

BANK OF SOUTH CAROLINA CORP
Form 10-Q
May 06, 2016

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2016

Transition report pursuant to Section 13 or
15(d) of the Securities Exchange Act of 1934

Commission file number: 0-27702

Bank of South Carolina Corporation

(Exact name of registrant issuer as specified in its charter)

South Carolina

(State or other jurisdiction of incorporation or organization)

M7-1021355
(IRS Employer

Identification Number)

J56 Meeting Street, Charleston, SC 29401

(Address of principal executive offices)

(843) 724-1500

(Registrant's telephone number)

Indicate by check mark whether the issuer (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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its Company Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated Filer
Non-accelerated filer Smaller reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 6, 2016 there were 4,928,507 Common Shares outstanding.

Bank of South Carolina Corporation and Subsidiary

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Part I. Financial Information**Item 1. Financial Statements****BANK OF SOUTH CAROLINA CORPORATION AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

	(Unaudited) March 31, 2016	(Audited) December 31, 2015
ASSETS		
Cash and due from banks	\$7,622,989	\$5,295,924
Interest-bearing deposits in other bank	30,503,030	23,898,862
Investment securities available for sale	107,353,804	119,997,585
Mortgage loans to be sold	3,929,539	5,820,239
Loans	253,325,633	242,622,705
Less: Allowance for loan losses	(3,436,762)	(3,417,827)
Net loans	249,888,871	239,204,878
Premises, equipment and leasehold improvements, net	2,265,079	2,289,228
Other real estate owned	521,943	620,394
Accrued interest receivable	1,040,677	1,284,063
Other assets	568,060	761,339
Total assets	\$403,693,992	\$399,172,512
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest-bearing demand	\$119,022,680	\$122,073,396
Interest-bearing demand	96,992,732	84,977,640
Money market accounts	63,935,267	70,233,422
Time deposits over \$250,000	24,095,180	25,896,768
Other time deposits	28,657,047	28,871,044
Other savings deposits	28,966,396	26,666,342
Total deposits	361,669,302	358,718,612
Accrued interest payable and other liabilities	1,694,180	1,302,188
Total Liabilities	363,363,482	360,020,800
Shareholders' Equity		
Common Stock-No par value: 12,000,000 shares authorized; shares issued 5,158,903 at March 31, 2016 and 5,157,996 at December 31, 2015; shares outstanding 4,917,507 at March 31, 2016 and 4,916,600 at December 31, 2015	—	—

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Additional paid in capital	36,372,788	36,341,744
Retained earnings	4,621,294	4,064,834
Treasury stock; 241,396 shares at March 31, 2016 and December 31, 2015	(2,247,415)	(2,247,415)
Accumulated other comprehensive income, net of income taxes	1,583,843	992,549
Total shareholders' equity	40,330,510	39,151,712
Total liabilities and shareholders' equity	\$403,693,992	\$399,172,512

See accompanying notes to consolidated financial statements.

BANK OF SOUTH CAROLINA CORPORATION AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Three Months Ended	
	March 31,	
	2016	2015
Interest and fee income		
Loans, including fees	\$3,034,043	\$2,864,766
Taxable securities	323,133	339,781
Tax-exempt securities	239,314	263,181
Other	35,575	6,874
Total interest and fee income	3,632,065	3,474,602
Interest expense		
Deposits	94,139	92,734
Short-term borrowings	—	737
Total interest expense	94,139	93,471
Net interest income	3,537,926	3,381,131
Provision for loan losses	45,000	5,000
Net interest income after provisions for loan losses	3,492,926	3,376,131
Other income		
Service charges, fees and commissions	260,531	237,285
Mortgage banking income	351,873	377,146
Other non-interest income	5,689	4,914
Loss on sale of other real estate	(13,450)	—
Gain on sale of securities	187,936	111,313
Total other income	792,579	730,658
Other expense		
Salaries and employee benefits	1,515,027	1,416,173
Net occupancy expense	376,399	363,599
Other operating expenses	631,272	559,282
Total other expense	2,522,698	2,339,054
Income before income tax expense	1,762,807	1,767,735
Income tax expense	567,071	562,775
Net income	\$1,195,736	\$1,204,960
Weighted average shares outstanding		
Basic	4,917,334	4,907,223
Diluted	5,067,563	5,054,687

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Earnings per common share

Basic income per common share	\$0.24	\$0.25
Diluted income per common share	\$0.24	\$0.24

All share and per share data have been restated to reflect a 10% stock dividend declared August 27, 2015.

See accompanying notes to consolidated financial statements.

BANK OF SOUTH CAROLINA CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended	
	March 31,	
	2016	2015
Net income	\$1,195,736	\$1,204,960
Other comprehensive income:		
Unrealized gain on securities arising during the period (net of tax)	709,731	682,022
Reclassification adjustment for securities gains realized in net income	(187,936)	(111,313)
Other comprehensive income, before tax	521,795	570,709
Income tax effect related to items of other comprehensive income	69,499	41,186
Other comprehensive income, after tax	591,294	611,895
Total comprehensive income	\$1,787,030	\$1,816,855

See accompanying notes to consolidated financial statements.

BANK OF SOUTH CAROLINA CORPORATION AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY****FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (UNAUDITED)**

	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
December 31, 2014	\$ 28,779,108	\$ 8,640,291	\$ (1,902,439)	\$ 1,243,022	\$ 36,759,982
Net income	—	1,204,960	—	—	1,204,960
Other comprehensive income	—	—	—	611,895	611,895
Stock-based compensation expense	19,192	—	—	—	19,192
Cash dividends (\$0.13 per common share)	—	(579,981)	—	—	(579,981)
March 31, 2015	\$ 28,798,300	\$ 9,265,270	\$ (1,902,439)	\$ 1,854,917	\$ 38,016,048
December 31, 2015	\$ 36,341,744	\$ 4,064,834	\$ (2,247,415)	\$ 992,549	\$ 39,151,712
Net income	—	1,195,736	—	—	1,195,736
Other comprehensive income	—	—	—	591,294	591,294
Exercise of stock options	12,462	—	—	—	12,462