

South Atlantic



Bank

Annual Meeting of Shareholders

April 21, 2020

Forward Looking Statement

This presentation contains, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements preceded by, followed by, or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook" or similar expressions, including statements related to the integration of Atlantic Bancshares. These statements are based upon the current beliefs and 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). 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. 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. 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.

2019 Highlights

- ▶ **Produced record growth**
 - Reached \$718.4 million in assets
 - Grand Strand offices reported best performance in our 12-year history
- ▶ **Established our presence in Bluffton and Hilton Head**
 - Year-end results prove the 2018 acquisition of Atlantic Community Bank to be accretive

2019 Highlights

- ▶ **Purchase of our New Operations Center**
 - Moved into the 18,000 sq. ft building in May
 - Houses all of our operations departments under one roof
 - Allows for future growth and expansion
 - Supports our strategic growth plan along the South Carolina coast

2019 Highlights *(Continued)*

▶ Digital Marketing

- Digital advertising in all markets promoted bank brand and increased visits to our website
- Presence on social media

▶ Impressive market share

- Horry-Georgetown Counties: 7th with just 5 offices
- South Strand offices rank 2nd
- Murrells Inlet: #1 in the zip code 29576

2019 Highlights *(Continued)*

▶ Staff Additions

- Commercial lenders in Grand Strand market
- Portfolio manager at Main Office
- Operations specialists
- Mortgage loan officers added in Charleston

▶ Technology Updates

- Converted to a virtual desktop infrastructure
 - Strengthened security and disaster recovery plans
 - Provided end-user efficiency at all offices

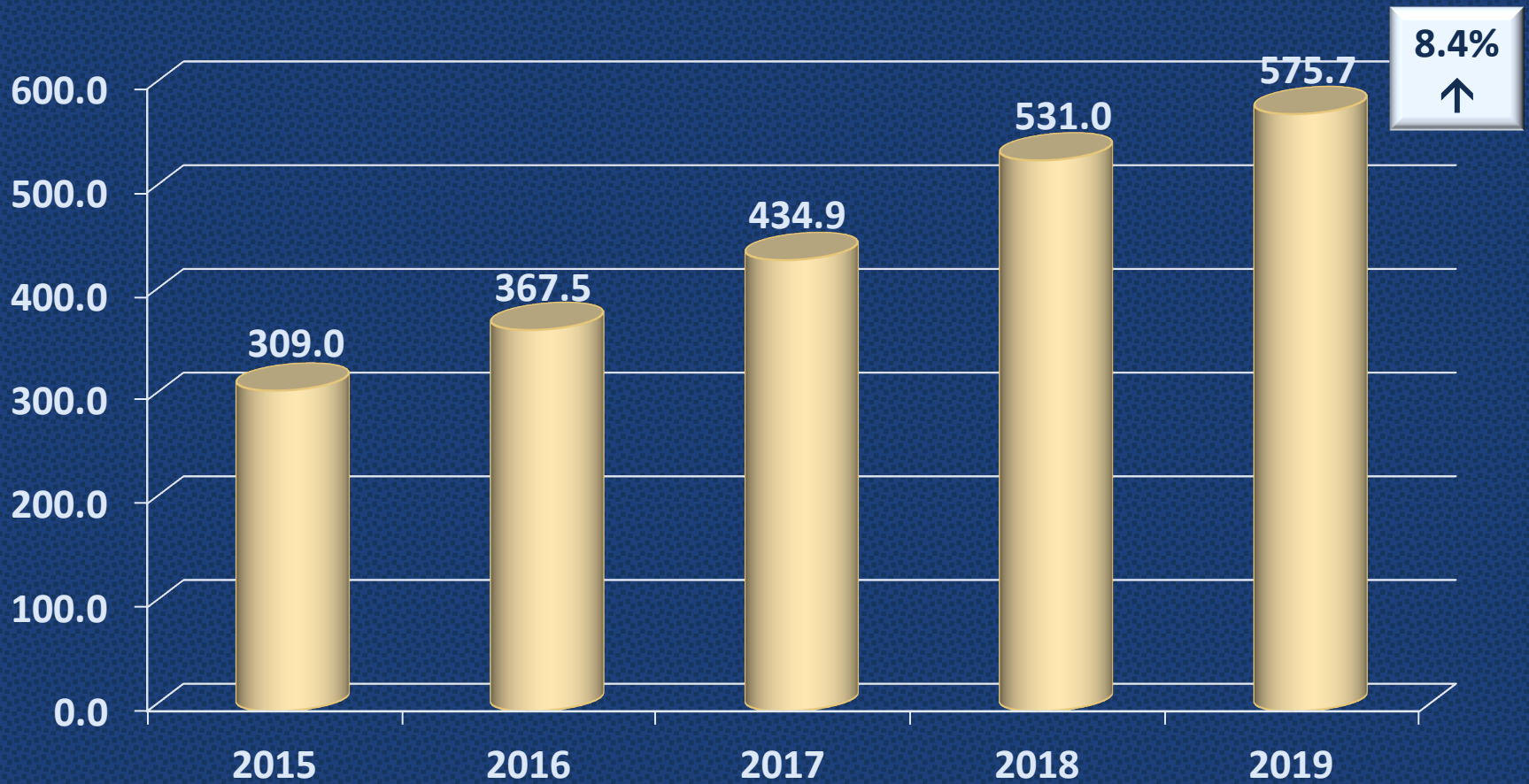
2019 Financials

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

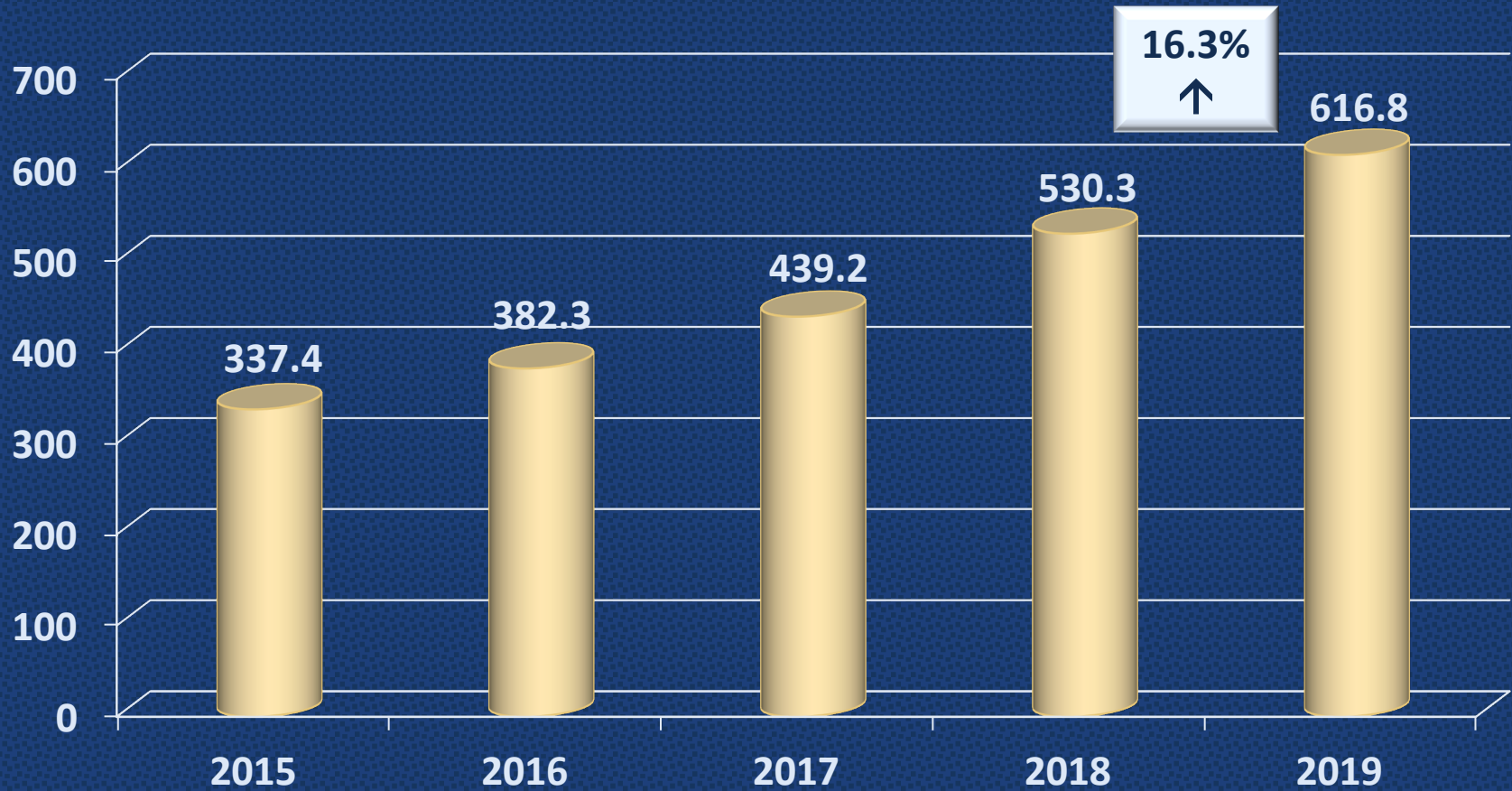


Loans

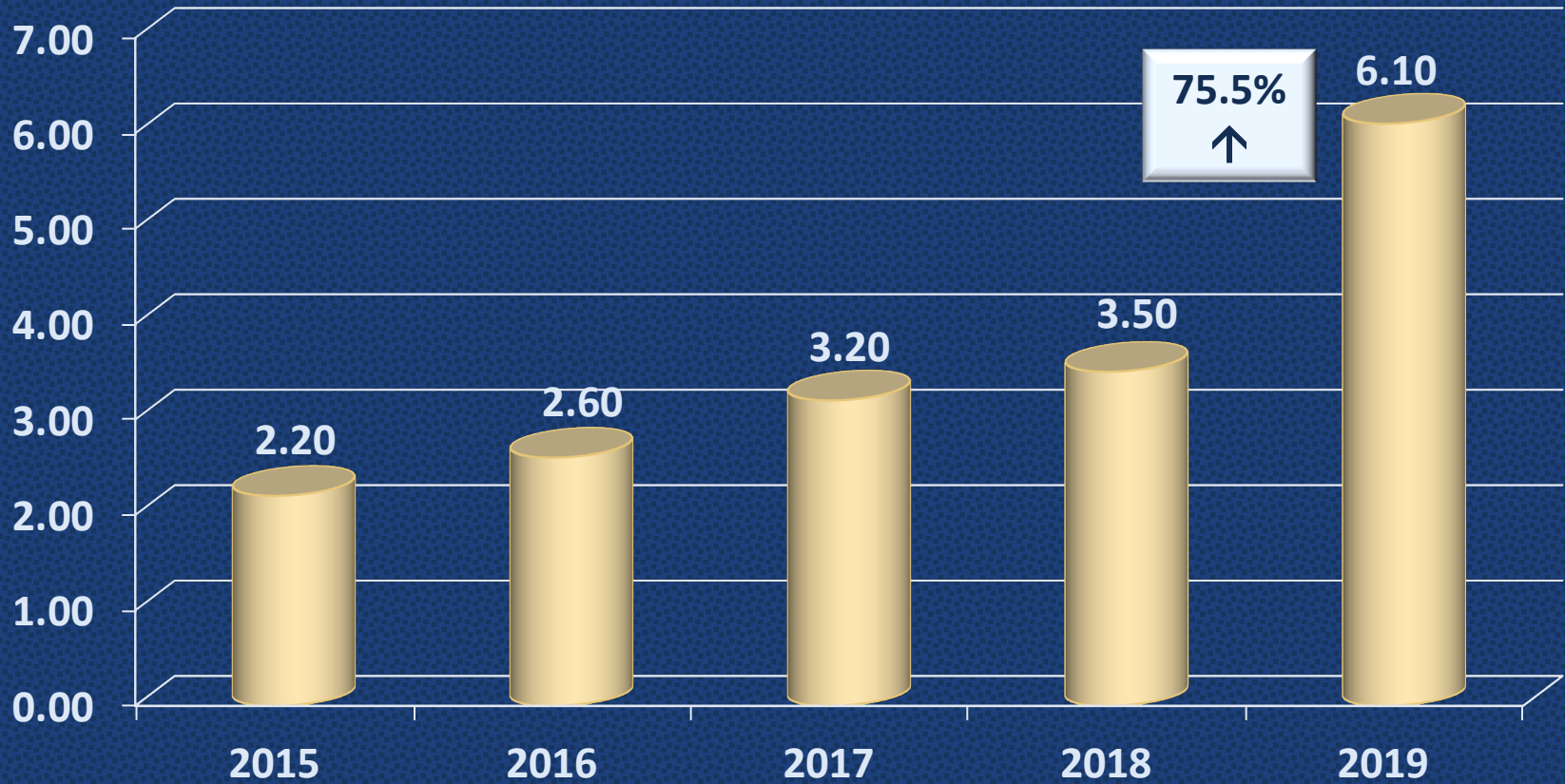
(periods ending as of December 31, \$000)



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



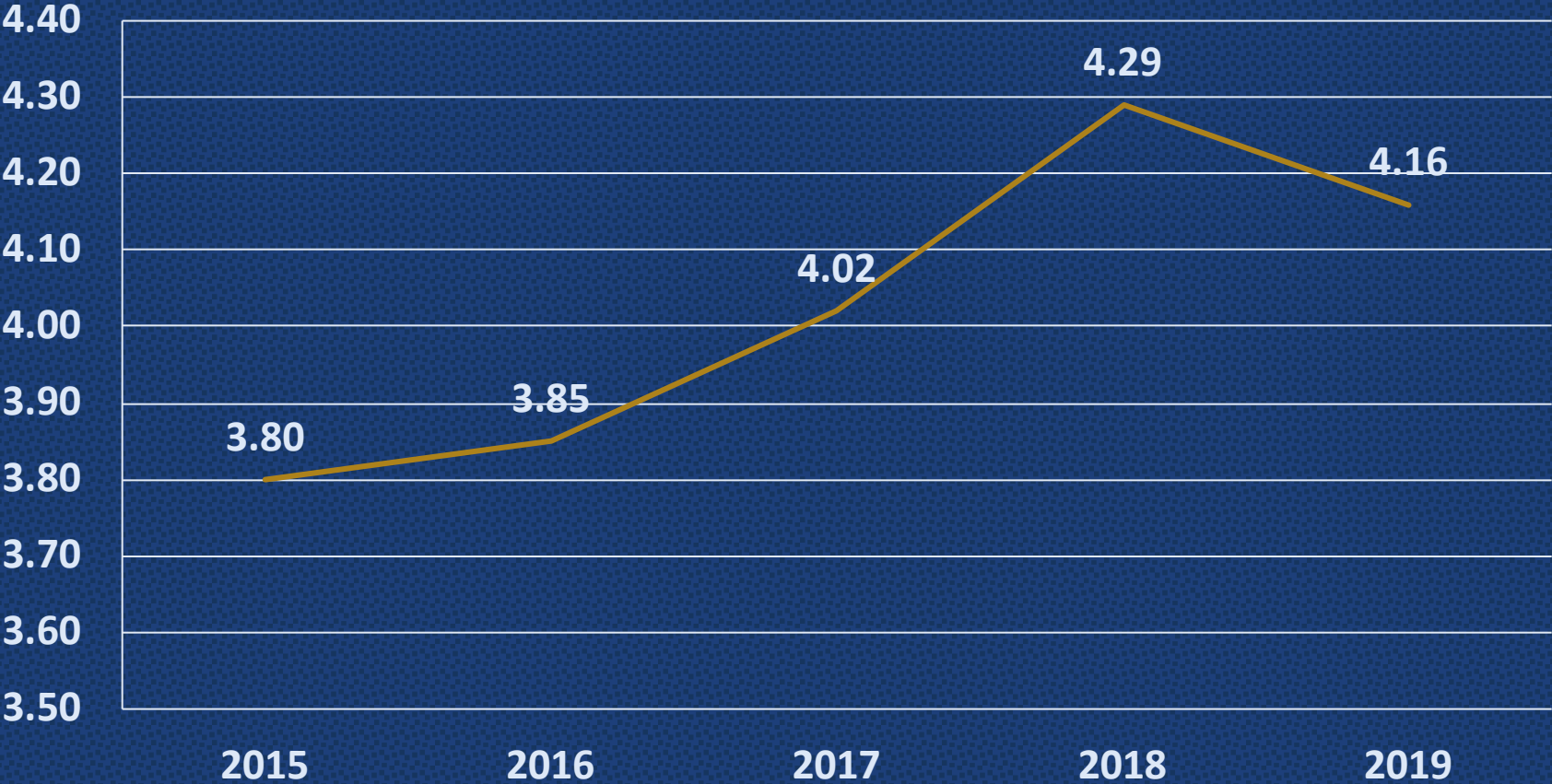
Net Income *(periods as of December 31, \$000)*



Earnings per Share (Diluted, \$)



Net Interest Margin (periods ending December 31, %)



Comparative Income Statement

(at December 31)

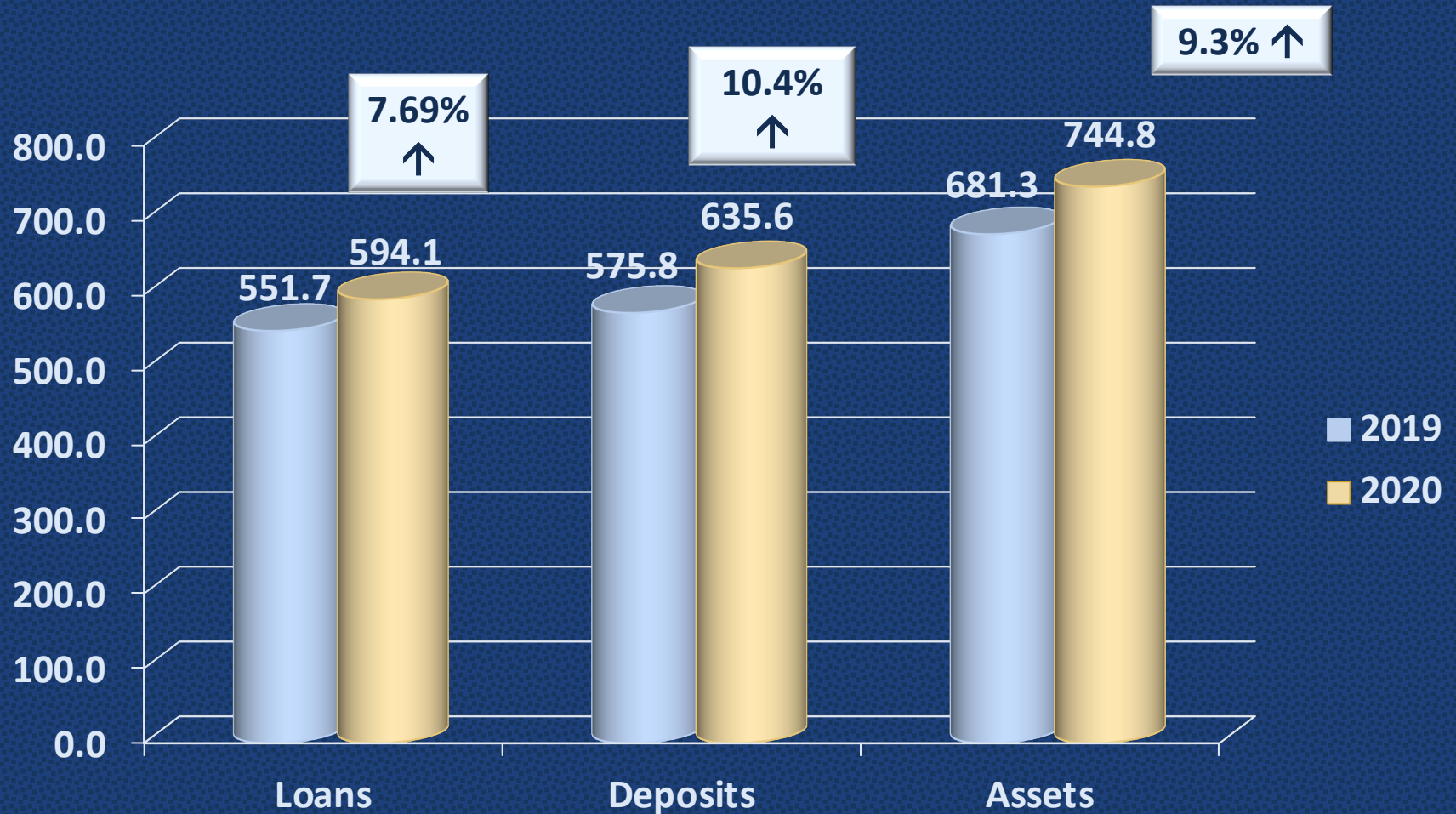
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Total interest income.....	\$32,243,765	\$26,660,469	20.9%
Total interest expense.....	<u>5,429,119</u>	<u>2,895,193</u>	87.5%
Net interest income.....	<u>\$26,814,646</u>	<u>\$23,765,276</u>	12.8%
Provision for loan losses.....	810,000	710,000	14.1%
Total other income.....	4,859,317	3,524,556	37.9%
Total other operating expense...	<u>23,357,797</u>	<u>22,210,744</u>	5.2%
Income before taxes.....	<u>7,506,166</u>	<u>4,369,088</u>	71.8%
Net income.....	<u>\$ 6,066,157</u>	<u>\$ 3,457,454</u>	75.5%

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Questions about 2019?

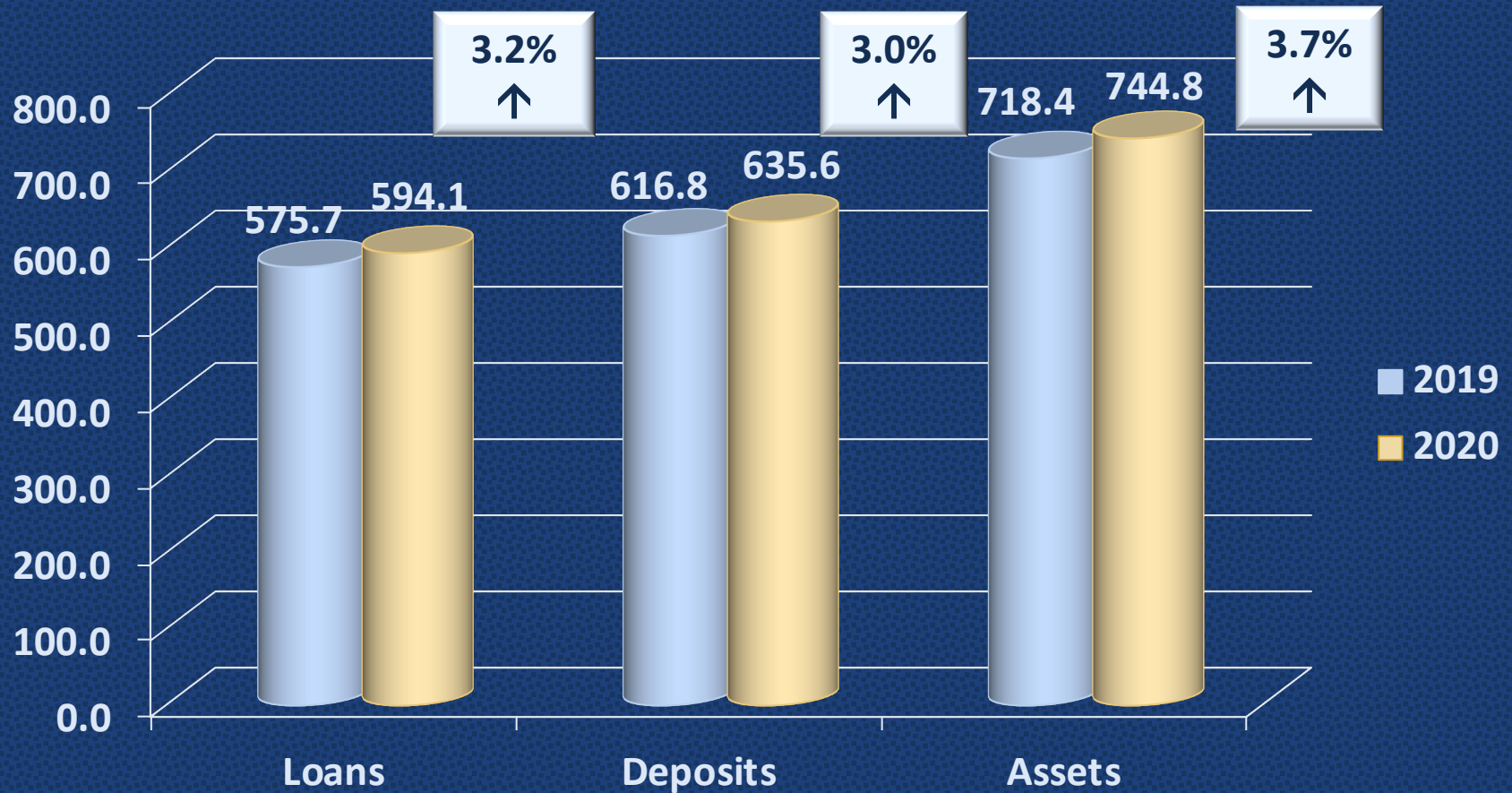
First Quarter 2020

First Quarter 2020 vs. 2019



Consecutive Quarters Comparison

(December 31, 2019 to March 31, 2020)



Comparative Income Statement

(at March 31st)

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Total interest income.....	\$ 8,038,544	\$ 7,579,485	6.1%
Total interest expense.....	<u>1,332,104</u>	<u>1,181,631</u>	12.7%
Net interest income.....	<u>\$ 6,706,440</u>	<u>\$ 6,397,854</u>	4.8%
Provision for loan losses.....	245,000	165,000	48.5%
Total other income.....	1,629,880	874,958	86.3%
Total other operating expense...	<u>6,464,132</u>	<u>5,574,679</u>	16.0%
Net income.....	<u>\$ 1,287,239</u>	<u>\$ 1,274,640</u>	0.99%

2020 Accomplishments

- ▶ **Opened New Towne Centre Office**
 - Our 10th retail branch
 - Opened in January
 - Located in rapidly growing area of Carolina Forest
 - Motivated staff bringing in new business

2020 Accomplishments

▶ COVID-19 Response

- Well-organized and accurate response by our crisis management team
- Safety and health of employees and customers

▶ SBA Payroll Protection Program Loans

- Processing hundreds of loans to support our business customers and their employees during this crisis
- Staff working seven days a week to serve our customers

Focus in 2020

- ▶ Focus on continued safety and soundness
- ▶ Safely navigate the current pandemic and closely monitor our loan portfolio
- ▶ 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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