							Deferred Compensation Earnings	Other Compensation(3)	
Hugh C. Lane, Jr. President and Chief Executive Officer	2007	200,001.37	1,600.00					18,136.27	219,737.64
	2006	190,000.00	1,600.00					21,630.52	213,130.52
	2005	166,652.67	100.00					18,687.27	185,439.94
William L. Hiott, Jr. Executive Vice President and Treasurer	2007	175,001.53	1,600.00					15,887.26	192,488.79
	2006	167,000.00	1,600.00					19,033.98	187,533.98
	2005	158,523.47	100.00					17,589.31	176,212.78
Fleetwood S. Hassell Executive Vice President	2007	135,001.45	1,600.00					12,288.81	148,890.26
	2006	120,000.00	1,600.00					13,728.00	135,228.00
	2005	104,876.35	100.00					11,857.11	116,833.46
Nathaniel I. Ball, III Retired Executive Vice President and Secretary	2007							140,600.00(4)	140,600.00
	2006							149,649.09(4)	146,649.09
	2005	159,999.84						17,567.20	177,567.04

1) The Compensation Committee consisting of Graham M. Eubank, Jr., T. Dean Harton and Thomas C. Stevenson, compared

salaries for similar positions at similar sized banks within South Carolina as well as the overall bank and individual performance. Once the salary levels were established by the Compensation Committee, the salaries were recommended to the Board of Directors for approval.

- 2) The bonus consists of a \$100 bonus presented to all employees at Christmas in 2005, 2006 and 2007 and a \$1,500 bonus presented to all employees employed before July 1, 2005 and July 1, 2006.
- 3) On November 2, 1989, the Bank adopted an Employee Stock Ownership Plan and Trust Agreement (the Plan) to provide retirement benefits to eligible employees for long and faithful service. The

other
compensation
represents the
amount
contributed to
the Bank's
ESOP.

- 4) Nathaniel I.
Ball, III, retired
on July 31,
2005. The
amount reported
in 2007 and
2006 represents
severance pay.

An employee of the Bank is eligible to become a participant in the ESOP upon reaching 21 years of age and credited with one year of service (1,000 hours of service). The employee may enter the plan on the January 1st that occurs nearest the date on which the employee first satisfies the age and service requirements described above. No contributions by employees are permitted. The amount and time of contributions are at the sole discretion of the Board of Directors of the Bank. The contribution for all participants is based solely on each participant's respective regular or base salary and wages paid by the Bank including commissions, bonuses and overtime, if any. A participant becomes vested in the ESOP based upon the employee's credited years of service. The vesting schedule is as follows;

1 year of service	0% Vested
2 Years of Service	25% Vested
3 Years of Service	50% Vested
4 Years of Service	75% Vested
5 Years of Service	100% Vested

The Plan became effective as of January 1, 1989 and amended effective January 1, 2007 and approved by the Board of Directors on January 18, 2007. This amendment was made to comply with the Pension Protection Act of 2006. The Board of Directors of the Bank approved the contribution of \$288,000.00 to the ESOP for the fiscal year ended December 31, 2007. The contribution was made during 2007. T. Dean Harton, Sheryl G. Sharry and Hugh C. Lane, Jr., currently serve as Plan Administrators and as Trustees for the Plan. The Plan currently owns 224,129 shares or 5.67% of the Company's Common Stock.

During the fiscal year ended December 31, 2007, the Company had no plans or arrangements pursuant to which any Executive Officer, Director or Principal Shareholder received contingent remuneration or personal benefits other than the contingent remuneration and life, disability, dental and health insurance benefits. Life, disability, dental and health insurance benefits are available for all employees of the Bank who work at least 30 hours a week.

OPTION AWARDS

Name	Number of Securities Underlying Unexercised Options		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date
	Exercisable	Unexercisable			
Hugh C. Lane, Jr.					
William L. Hiott, Jr.					
Fleetwood S. Hassell					