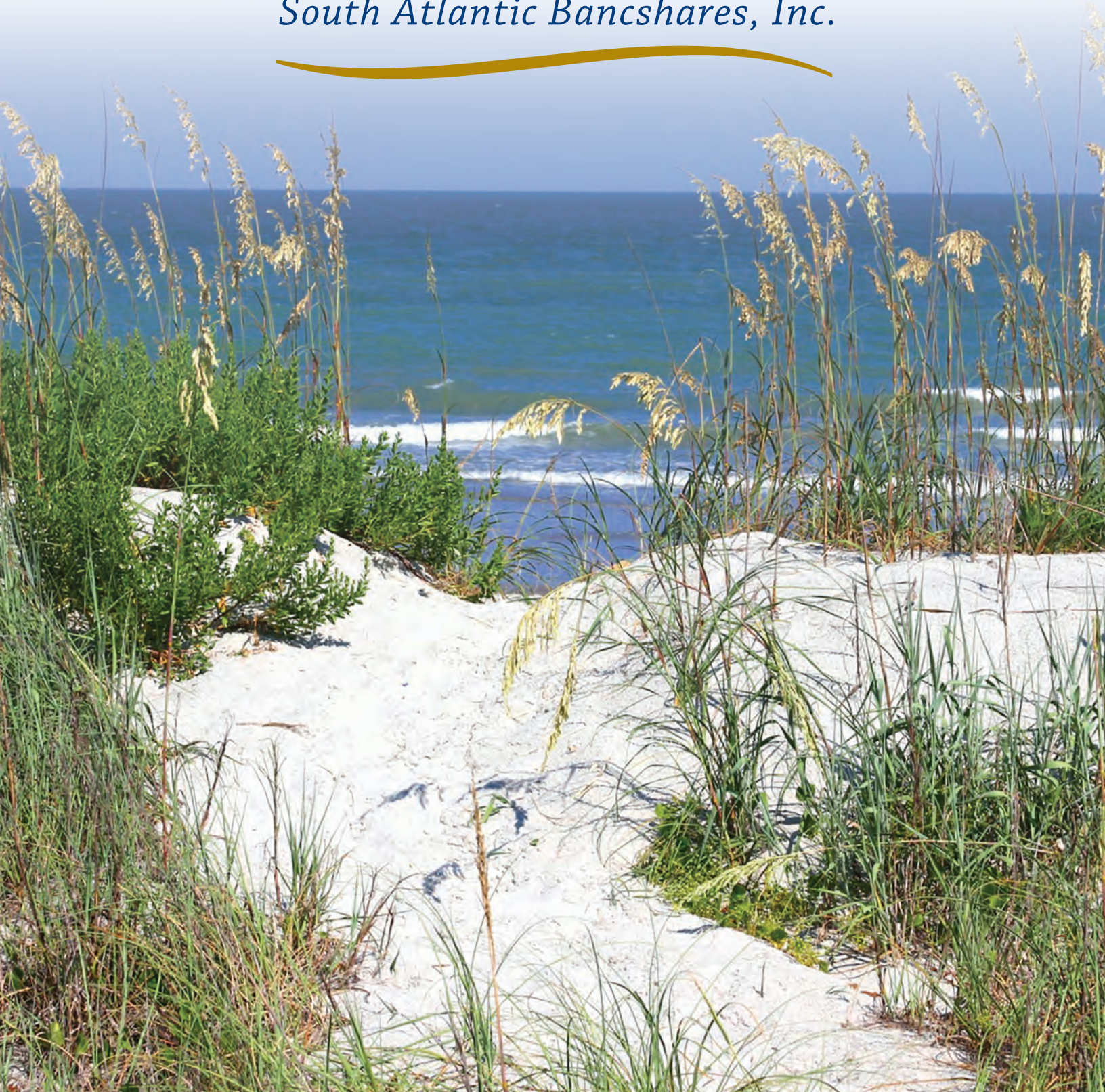


TAKE STOCK

Fourth Quarter 2019

South Atlantic Bancshares, Inc.



Year-End Review

In 2019, South Atlantic Bancshares, Inc. (the “Parent”) continued to build on its history of strong performance, producing record results once again.

We are pleased to report our outstanding 2019 results and expect our consistently strong financial performance to continue in 2020. All of our branches contributed to our double-digit earnings growth. The markets in our geographic footprint rank among the fastest growing in the country, and our tenth location recently opened to serve the expanding Myrtle Beach community.

Net income for the year ended December 31, 2019, was \$6.1 million, or \$0.80 per diluted share, compared to \$3.5 million, or \$0.47 per diluted share, reported for the year ended December 31, 2018. These figures represent a 75.5 percent increase in net income year over year.

Additional financial data includes:

- Return on average equity was 7.20 percent for the year ended December 31, 2019, compared to 4.74 percent for the year ended December 31, 2018.
- Return on average assets was 0.87 percent for the year ended December 31, 2019, compared to 0.57 percent for the year ended December 31, 2018.
- The net interest margin, taxable equivalent, was 4.16 percent for the year ended December 31, 2019, a 13 basis point decline from the year ended December 31, 2018.
- Total loans grew 8.4 percent year-over-year, from \$531.0 million at December 31, 2018 to \$575.7 million at December 31, 2019.
- Total deposits grew 16.3 percent year-over-year, from \$530.3 million at December 31, 2018 to \$616.8 million at December 31, 2019.
- Total assets grew 14.0 percent year-over-year, from \$630.2 million at December 31, 2018 to \$718.4 million at December 31, 2019.
- Asset quality remained pristine with non-performing assets to average total assets at 0.07 percent as of December 31, 2019.

The Federal Reserve reduced the Federal Funds rate three times in 2019, continuing the trend of low interest rates which has spurred business growth and new projects. The robust building activity taking place in all of our markets will continue to fuel our mortgage business. The merchant services division also excelled and contributed to the 37.9 percent increase in noninterest income year over year.

Fundamental to this success is our team’s unwavering commitment to local, personalized service. We have the right bankers in the right markets at the right time and we plan to build on this strong foundation in 2020.

Mr. Zeb Thomas, Jr. retired from our board of directors in December 2019. A Myrtle Beach native and a life-long hotelier, Mr. Thomas served as an organizer and founding director of the Bank and the Parent. He was instrumental in establishing our presence and provided strong support for our efforts through the years. He will be missed, and we thank him for his guidance and business expertise.



Thomas

Our 10th branch opened in January 2020 in the Carolina Forest area of Myrtle Beach. The full-service retail office shares space with our operations hub in the 18,000 square-foot building purchased in March 2019 to support the growth of our coastal franchise.

We are proud of our accomplishments and are optimistic for the new year. We expect to continue the organic growth realized in 2019 and will keep our focus on business opportunities in the Charleston and Hilton Head markets. As always, we appreciate and thank you for your continued support.

Selected Financial Highlights

	For the Three Months Ended December 31, 2019	For the Three Months Ended December 31, 2018	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Year End/Quarter End Balances (in thousands)				
Total assets	\$ 718,402	\$ 630,216	\$ 718,402	\$ 630,216
Investment securities	76,399	49,240	76,399	49,240
Mortgage loans held-for-sale	4,904	924	4,904	924
Loans, net of unearned income (total loans)	575,721	531,035	575,721	531,035
Allowance for loan losses	(5,237)	(4,400)	(5,237)	(4,400)
Goodwill	5,349	5,349	5,349	5,349
Deposit intangible	1,111	1,396	1,111	1,396
Deposits	616,807	530,339	616,807	530,339
Shareholders' equity	88,406	79,336	88,406	79,336
Common stock period end actual shares	7,504,040	7,504,040	7,504,040	7,504,040
Average Balances (in thousands)				
Total assets	\$ 714,442	\$ 626,068	\$ 700,692	\$ 602,870
Earning assets	653,453	581,615	642,785	557,022
Investment securities	74,158	48,463	61,328	41,917
Loans, net of unearned income	565,184	522,730	553,036	491,812
Deposits	611,566	527,627	599,031	516,993
Shareholders' equity	87,415	79,664	84,240	72,957
Earnings Breakdown (in thousands, except share and per share amounts)				
Total interest income	\$ 8,042	\$ 7,261	\$ 32,244	\$ 26,660
Total interest expense	1,379	929	5,429	2,895
Net interest income	6,663	6,332	26,815	23,765
Total noninterest income	1,131	838	4,859	3,525
Total noninterest expense	5,871	5,068	23,358	22,211
Provision for loan losses	315	385	810	710
Income before taxes	1,608	1,717	7,506	4,369
Taxes	342	353	1,440	912
Net income	1,266	1,364	6,066	3,457
Diluted earnings per share	0.17	0.18	0.80	0.47
Weighted average shares outstanding				
Common stock – basic	7,504,040	7,504,040	7,504,040	7,176,015
Common stock – diluted	7,603,468	7,616,976	7,601,903	7,307,507
Selected % Increases (Period over Period)				
Total assets	13.99	21.57	13.99	21.57
Total interest earning assets	10.52	20.89	10.52	20.89
Total loans	8.41	22.10	8.41	22.10
Total deposits	16.30	20.74	16.30	20.74
Interest income	10.75	35.09	20.94	32.40
Interest expense	48.50	96.85	87.52	71.10
Noninterest income	34.99	(6.34)	37.87	13.19
Noninterest expense	15.84	12.18	5.16	30.28
Net income	(7.19)	46.24	75.45	7.51
Selected Ratios				
Return on assets	0.70	0.86	0.87	0.57
Return on equity	5.74	6.79	7.20	4.74
Net interest income to total average assets	3.70	4.01	3.83	3.94
Efficiency ratio	75.33	70.68	73.74	81.39
Loan loss reserve to total loans	0.91	0.83	0.91	0.83
Nonperforming assets to total average assets	0.07	0.09	0.07	0.09
Net charge-offs to total average loans	(0.01)	0.06	(0.00)	0.01
Net interest margin	4.03	4.37	4.16	4.29

Towne Centre Office Opens

South Atlantic Bank's new Towne Centre office located in Carolina Forest at 3990 River Oaks Drive opened its doors to the public in late January 2020.

The full-service branch features an innovative modern design with casual seating, co-working space, device-charging outlets, free wifi, and a large self-service coffee café, along with drive-thru service and an ATM.

John Rowe, senior vice president, area executive, and Katie Petersen, assistant vice president, branch manager and retail business development officer, will lead the Towne Centre team. Brittany Timbes and Kathleen Cuff, both relationship bankers, are cross-trained to handle customer service and teller responsibilities.

This is South Atlantic Bank's 10th branch along the South Carolina coast. The bank's operations departments moved into the 18,000 square-foot building in May 2019 and renovations began on the 2,500 square feet of retail space last fall. A formal Grand Opening celebration will be held in March 2020.

At right: The modern interior of the Towne Centre.



2020 Marketing Plans Underway!

The bank's 2020 marketing plans include digital advertising, a new website, and new TV commercials to promote the South Atlantic brand across all of our coastal markets. A "Tailor-Made" tag line is being used to emphasize the bank's personalized approach to customer service.

Digital advertising began in all markets in December. Geo-targeted to online users within a 5-mile radius of each of the bank's offices, the ads pop up across hundreds of popular apps including Instagram, Facebook, ESPN, and The New York Times. December analytics have shown the ads to be successful in driving new traffic to the website.

In addition, a new 30-second TV commercial will begin running in March in all markets and shorter variations (5, 10, 15-second shots) of the commercial will be used digitally.

The bank's advertising agency, The Mabus Agency, is also creating a new South Atlantic Bank website which is planned to debut in late spring. The new site will have a fresh, new look using sophisticated color and design elements throughout, while providing easy navigation to our products and services pages.

TAILOR-MADE FOR THE CAROLINA COAST

We're proud of who we are at South Atlantic Bank, because this is our home, too. That means we know what it takes to raise a family, grow a business, and thrive financially while enjoying everything the coast has to offer.

—

TAILOR-MADE FOR LIFE.
TAILOR-MADE FOR BUSINESS.
TAILOR-MADE FOR YOU.

South Atlantic Bank

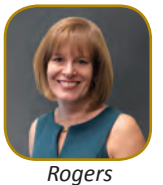
SOUTHATLANTIC.BANK

NORTH MYRTLE BEACH • MYRTLE BEACH
MURRELLS INLET • PAWLEYS ISLAND • GEORGETOWN

FDIC Equal Housing Lender

Bankers in the News

Mary Jo Rogers, executive vice president and chief lending officer, received the 2020 Ann DeBock Leadership award from the Myrtle Beach Chamber of Commerce's Leadership Grand Strand (LGS) program. Created in memory of Ms. DeBock, the program's first executive director, the annual award recognizes the LGS graduate who best exemplifies leadership and service. Mary Jo has been with the bank since its founding in 2007. She is a graduate East Carolina University with B. A. and M.B.A degrees and is a Certified Financial Planner. Mary Jo is the immediate past chairperson of New Directions, where she served as founding chair for five years. She also served as a board member and past president of the Grand Strand Optimist Club, the Franklin G. Burroughs-Simeon B. Chapin Art Museum, the Better Business Bureau, and Kids Voting of Horry County.



Rogers

Travis Minter, executive vice president, was appointed chief banking officer. This new title aligns with the bank's chief lending officer and chief credit officer executive positions. He will continue to oversee the bank's mortgage and retail banking divisions. Travis joined the bank in 2013 and holds a B.S. degree from Virginia Tech. He is the past president of the Grand Strand Mortgage Lenders Association and the Mortgage Bankers Association of the Carolinas. He currently serves as the chairman of the South Carolina Bankers Association's Mortgage Banking Committee and participates in the Federal Home Loan Bank of Atlanta's Mortgage Roundtable.



Minter

Kevin Strickland, assistant vice president and mortgage loan officer, received the 2019 Spirit Award, given annually to the employee who best exemplifies team work and quality service. Staff members are nominated by their peers for the honor. He is a graduate of Coastal Carolina University with a B.A. degree and joined the bank in 2018.



Strickland

IT'S THE PEOPLE WHO MAKE THE DIFFERENCE

Promotions

Katie Petersen to assistant vice president, branch manager and retail business development officer at the Towne Centre Office. She joined the bank in December 2016 and most recently served as a banking officer and assistant branch manager at the Main Office.

Angie Potter to banking officer and assistant branch manager at the Main Office. She joined the bank in March 2013 and most recently served as a customer service representative at the Main Office. She is a graduate of the South Carolina Bankers School.

Kimberly Boyd to teller supervisor at the Pawleys Island office. She joined the bank in June 2018 as a teller at the Main Office.

Cindy Wenzlaff to customer service representative at the Main Office. She joined the bank in June 2019, serving as a float teller for the Grand Strand.



Petersen



Potter



Boyd



Wenzlaff

Additions

Charles Fisher as a senior vice president and commercial relationship manager at the Main Office.

Charles has more than 33 years of banking experience. He most recently worked for Pinnacle Financial Partners in Myrtle Beach as a senior vice president and financial advisor.

Gina Burch, CPA, as a vice president and assistant controller at the Main Office. Having more than 23 years of bank accounting experience, she most recently served as a senior vice president and controller for Alostark Bank of Commerce.

Sharon Burton as an assistant vice president and loan assistant at the Main Office. Sharon has more than 33 years of banking experience. She most recently worked for Pinnacle Financial Partners in Myrtle Beach as a financial advisor assistant. During her time there she processed and prepared loan packages, worked with clients and supported commercial loan officers.

Kathleen Cuff as a relationship banker at the Towne Centre office. She has more than 16 years of banking experience and most recently worked for BB&T as a branch banker.

Brittany Timbes as a relationship banker at the Towne Centre office. She most recently worked for The Pink Cabana as a store manager and is a graduate of Clemson University.

Chasity Todd as a teller at the Main Office. She most recently worked for the Carolina Country Music Fest in a public relations support role.

Darren Magee as a systems analyst, based at the Bluffton office. He brings more than 20 years of IT experience to his new role and most recently worked for Creative Consultant as a systems analyst.

Roxanna Cheek as a new teller at the Main Office. She most recently worked for Aflac as an insurance agent and is a graduate of Coastal Carolina University.

Je-Naire Brown as a card services specialist in deposit operations. She brings 14 years of experience to her new post and most recently worked for Carolina Trust Federal Credit Union in Myrtle Beach as a member service representative.

Ly'Bryant Spears as a new account review specialist at the Towne Centre office. He most recently worked for TD Bank as a supervisor. He is a graduate of Horry Georgetown Technical College.

Courtney Planty as a teller at the Mount Pleasant office. She most recently worked for Crocs in North Charleston as a team leader. She is a graduate of Charleston Southern University.

Leslie Wallpe as a teller supervisor at the Mount Pleasant office. She most recently worked for NBSC in Mount Pleasant as branch manager and has more than 16 years of banking experience.

Diane Zimmitti as a teller supervisor at the North Myrtle Beach office. She most recently worked for TD Bank as a head teller and brings 14 years of experience to her new role.



Fisher



Burch



Burton



Cuff



Timbes



Todd



Magee



Cheek



Brown



Spears



Planty



Wallpe



Zimmitti

CORPORATE INFORMATION

About South Atlantic Bancshares, Inc.

South Atlantic Bancshares, Inc. (OTCQX: SABK) is the Parent of South Atlantic Bank and is based in Myrtle Beach, South Carolina with \$728.8 million in total assets. 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 ten offices in Myrtle Beach, Carolina Forest, North Myrtle Beach, Murrells Inlet, Pawleys Island, Georgetown, Mount Pleasant, Charleston, Bluffton, and Hilton Head Island, 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, CD 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 document 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 expectations of the Parent'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 Parent's control). These risks, uncertainties and other factors may cause the actual results, performance, and achievements of the Parent to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Although the Parent believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, the Parent can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Parent or any person that the future events, plans, or expectations contemplated by the Parent will be achieved and readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. All subsequent written and oral forward-looking statements attributable to the Parent 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 document are made as of the date hereof, and the Parent 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.

Information contained herein, other than information at December 31, 2018 and for the twelve months ended December 31, 2018, is unaudited. All financial data should be read in conjunction with the notes to the consolidated financial statements of the Parent and the Bank as of and for the fiscal year ended December 31, 2018, as contained in the Parent's 2018 Annual Report located in the Investor Relations section of the Bank's website.

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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Address Changes and Additions

To update the U.S. mail and e-mail addresses on file with us, e-mail us at investorrelations@southatlantic.bank or visit the investor relations area of our website. Your information will be updated upon receipt.

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Cover photo by Dave Klee.