

South Atlantic Bank

Annual Meeting of Shareholders
April 17, 2018

Forward Looking Statement

Forward-looking statements in this presentation, such as statements relating to future plans and expectations, are subject to risks and uncertainties, such as continued economic difficulties at local, national, or global levels, greater than expected noninterest expenses, regulatory changes, unpredictable natural or other disasters, or a deterioration in credit quality, which could cause actual results to differ materially from those anticipated by such forward-looking statements. South Atlantic Bancshares, Inc. undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

2017 Highlights

- ▶ **\$20 Million Capital Raise**
 - Supported our expansion in Charleston
 - Allowed for the acquisition of Atlantic Community Bank
- ▶ **Opening of Charleston Region offices**
 - East Bay Street office opened in May
 - Mount Pleasant Regional Headquarters completed in September

2017 Highlights *(Continued)*

- ▶ **South Atlantic Financial Group Formed**
 - Created an alliance with Affluence Financial Group of Charleston
 - Provides customers access to a variety of investment products
 - Provides company with additional revenue stream

2017 Highlights *(Continued)*

- ▶ Celebrated our 10th Anniversary
 - 10% stock dividend paid
- ▶ Announced the Acquisition of Atlantic Community Bank
 - Natural extension for our coastal franchise
 - More details when we discuss 2018

2017 Highlights *(Continued)*

► Record profitability while expanding

- Net income grew 31.1%
- Total loans up 18.4%

► Impressive market share

- Horry-Georgetown Counties: 7th with just 5 offices
- South Strand: 2nd, up from 4th last year
- Murrells Inlet: #1 in the zip code 29576
- Mount Pleasant: nearly doubled its market share

2017 Highlights *(Continued)*

► Staff Additions

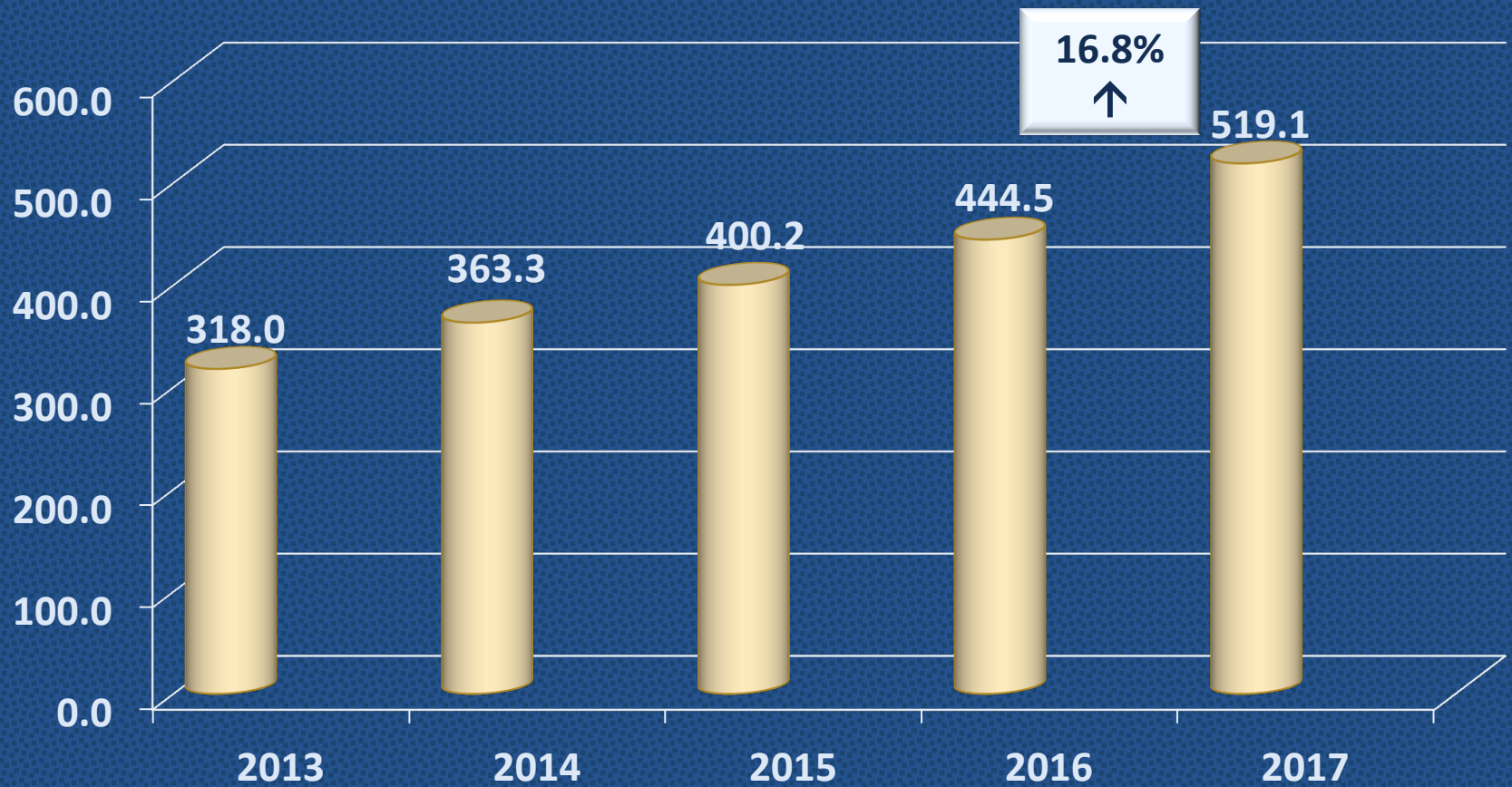
- Credit analysts and operations specialists added
- Retail sales manager position created to streamline sales and service

► Technology Updates

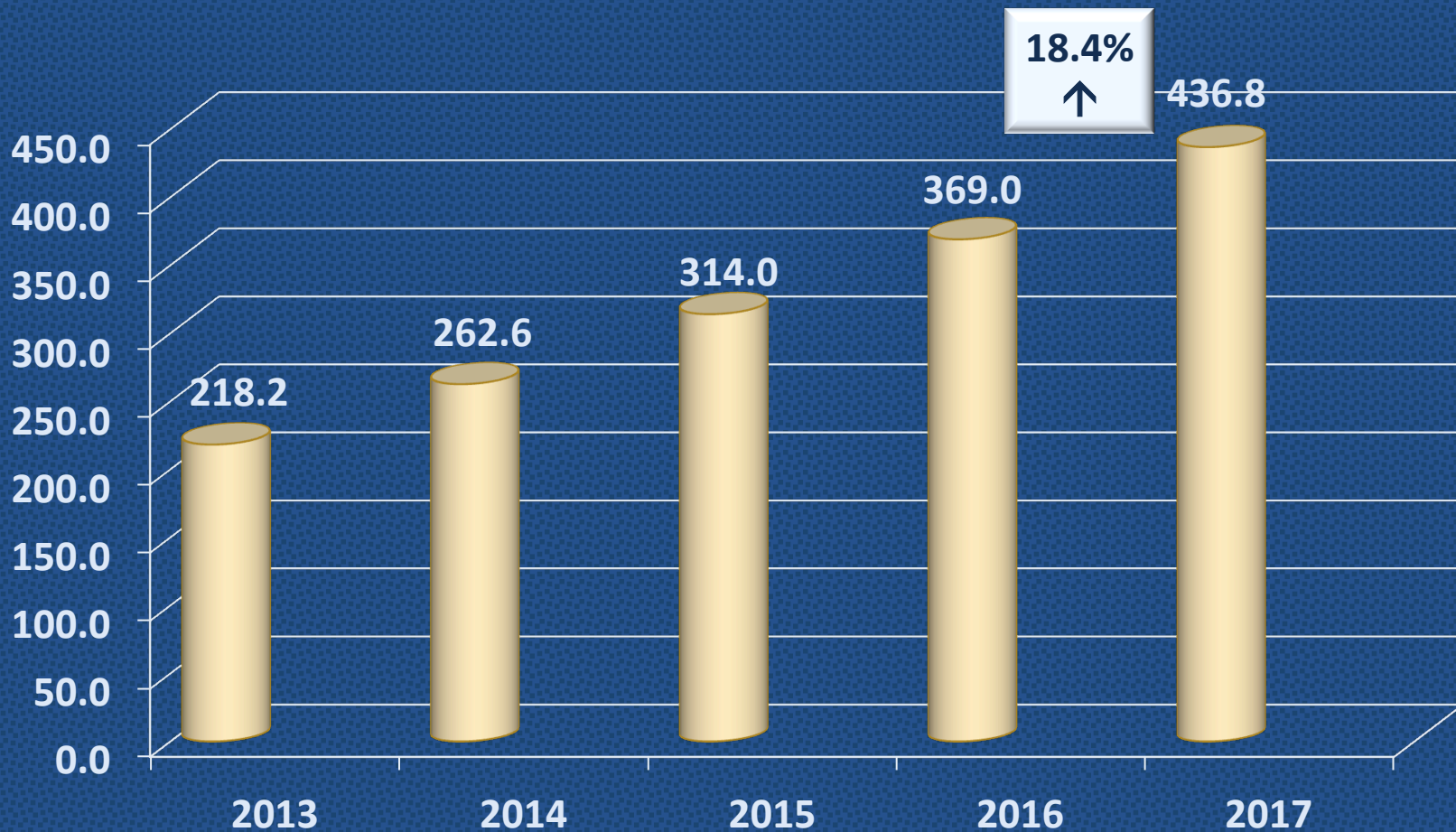
- Website redesigned to be mobile friendly
- 76% increase in number of goMobile app users

2017 Financials

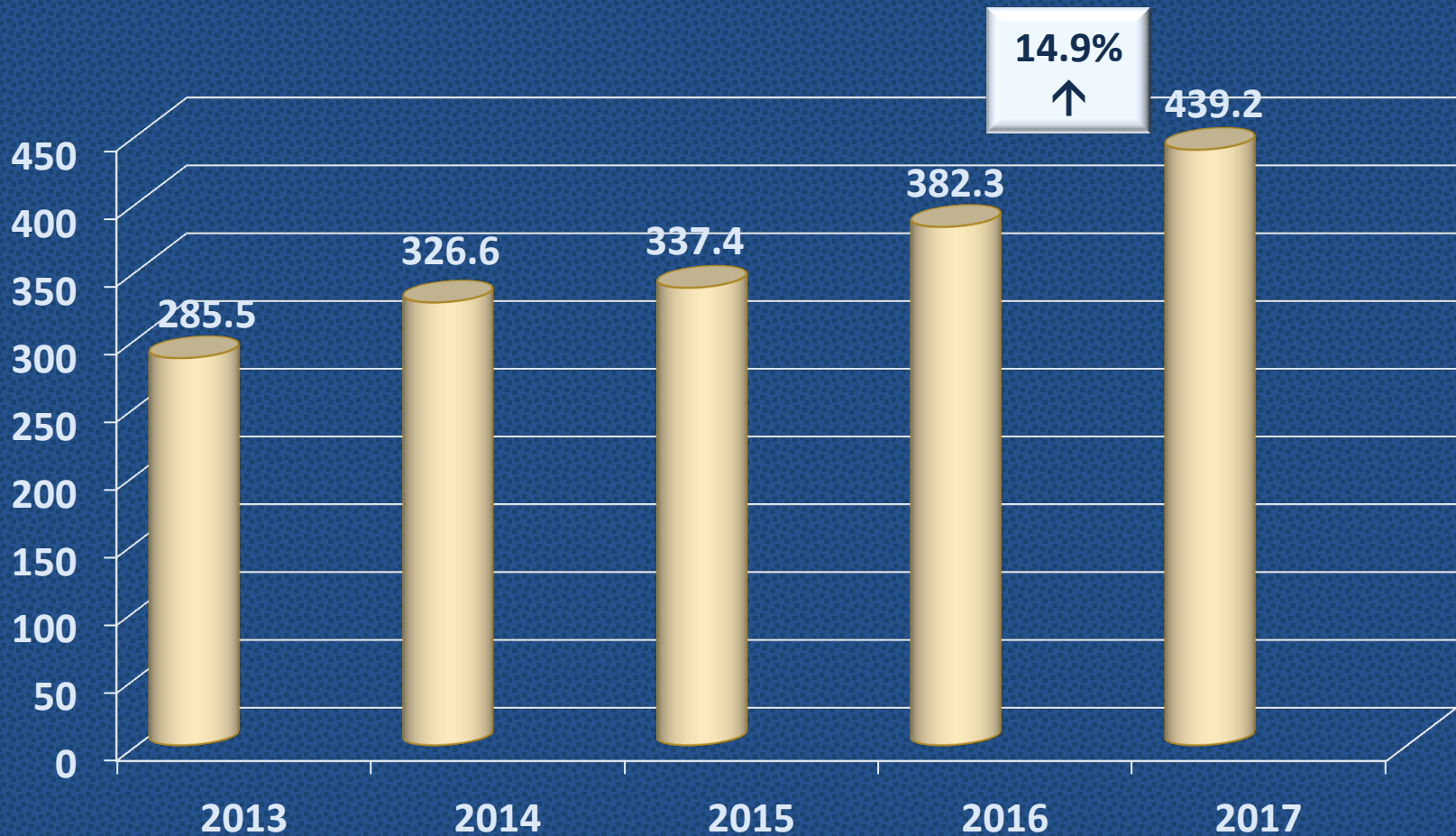
Assets *(periods ending December 31, \$000)*



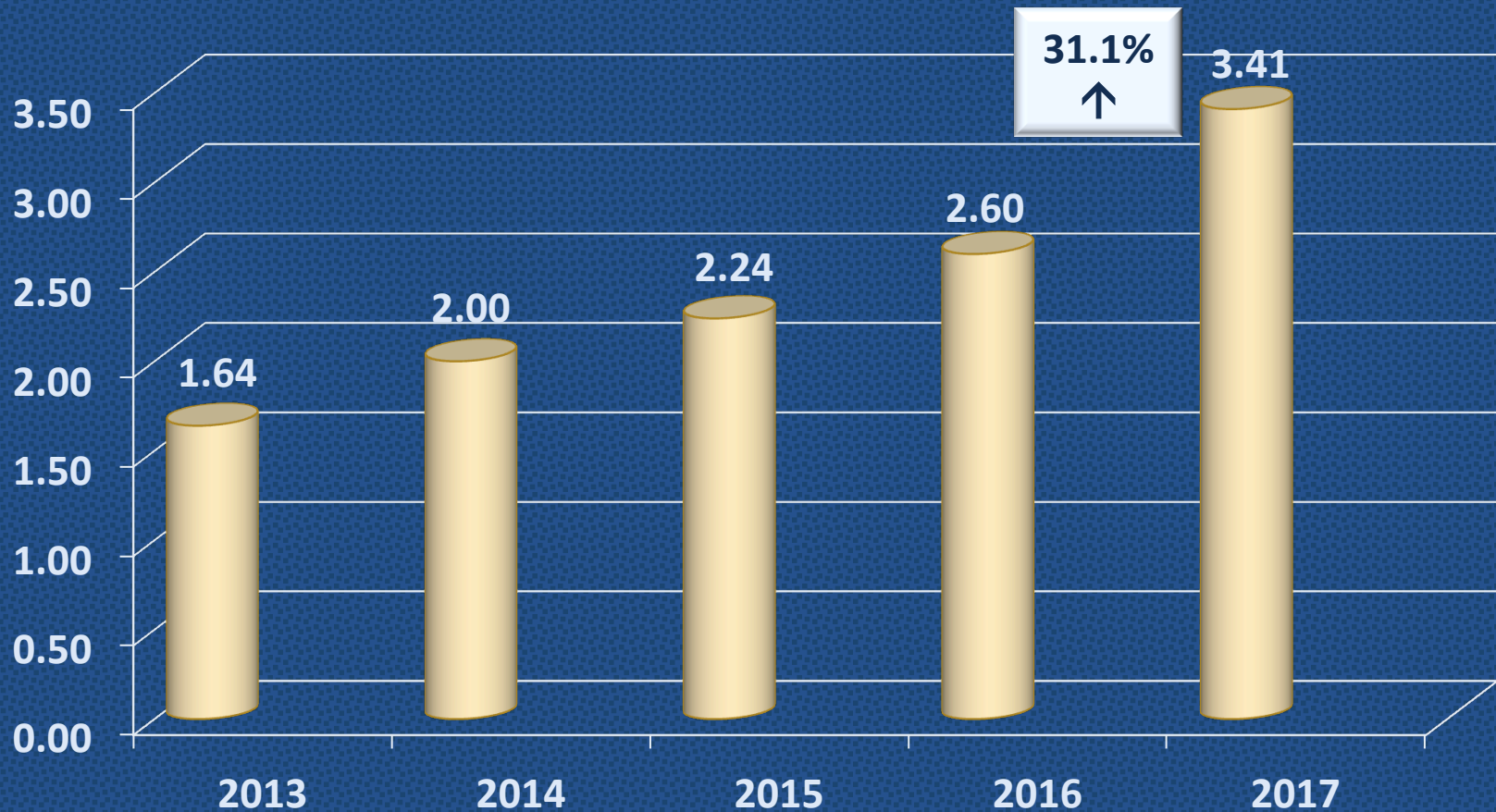
Loans *(periods ending as of December 31, \$000)*



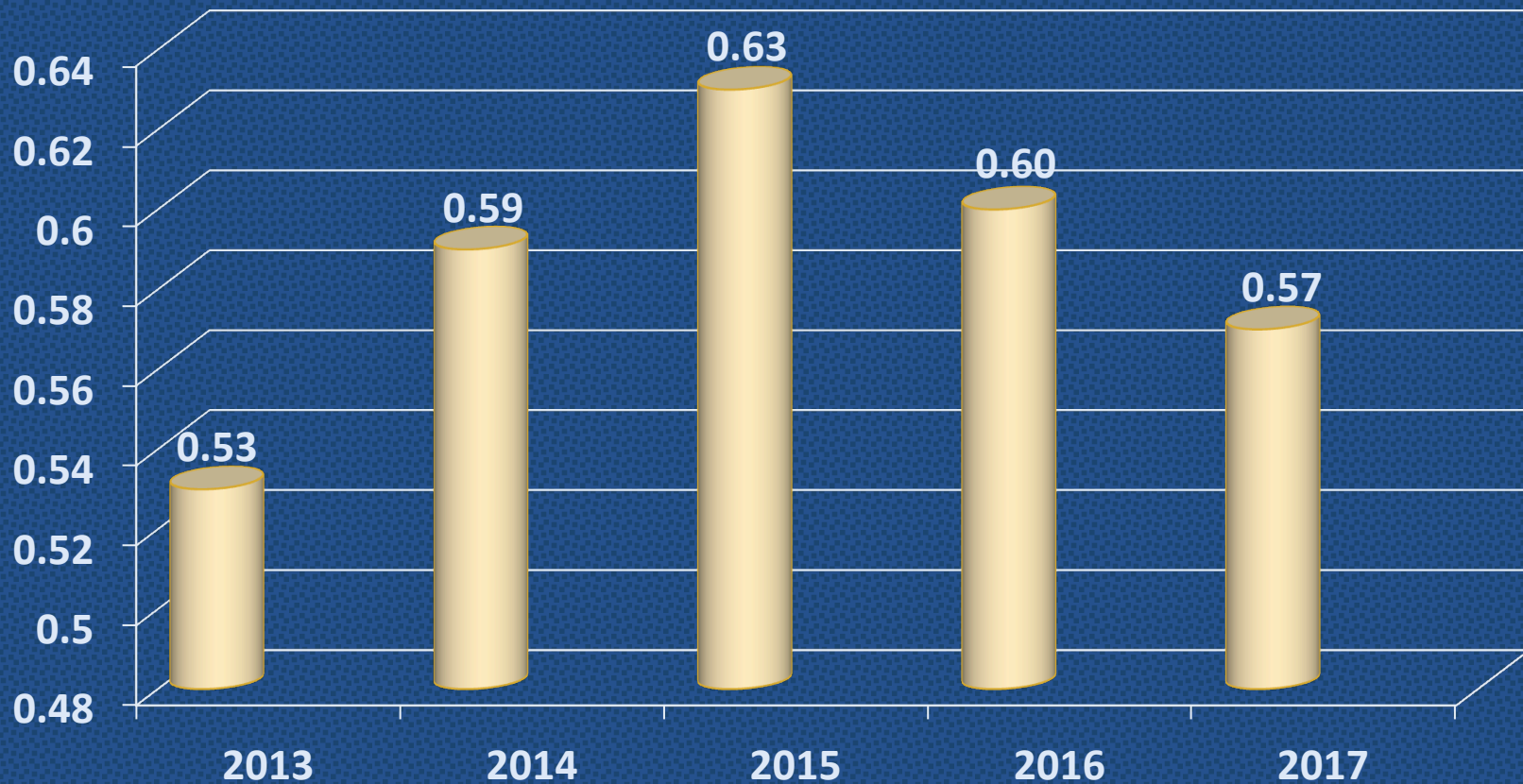
Deposits *(periods as of December 31, \$000)*



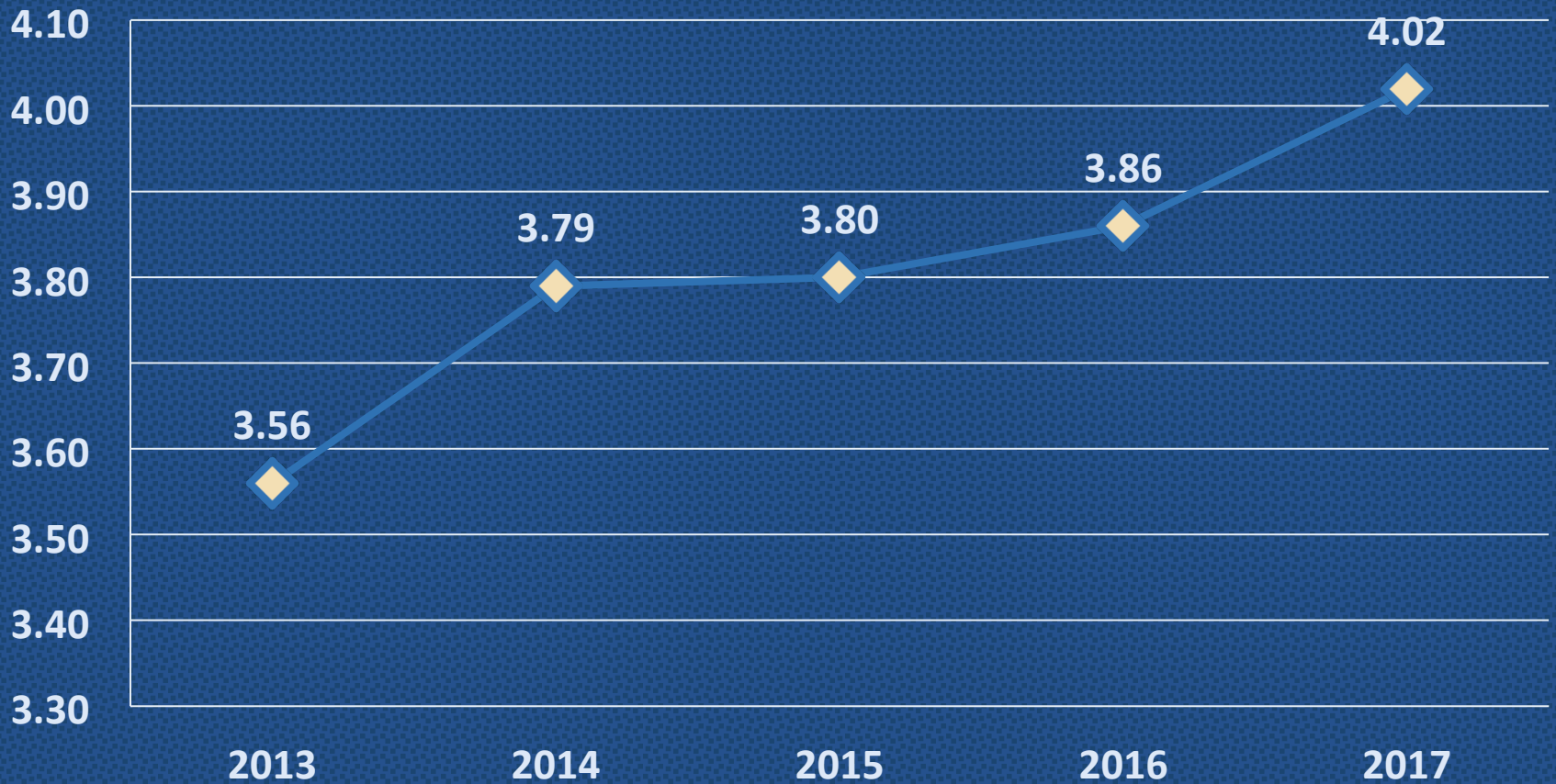
Net Income *(periods as of December 31, \$000)*



Earnings per Share *(Diluted, \$)*



Net Interest Margin (periods ending December 31, %)



Comparative Income Statement

(at December 31)

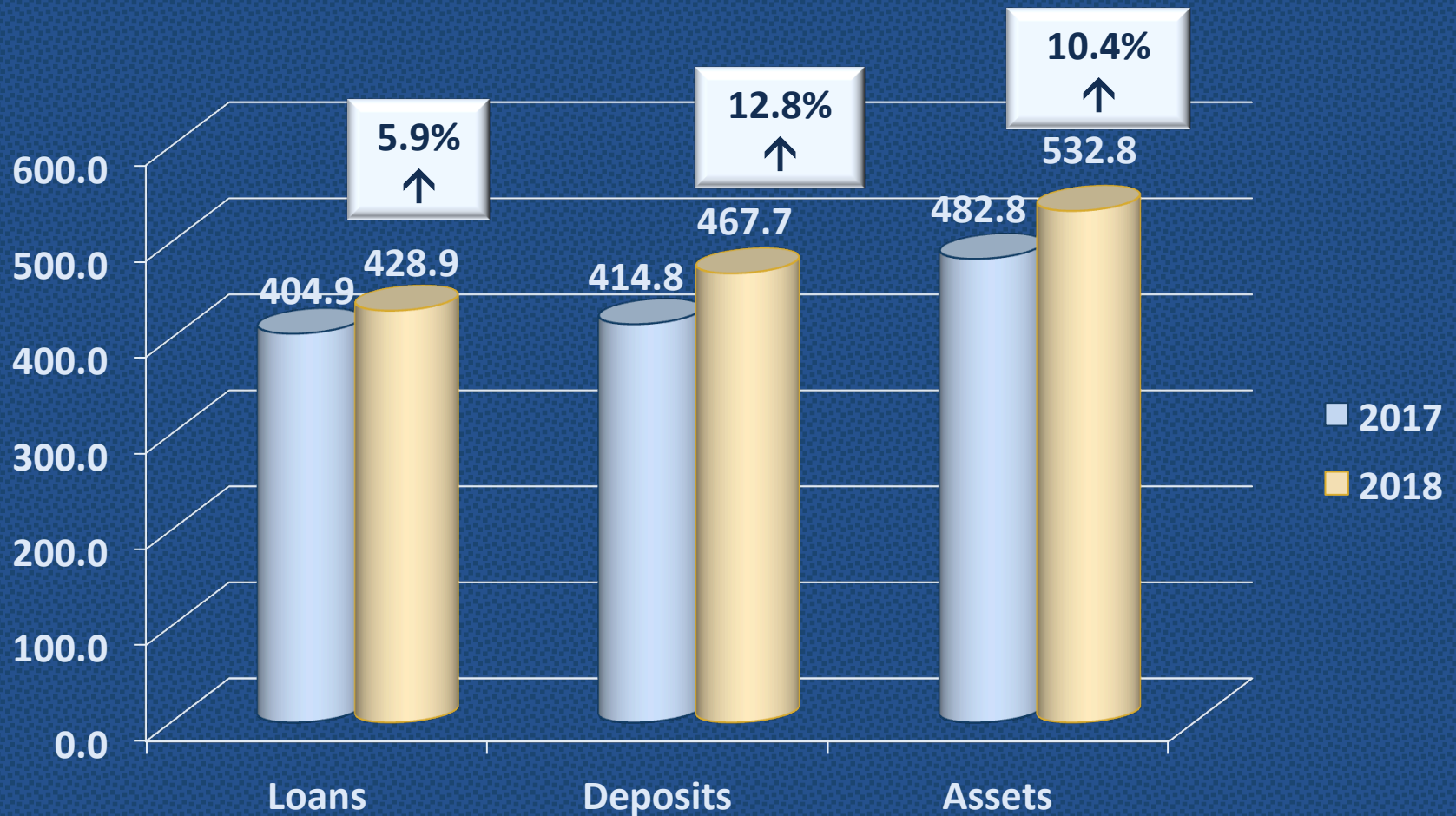
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Total interest income.....	\$20,136,529	\$16,513,097	21.9%
Total interest expense.....	<u>1,692,084</u>	<u>1,431,845</u>	18.2%
Net interest income.....	<u>\$18,444,445</u>	<u>\$15,081,252</u>	22.3%
Provision for loan losses.....	915,000	615,000	48.8%
Total other income.....	3,113,843	3,005,307	3.6%
Total other operating expense...	<u>16,733,038</u>	<u>13,873,079</u>	19.8%
Income before taxes.....	<u>3,910,250</u>	<u>3,598,480</u>	8.7%
Net income.....	<u>\$ 3,414,261</u>	<u>\$ 2,603,929</u>	31.1%

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Questions about 2017?

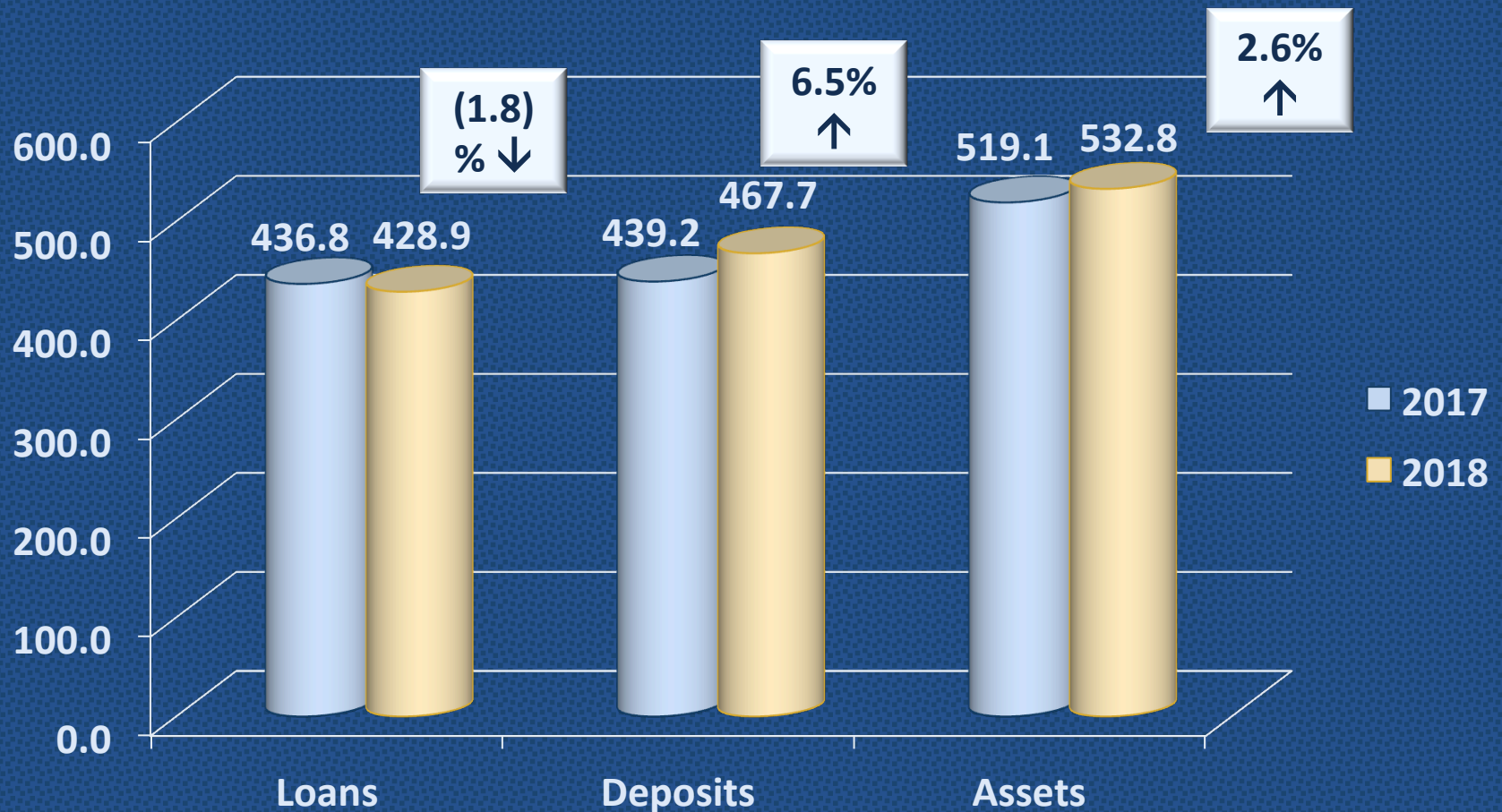
First Quarter 2018

First Quarter 2018 vs. 2017



Consecutive Quarters Comparison

(December 31, 2017 to March 31, 2018)



Comparative Income Statement

(at March 31st)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Total interest income.....	\$ 5,438,187	\$ 4,479,415	21.4%
Total interest expense.....	<u>589,328</u>	<u>403,515</u>	46.1%
Net interest income.....	<u>\$ 4,848,859</u>	<u>\$ 4,075,900</u>	16.8%
Provision for loan losses.....	50,000	120,000	(58.3%)
Total other income.....	787,810	698,270	12.8%
Total other operating expense...	<u>4,720,978</u>	<u>3,734,191</u>	26.4%
Net income.....	<u>\$ 800,319</u>	<u>\$ 686,133</u>	16.8%

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2018 Accomplishments

- ▶ Completed the acquisition of Atlantic Community Bank on April 2nd
 - Adds desirable markets with offices in Bluffton and Hilton Head Island
 - Increases our asset size to \$600 million
 - We welcome Atlantic Bancshares board member Edgar Woods to our board of directors

Focus in 2018

▶ Continued profitability

- Improve net interest income
- Increase fee income
 - Mortgage Loans and Merchant Services
 - South Atlantic Financial Group
- Solid and controlled loan growth
- Control expenses

▶ Interest Rate Environment

Focus in 2018

- ▶ Conversion of Atlantic Community Bank on June 11th and cultivation of new market
- ▶ Look for expansion opportunities in the greater Charleston market
- ▶ Continued development of South Atlantic Financial Group
- ▶ Continue to be an active participant in the communities we serve

Mission Statement

To serve, in a fair, balanced, and superior manner, the interest of shareholders, customers, employees, and the public through adherence to high standards of financial soundness, exemplary customer service, employee professionalism, business ethics, corporate citizenship, and profitability.

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