

# South Atlantic Bank

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## *PRESS RELEASE*

### **For Immediate Release**

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### **Earnings Grow 16.8 Percent at South Atlantic Bancshares, Inc.**

*Myrtle Beach, South Carolina, April 16, 2018* – South Atlantic Bancshares, Inc. (the “Company”) (OTCQX: SABK), parent of South Atlantic Bank, today reported net income of \$801,345 or \$0.12 per diluted share for the three months ended March 31, 2018, compared to \$686,134 or \$0.10 per diluted share reported for the same period a year ago. Net income increased 16.8 percent from March 31, 2017 to March 31, 2018.

#### *Financial Highlights*

- Credit quality remains strong with no net charge-offs and nonperforming assets to average total assets of just 0.07 percent as of March 31, 2018.
- Noninterest income grew 12.90 percent for the first quarter.
- The net interest margin improved to 4.07 percent as of March 31, 2018.
- Total loans grew 5.95 percent, from \$404.9 million at March 31, 2017 to \$428.9 million at March 31, 2018.
- Total deposits grew 12.76 percent, from \$414.8 million at March 31, 2017 to \$467.7 million at March 31, 2018.
- Total assets grew 10.35 percent, from \$482.8 million at March 31, 2017 to \$532.8 million at March 31, 2018.

“An improved net interest margin compared to year end 2017 and continued excellent asset quality positioned us for the first quarter performance. Our loan growth for the quarter of 5.95% was down compared to growth in the first quarter of 2017 primarily due to the improved economy, pay off of existing loans and increased cash holdings of borrowers. The increased customer deposits along with deposit rate increases has grown interest-bearing deposits in all markets. Non-interest income, led by our Mortgage Division continues to improve. Anticipated loan growth for the second quarter, improved non-interest income and expense control should fuel our earnings during 2018.” K. Wayne Wicker, chairman of the board and chief executive officer of the Company said.

In other news, on April 2, 2018, South Atlantic Bancshares, Inc. closed the acquisition of Atlantic Bancshares, Inc., which was announced in December. The transaction is valued at \$17.1 million, and added offices in Bluffton and Hilton Head Island, SC. The Company now has nine offices serving South Carolina’s desirable coastal markets.

#### **About South Atlantic Bank**

South Atlantic Bank, the subsidiary bank of South Atlantic Bancshares, Inc. (OTCQX: SABK), is a \$532.7 million financial institution that is locally owned, controlled, and operated. The bank is headquartered in Myrtle Beach, South Carolina, with additional offices in Murrells Inlet, Pawleys Island, Georgetown, North Myrtle Beach, Mount Pleasant, Bluffton and Hilton Head Island, South Carolina. South Atlantic Bank offers a wide variety of services for businesses and consumers, including South Atlantic Bank goMobile, its 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 [SouthAtlantic.bank](http://SouthAtlantic.bank).

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**Cautionary Statement Regarding Forward-Looking Statements**

This press release 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. 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.

Information contained herein, other than information at December 31, 2017, and for the twelve months then ended, is unaudited. All financial data should be read in conjunction with the notes to the consolidated financial statements of the Company and South Atlantic Bank as of and for the fiscal year ended December 31, 2017, as contained in the Company's 2017 Annual Report located on the Company's website.

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**South Atlantic Bancshares, Inc.**  
**Selected Financial Highlights**

	For the Three Months Ended <u>March 31, 2018</u>	For the Three Months Ended <u>March 31, 2017</u>	For the Twelve Months Ended <u>December 31, 2017</u>
<b><i>Year End/Quarter End Balances (in thousands)</i></b>			
Total assets	\$ 532,777	\$ 482,811	\$ 519,129
Investment securities	34,645	43,341	36,892
Loans, net of unearned income (total loans)	428,903	404,850	436,783
Deposits	467,737	414,839	439,226
Shareholders' equity	60,733	57,183	60,646
<b><i>Average Balances (in thousands)</i></b>			
Total assets	\$ 524,122	\$ 453,870	\$ 500,131
Earning assets	497,180	427,557	469,144
Investment securities	36,243	43,904	44,378
Loans, net of unearned income	429,814	376,275	409,882
Deposits	446,471	393,743	434,262
Shareholders' equity	60,887	38,391	54,144
<b><i>Earnings Breakdown (in thousands)</i></b>			
Total interest income	\$ 5,438	\$ 4,479	\$ 20,137
Total interest expense	589	404	1,692
Net interest income	4,849	4,076	18,444
Total noninterest income	788	698	3,114
Total noninterest expense	4,721	3,734	16,733
Provision for loan losses	50	120	915
Income before taxes	865	920	3,910
Taxes	64	234	496
Net income	801	686	3,414
Basic earnings per share	0.13	0.11	0.58
Diluted earnings per share	0.12	0.10	0.57
Common Stock - Basic	6,424,002	6,424,002	5,858,988
Common Stock - Diluted	6,515,130	6,515,130	6,040,546
<b><i>Selected % Increases</i></b> <span style="float: right;"><i>(March 2018 compared to March 2017) (December 2017 compared to December 2016)</i></span>			
Total assets	10.35	15.46	16.78
Total interest earning assets	11.35	17.32	17.73
Total loans	5.94	24.86	18.37
Total deposits	12.75	14.33	14.90
Interest income	21.40	14.44	21.94
Interest expense	46.05	26.13	18.18
Noninterest income	12.82	18.70	3.61
Noninterest expense	26.43	11.60	20.62
Net income	16.79	38.08	31.12
<b><i>Selected Ratios (year-to-date)</i></b>			
Return on assets	0.62	0.61	0.68
Return on equity	5.34	7.25	6.31
Interest income to total average assets	4.21	4.00	4.29
Interest expense to total average assets	0.46	0.36	0.36
Net interest income to total average assets	3.75	3.64	3.93
Loan loss reserve to total loans	0.89	0.90	0.86
Nonperforming assets to total average assets	0.07	0.09	0.05
Net charge-offs to total average loans	0.00	0.00	0.01
Net interest margin	4.07	3.99	4.02