South Atlantic Bancshares, Inc. Reports Earnings of $1.32 per Diluted Common Share for the Year Ended December 31, 2023

MYRTLE BEACH, S.C., January 25, 2024 /PRNewswire/ -- South Atlantic Bancshares, Inc. ("South Atlantic" or the "Company") (OTCQX: SABK), parent of South Atlantic Bank (the "Bank"), reported consolidated net income of $2.2 million, or $0.29 per diluted common share, for the three months ended December 31, 2023 and $10.0 million, or $1.32 per diluted common share, for the twelve months ended December 31, 2023.

Fourth Quarter and Full Year 2023 Financial Highlights:

- **Net Income totaled $2.2 million for the fourth quarter of 2023, which represents a slight increase compared to the third quarter of 2023**
- **Net income totaled $10.0 million for the twelve months ended December 31, 2023, a 17.2 percent decrease from the twelve months ended December 31, 2022**
- **Total deposits grew $77.3 million in 2023 to $1.3 billion at December 31, 2023, a 6.4% increase since December 31, 2022**
- **Interest income on loans and investments increased $20.9 million, or 42.8 percent, during the year ended December 31, 2023 compared to the year ended December 31, 2022**
- **Pre-provision net interest income increased 2.5 percent during the fourth quarter of 2023, compared to a 0.4 percent increase in the third quarter of 2023, and 7.4 percent decrease in the second quarter of 2023**
- **Total assets increased $208.4 million during the year ended December 31, 2023, a 14.8 percent increase from December 31, 2022**
- **Total loans increased $45.1 million during the fourth quarter of 2023 and increased $178.7 million during the year ended December 31, 2023, a 17.8 percent increase since December 31, 2022**
- **Tangible book value per share at December 31, 2023 increased by $1.51, or 13.6 percent, since December 31, 2022**

Commenting on the Company's results, Chairman and Chief Executive Officer, K. Wayne Wicker, remarked, "2023 was a challenging year for the banking industry. Despite the difficult operating environment, I am pleased with our Company's performance for the year. Economic activity remains high in our markets and our continued deposit and loan growth are a testament to our strong customer franchise and market areas. We continued our organic growth strategy in the Charleston MSA by adding key personnel and securing the location of our thirteenth branch location and third location in the Charleston MSA. We also broke ground on a permanent branch location in Beaufort, SC following the success our team has had operating from a temporary leased space. While the rapid rise in interest rates and increased competition for deposits created net interest margin compression in 2023, we have noted two consecutive quarters of increasing net interest income. Despite the uncertain outlook in 2024 regarding the overall economy and monetary policy of the Board of Governors of the Federal Reserve System, our credit quality remains excellent and we believe we are well positioned to navigate the indeterminate 2024 operating environment."

Selected Financial Highlights
For the Periods/Three Months Ended

Balance Sheet (000's)	December 31, 2023	September 30, 2023	Change ($)	Change (%)[1]
Total Assets	$ 1,617,962	$ 1,551,272	$ 66,690	17.2%
Total Loans, Net of Unearned Income	1,181,339	1,136,231	45,108	15.9%
Total Deposits	1,294,097	1,303,321	(9,224)	-2.8%
Total Equity	101,895	94,926	6,969	29.4%

Income Statement and Per Share Data	December 31, 2023	September 30, 2023	Change ($)	Change (%)
Net Income (000's)	$ 2,193	$ 2,189	$ 4	0.2%
Earnings Per Share	0.29	0.29	-	0.0%

Selected Financial Ratios	December 31, 2023	September 30, 2023	December 31, 2022
Return on Average Assets	0.55%	0.56%	1.13%
NPAs to Average Assets	0.00%	0.01%	0.00%
Efficiency Ratio	70.46%	75.32%	54.99%
Net Interest Margin	2.82%	2.83%	3.76%

For the Periods/Twelve Months Ended

Balance Sheet (000's)	December 31, 2023	December 31, 2022	Change ($)	Change (%)
Total Assets	$ 1,617,962	$ 1,409,593	$ 208,369	14.8%
Total Loans, Net of Unearned Income	1,181,339	1,002,633	178,706	17.8%
Total Deposits	1,294,097	1,216,762	77,335	6.4%
Total Equity	101,895	90,539	11,356	12.5%

Income Statement and Per Share Data	December 31, 2023	December 31, 2022	Change ($)	Change (%)
Net Income (000's)	$ 10,019	$ 12,094	$ (2,075)	-17.2%
Earnings Per Share	1.32	1.57	(0.25)	-15.9%

[1] Results annualized.

Earnings Summary

Net interest income decreased $2.1 million, or 4.8 percent, to $42.5 million for the year ended December 31, 2023, when compared to $44.6 million for the year ended December 31, 2022. The Company experienced an increase in interest income of $20.9 million, or 42.8 percent, during 2023 compared to 2022, which was partially offset by a $23.0 million increase in interest expense due to the continued rise in market interest rates for deposits across the Bank's market areas and increased competition from bank and non-bank alternatives, as well as the migration of a portion of the Company's deposit balances from noninterest and low interest bearing deposits to higher-cost savings, money market, and time deposits during the period. The increase in interest income during the twelve months ended December 31, 2023 was primarily driven by a $19.0 million increase in interest income on the Company's loan portfolio due to increased yields and volume, as well as an increase of $1.9 million from the Company's investment securities portfolio and interest on cash balances held with the Federal Reserve Bank of Richmond (the "FRB") and correspondent banks.

Noninterest income remained neutral between the years ended December 31, 2023 and 2022, while noninterest expense increased $1.4 million, or 4.3 percent, year-over-year primarily due to increases is FDIC insurance assessments, data processing expense, and the incurrence of check fraud losses during the year ended December 31, 2023.

Net interest income increased $261 thousand, or 2.5 percent, for the three months ended December 31, 2023, when compared to the three months ended September 30, 2023. Interest income increased $1.3 million, or 7.0 percent, during the three months ended December 31, 2023, primarily driven by an increase of $1.1 million, or 7.5 percent, in interest and fee income on loans during the fourth quarter of 2023, partially offset by an increase of $1.0 million in interest expense primarily due to an increase in interest expense on deposits coupled with an increase in borrowed funds during the fourth quarter of 2023.

Noninterest income remained unchanged during the fourth quarter of 2023 when compared to the third quarter of 2023, while noninterest expense decreased $378.0 thousand, or 4.3 percent, during the fourth quarter of 2023 due to decreases in salary and employee benefits, which were partially offset by increased expenses related to data processing.

Financial Performance

Dollars in Thousands Except Per Share Data

	Three Months Ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Interest Income					
Loans	$ 16,324	$ 15,186	$ 14,122	$ 13,015	$ 11,727
Investments	3,092	2,964	2,648	2,383	2,583
Total Interest Income	**$ 19,416**	**$ 18,150**	**$ 16,770**	**$ 15,398**	**$ 14,310**
Interest Expense	8,781	7,776	6,440	4,241	1,793
Net Interest Income	**$ 10,635**	**$ 10,374**	**$ 10,330**	**$ 11,157**	**$ 12,517**
Provision for Loan Losses	400	-	180	175	900
Noninterest Income	1,165	1,166	1,481	1,126	1,084
Noninterest Expense	8,394	8,772	8,442	8,322	7,518
Income Before Taxes	**$ 3,006**	**$ 2,768**	**$ 3,189**	**$ 3,786**	**$ 5,183**
Provision for Income Taxes	813	579	676	662	1,232
Net Income	**$ 2,193**	**$ 2,189**	**$ 2,513**	**$ 3,124**	**$ 3,951**
Basic Earnings Per Share	**$ 0.29**	**$ 0.29**	**$ 0.33**	**$ 0.41**	**$ 0.52**
Diluted Earnings Per Share	**$ 0.29**	**$ 0.29**	**$ 0.33**	**$ 0.41**	**$ 0.52**
Weighed Average Shares Outstanding					
Basic	7,605,854	7,546,086	7,545,922	7,546,566	7,561,993
Diluted	7,644,120	7,589,725	7,606,002	7,632,316	7,651,288
Total Shares Outstanding	7,605,854	7,605,854	7,596,779	7,596,779	7,596,198

	Year Ended	
	December 31, 2023	December 31, 2022
Interest Income		
Loans	$ 58,647	$ 39,612
Investments	11,087	9,221
Total Interest Income	**$ 69,734**	**$ 48,833**
Interest Expense	27,238	4,196
Net Interest Income	**$ 42,496**	**$ 44,637**
Provision for Loan Losses	755	1,950
Noninterest Income	4,938	4,939
Noninterest Expense	33,930	32,542
Income Before Taxes	**$ 12,749**	**$ 15,084**
Provision for Income Taxes	2,730	2,990
Net Income	**$ 10,019**	**$ 12,094**
Basic Earnings Per Share	**$ 1.32**	**$ 1.60**
Diluted Earnings Per Share	**$ 1.32**	**$ 1.58**
Weighed Average Shares Outstanding		
Basic	7,548,410	7,568,717
Diluted	7,606,321	7,668,383
Total Shares Outstanding	7,605,854	7,596,198

Noninterest Income/Expense

Dollars in Thousands

	Three Months Ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Noninterest Income					
Service charges and fees	$ 138	$ 142	$ 389	$ 128	$ 126
Securities gains, net	-	-	-	3	-
Secondary mortgage income	190	137	225	196	157
Other income	837	887	867	799	801
Total noninterest income	**$ 1,165**	**$ 1,166**	**$ 1,481**	**$ 1,126**	**$ 1,084**
Noninterest expense					
Salaries and employee benefits	$ 4,193	$ 5,272	$ 5,118	$ 5,036	$ 4,344
Occupancy	1,312	1,223	1,090	1,114	1,086
Other expense	2,889	2,277	2,234	2,172	2,088
Total noninterest expense	**$ 8,394**	**$ 8,772**	**$ 8,442**	**$ 8,322**	**$ 7,518**

	Year Ended	
	December 31, 2023	December 31, 2022
Noninterest Income		
Service charges and fees	$ 797	$ 543
Securities gains, net	3	(726)
Secondary mortgage income	748	1,878
Other income	3,390	3,244
Total noninterest income	**$ 4,938**	**$ 4,939**
Noninterest expense		
Salaries and employee benefits	$ 19,619	$ 20,085
Occupancy	4,739	4,302
Other expense	9,572	8,155
Total noninterest expense	**$ 33,930**	**$ 32,542**

Balance Sheet Activity

Total assets increased $208.4 million to $1.62 billion as of December 31, 2023, compared to $1.41 billion as of December 31, 2022, an increase of 14.8 percent. The increase in total assets during the twelve months ended December 31, 2023 was driven primarily by an increase in net loans of $178.0 million and an increase in cash and cash equivalents of $21.2 million, partially offset by a reduction in investment securities of $3.7 million.

Total deposits increased $77.4 million, or 6.4 percent, during the twelve months ended December 31, 2023. The overall increase in deposits is attributable to growth of core deposit accounts, with no additions to brokered deposits during the year ended December 31, 2023.

Shareholders' equity totaled $101.9 million as of December 31, 2023, an increase of $11.4 million, or 12.5 percent, from December 31, 2022, primarily driven by $10.0 million in earnings during the twelve months ended December 31, 2023, and increases in the fair value of the Bank's available-for-sale securities portfolio during the period resulting in a positive adjustment of $2.0 million for unrealized losses in the Bank's available-for-sale securities portfolio, partially offset by dividends paid during the period as a result of the payment of the Company's first cash dividend on its shares of common stock in the first quarter of 2023.

Total assets increased $66.7 million, or 4.3 percent, for the three months ended December 31, 2023. The increase in total assets during the fourth quarter of 2023 was driven primarily by an increase of $12.7 million, or 52.5 percent, in cash and cash equivalents, an increase of $44.7 million, or 4.0 percent, in net loans, and an increase of $4.2 million, or 14.0 percent, in bank-owned life insurance.

Total deposits decreased $9.2 million, or 0.7 percent, for the three months ended December 31, 2023, compared to a decrease of $19.6 million, or 1.59 percent, for the quarter ended December 31, 2022.

Shareholder's equity increased $7.0 million to $101.9 million for the three months ended December 31, 2023, when compared to $94.9 million as of September 30, 2023, primarily driven by a $4.4 million increase in the fair value of the Bank's bond portfolio during the period, net of deferred tax, coupled with a $2.2 million increase in retained earnings for the fourth quarter of 2023.

The Company reported 7,605,854 total shares of common stock outstanding as of December 31, 2023. The increase of 9,656 shares of common stock outstanding during the twelve months ended December 31, 2023 is due to the exercise during the period of stock options granted. Tangible book value increased $0.92 per share, or 7.9 percent, to $12.65 per share during the three months ended December 31, 2023, when compared to $11.73 per share as of September 30, 2023, and has increased $1.51 per share, or 13.6 percent, for the twelve months ended December 31, 2023, when compared to $11.14 per share as of December 31, 2022.

Balance Sheets

Dollars in Thousands

	For the Periods Ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Cash and Cash Equivalents	$ 37,008	$ 24,273	$ 38,011	$ 37,651	$ 15,851
Investment Securities	313,872	306,334	313,202	316,336	317,541
Loans Held for Sale	949	1,345	426	1,682	677
Loans					
Loans	1,181,339	1,136,231	1,095,316	1,048,555	1,002,633
Less Allowance for Loan Losses	(10,863)	(10,463)	(10,462)	(10,281)	(10,111)
Loans, Net	$ 1,170,476	$ 1,125,768	$ 1,084,854	$ 1,038,274	$ 992,522
OREO					
Property, net of accumulated depreciation	$ 22,066	$ 22,041	$ 22,494	$ 20,331	$ 19,888
BOLI	34,345	30,132	29,924	29,721	29,517
Goodwill	5,349	5,349	5,349	5,349	5,349
Core Deposit Intangible	298	375	455	411	453
Other Assets	33,599	35,655	30,698	28,089	27,795
Total Assets	**$ 1,617,962**	**$ 1,551,272**	**$ 1,525,413**	**$ 1,477,844**	**$ 1,409,593**
Deposits					
Noninterest bearing	$ 331,933	$ 344,011	$ 355,549	$ 343,822	$ 371,412
Interest bearing	962,164	959,310	922,494	912,996	845,350
Total Deposits	$ 1,294,097	$ 1,303,321	$ 1,278,043	$ 1,256,818	$ 1,216,762
Subordinated Debt	29,642	29,611	29,580	29,550	29,520
Other Borrowings	175,000	104,000	104,900	80,000	56,475
Other Liabilities	17,328	19,414	16,304	17,031	16,297
Total Liabilities	**$ 1,516,067**	**$ 1,456,346**	**$ 1,428,827**	**$ 1,383,399**	**$ 1,319,054**
Stock with Related Surplus	$ 78,978	$ 78,601	$ 78,483	$ 78,443	$ 78,908
Retained Earnings	48,711	46,517	44,329	41,816	39,446
Accumulated Other Comprehensive Income	(25,794)	(30,192)	(26,226)	(25,814)	(27,815)
Shareholders' Equity	**$ 101,895**	**$ 94,926**	**$ 96,586**	**$ 94,445**	**$ 90,539**
Total Liabilities and Shareholders' Equity	**$ 1,617,962**	**$ 1,551,272**	**$ 1,525,413**	**$ 1,477,844**	**$ 1,409,593**

Net Interest Margin

Net interest margin, on a tax equivalent basis ("net interest margin"), decreased by 1 basis point to 2.82 percent for the three months ended December 31, 2023 when compared to the three months ended September 30, 2023. The yield on interest earning assets increased by 20 basis points during the fourth quarter of 2023 to 5.11 percent from 4.91 percent for the quarter ended September 30, 2023, partially offset by an increase in cost of funds by 22 basis points during the fourth quarter of 2023 to 2.38 percent from 2.16 percent for the quarter ended September 30, 2023.

Net interest margin decreased by 94 basis points when compared to 3.76 percent for the three months ended December 31, 2022. Cost of funds increased by 182 basis points to 2.38 percent for the three months ended December 31, 2023 compared to 0.56 percent for the three months ended December 31, 2022, partially offset by an increase in yield on earning assets of 82 basis points to 5.11 percent for the quarter ended December 31, 2023 compared to the quarter ended December 31, 2022.

Net Interest Margin Analysis

Dollars in Millions

	Three Months Ended									
	December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022	
	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate
Interest earning assets										
Loans	$ 1,159	5.54%	$ 1,110	5.33%	$ 1,081	5.14%	$ 1,030	5.02%	$ 971	4.69%
Loan fees		0.04%		0.09%		0.09%		0.10%		0.10%
Loans with fees	$ 1,159	5.58%	$ 1,110	5.42%	$ 1,081	5.23%	$ 1,030	5.12%	$ 971	4.79%
Total interest earning assets	$ 1,517	5.11%	$ 1,478	4.91%	$ 1,437	4.71%	$ 1,388	4.52%	$ 1,332	4.29%
Interest-bearing liabilities										
Total interest bearing deposits	$ 961	2.77%	$ 938	2.57%	$ 920	2.15%	$ 870	1.45%	$ 831	0.62%
Total interest bearing liabilities	$ 1,121	3.10%	$ 1,069	2.88%	$ 1,046	2.46%	$ 975	1.76%	$ 882	0.80%
Cost of funds		**2.38%**		**2.16%**		**1.86%**		**1.29%**		**0.56%**
Net interest margin		**2.82%**		**2.83%**		**2.92%**		**3.29%**		**3.76%**

Credit Quality

Effective January 1, 2023, the Company adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments, including the current expected credit losses ("CECL") methodology for estimating the allowance for credit losses. The CECL methodology requires earlier recognition of credit losses using a life of loan, expected loss methodology that incorporates reasonable and supportable forecasts into the estimate.

The Company's adoption of the CECL methodology effective January 1, 2023 resulted in a $960,000 day-one reduction in required reserve levels under CECL. The Company recorded provisions for credit losses of $755 thousand during the year ended December 31, 2023 compared to provisions of $1.9 million during the year ended December 31, 2022. The Company recorded a provision for credit losses of $400,000 during the three months ended December 31, 2023, compared to no provision for the three months ended September 30, 2023 and a provision of $900,000 for the three months ended December 31, 2022.

We continue to see excellent credit quality in our markets through December 31, 2023, with no loans classified as non-accrual, and two loans past due greater than 30 days as of December 31, 2023.

The Company continues to closely monitor credit quality in light of the recent events in the banking industry and the continued economic uncertainty due to the elevated interest rate environment and persistent high inflation levels in the United States and our market areas. Accordingly, additional provisions for credit losses may be necessary in future periods.

Credit Quality Analysis

	For the Periods Ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
LLR to Total Loans	0.92%	0.92%	0.96%	0.98%	1.01%
NPAs to Avg Assets	0.00%	0.01%	0.00%	0.00%	0.00%
NCOs to Total Loans	0.00%	0.00%	0.00%	0.00%	0.00%
Past Due > 30 Days to Total Loans	0.03%	0.00%	0.00%	0.00%	0.00%
Total NPAs (thousands)	$ -	$ 156	$ -	$ -	$ -

Performance Ratios

	Three Months Ended				
	December 31, 2021	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
ROAA	0.55%	0.56%	0.67%	0.88%	1.13%
ROAE	9.98%	9.65%	11.03%	13.93%	25.18%
Efficiency	70.46%	75.32%	70.84%	67.11%	54.99%
NIM	2.82%	2.83%	2.92%	3.29%	3.76%
Book Value	$ 13.40	$ 12.48	$ 12.71	$ 12.43	$ 11.92
Tangible Book Value	$ 12.65	$ 11.73	$ 11.95	$ 11.66	$ 11.14

Regulatory Capital Position

The Bank's capital position remains above the regulatory thresholds required to be deemed "well-capitalized," as shown in the table below, with a total risk-based capital ratio of 12.24 percent and leverage ratio of 8.84 percent as of December 31, 2023.

Regulatory Capital Ratios

	For the Periods Ended				
Bank Only	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Tier 1	11.37%	11.84%	12.00%	12.12%	11.18%
Leverage	8.84%	9.11%	9.23%	9.13%	8.56%
CET-1	11.37%	11.84%	12.00%	12.12%	11.18%
Total	12.24%	12.73%	12.91%	13.05%	12.12%

	For the Periods Ended				
Additional Data	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Branches	12	12	12	12	12
Employees (Full Time Equivalent)	163	165	170	164	158

Liquidity and Interest Rate Risk Management

The Company regularly pledges loans and securities to the FRB and Federal Home Loan Bank ("FHLB"), resulting in total net borrowing capacity with the FRB, FHLB, and correspondent lines of credit of approximately $178.4 million. Additionally, the Company pledges portions of its investment securities portfolio to secure public funds deposits.

The Company has an available-for-sale debt securities portfolio with a fair market value of $216.6 million at December 31, 2023. Approximately $22.6 million in book value is expected to mature within the next twelve months.

As part of the Company's ongoing interest rate risk management, the Company has entered into a series of pay-fixed rate, receive-floating cash flow swap transactions ("Pay-Fixed Swap Agreements"). The Pay-Fixed Swap Agreements are designed as an interest rate hedge for matched-term FHLB advances and to hedge the risk of changes in fair value of certain fixed rate loans in the Company's loan portfolio, which converts the hedged loans from a fixed rate to a synthetic floating Secured Overnight Financing Rate (SOFR). The Pay-Fixed Swap Agreements have a total notional value of $175.0 million, have stratified maturities between two and five years, and have a weighted average life of less than three years.

About South Atlantic Bancshares, Inc.

South Atlantic Bancshares, Inc. (OTCQX: SABK) is a registered bank holding company based in Myrtle Beach, South Carolina with approximately $1.6 billion in total assets as of December 31, 2023. The Company's banking subsidiary, South Atlantic Bank, is a full-service financial institution spanning the entire coastal area of South Carolina, and is locally owned, controlled and operated. The Bank operates twelve locations in Myrtle Beach, Carolina Forest, North Myrtle Beach, Murrells Inlet, Pawleys Island, Georgetown, Mount Pleasant, Charleston, Bluffton, Hilton Head Island and Beaufort, South Carolina. The Bank specializes in providing personalized community banking services to individuals, small businesses and corporations. Services include a full range of consumer and commercial banking products, including mortgage, and treasury management, including South Atlantic Bank goMobile, the Bank's mobile banking app. The Bank also offers internet banking, no-fee ATM access, checking, certificates of deposit and money market accounts, merchant services, mortgage loans, remote deposit capture, and more. For more information, visit www.SouthAtlantic.bank.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains, among other things, certain statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements with references to a future period or statements preceded by, followed by, or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "project," "outlook" or similar terms or expressions. These statements are based upon the current beliefs and good faith expectations of the Company's management team and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control). These risks, uncertainties and other factors may cause the actual results, performance, and achievements of the Company to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Factors that could cause such differences include, but are not limited to: the impact on us or our customers of a decline in general economic conditions, and any regulatory responses thereto; potential recession in the United States and our market areas; the impacts related to or resulting from recent bank failures and any continuation of the recent uncertainty in the banking industry, including the associated impact to the Company and other financial institutions of any regulatory changes or other mitigation efforts taken by government agencies in response thereto; increased competition for deposits and related changes in deposit customer behavior; changes in market interest rates and loan and deposit pricing; the persistence of the current inflationary environment in our market areas and the United States; the uncertain impacts of ongoing quantitative tightening and current and future monetary policies of the Board of Governors of the Federal Reserve System; the effects of declines in housing prices in the United States and our market areas; increases in unemployment rates in the United States and our market areas; declines in commercial real estate prices; uncertainty regarding United States fiscal debt and budget matters; cyber incidents or other failures, disruptions or breaches of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks; severe weather, natural disasters, acts of war or terrorism, geopolitical instability or other external events; regulatory considerations; competition and market expansion opportunities; changes in non-interest expenditures or in the anticipated benefits of such expenditures; the receipt of required regulatory approvals; changes in tax laws; the risks related to the development, implementation, use and management of emerging technologies, including artificial intelligence and machine learnings; potential increased regulatory requirements and costs related to the transition and physical impacts of climate change; and current or future litigation, regulatory examinations or other legal and/or regulatory actions. These forward-looking statements are based on current information and/or management's good faith belief as to future events. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized. Due to these and other possible uncertainties and risks, readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. The inclusion of this forward-looking information should not be construed as a representation by the Company or any person that the future events, plans, or expectations contemplated by the Company will be achieved. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Any forward-looking statements contained in this press release are made as of the date hereof, and the Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law. All forward-looking statements, express or implied, included in the press release are qualified in their entirety by this cautionary statement.

Information contained herein, other than information as of December 31, 2022, is unaudited. All financial data should be read in conjunction with the notes to the consolidated financial statements of the Company and the Bank as of and for the fiscal year ended December 31, 2022, as contained in the Company's 2022 Annual Report located on the Company's website.

Available Information

The Company maintains an Internet web site at www.southatlantic.bank/about-us/investor-relations. The Company makes available, free of charge, on its web site the Company's annual meeting materials, annual reports, quarterly earnings reports, and other press releases. In addition, the OTC Markets Group maintains an Internet site that contains reports, proxy and information statements, and other information regarding the Company (at www.otcmarkets.com/stock/SABK/overview).

The Company routinely posts important information for investors on its web site (under www.southatlantic.bank and, more specifically, under the Investor Relations tab at www.southatlantic.bank/about-us/investor-relations). The Company intends to use its web site as a means of disclosing material non-public information and for complying with its disclosure obligations under the OTC Markets Group OTCQX Rules for U.S. Banks. Accordingly, investors should monitor the Company's web site, in addition to following the Company's press releases, OTC filings, public conference calls, presentations and webcasts.

The information contained on, or that may be accessed through, the Company's web site is not incorporated by reference into, and is not a part of, this press release.

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