

South Atlantic Bank

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PRESS RELEASE

For Immediate Release

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Earnings Grow 59 Percent at South Atlantic Bancshares, Inc.

Myrtle Beach, South Carolina, April 23, 2019 – South Atlantic Bancshares, Inc. (the “Company”) (OTCQX: SABK), parent of South Atlantic Bank, today reported net income of \$1.3 million or \$0.17 per diluted share for the three months ended March 31, 2019, compared to \$801 thousand or \$0.13 per diluted share reported for the same period ended a year ago. Net income increased 59.06 percent from March 31, 2018 to March 31, 2019.

Financial Highlights

- Return on average assets was 0.79 percent for the quarter ended March 31, 2019 compared to 0.62 percent for the quarter ended March 31, 2018 and 0.57 for year ended December 31, 2018.
- The net interest margin, taxable equivalent, was 4.34 percent for the quarter ended March 31, 2019, a 27 basis point increase or 7 percent increase from a year ago and a 5 basis point increase compared to December 31, 2018.
- Total loans grew 28.63 percent, from \$428.9 million at March 31, 2018 to \$551.7 million at March 31, 2019 and 3.89% compared to December 31, 2018.
- Total deposits grew 23.09 percent, from \$467.7 million at March 31, 2018 to \$575.7 million at March 31, 2019 and 8.57 percent compared to December 31, 2018.
- Total assets grew 27.66 percent, from \$532.8 million at March 31, 2018 to \$680.1 million at March 31, 2019 and 7.92 percent compared to December 31, 2018.
- Asset quality continues to be a highlight with non-performing assets to average total assets of 0.09 percent as of the quarter ended March 31, 2019 and 0.09 percent for the year ended December 31, 2018.

“We’ve started the year strong, producing solid loan and deposit growth, and are pleased with our first quarter results. With the acquisition of Atlantic Bancshares, Inc. behind us, we expect continued net income growth and look forward to the rest of the year. Our efficiency ratio is at a good level with cost savings realized from the merger.

We are excited about opportunities in the Bluffton and Hilton Head Island markets along with the recent approval for a retail branch at our new operations center located west of the Intracoastal Waterway in the Towne Centre area of Carolina Forest,” stated K. Wayne Wicker, chairman of the board and chief executive officer of the Company.

Net Interest Income and Net Interest Margin

Net interest income to average assets was 3.98 percent for the quarter ended March 31, 2019 compared to 3.75 percent for the same period ended in 2018. Net interest income totaled \$6.4 million for the quarter ended March 31, 2019 compared to \$4.8 million for the same period ended March 31, 2018. Net interest margin, taxable equivalent, increased from 4.07 percent at March 31, 2018 to 4.34 percent at March 31, 2019. Increases in net interest income and net interest margin are attributed primarily to loan growth and interest rate increases on new and refinanced loans.

Noninterest Income and Expense

Noninterest income totaled \$875 thousand for the quarter ended March 31, 2019 compared to \$788 thousand for the same period ended in 2018. The increase in noninterest income was related primarily to an increase in mortgage operations and increased merchant activity.

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Noninterest expense was up for the quarter ended March 31, 2019 at \$5.6 million from \$4.7 million in 2018. This increase is attributed primarily to the increased cost of operating the two branches acquired in Bluffton and Hilton Head Island markets from the acquisition of Atlantic Bancshares, Inc., during the second half of 2018.

Loan Loss Provision

Provision for loan losses for the quarters ended March 31, 2019 and 2018, respectively, was \$165 thousand and \$50 thousand. This increase is due primarily to the increase in loan growth from March 31, 2018 to March 31, 2019.

Nonperforming Assets

Nonperforming assets as a percentage of average assets was 0.09 percent and 0.07 percent for the quarters ended March 31, 2019 and 2018, respectively.

About South Atlantic Bank

South Atlantic Bancshares, Inc., (OTCQX: SABK), is a registered bank holding based in Myrtle Beach, South Carolina with \$680 million in assets. 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 nine offices in Myrtle Beach, North Myrtle Beach, Murrells Inlet, Pawleys Island, Georgetown, Mount Pleasant, Charleston, Bluffton and Hilton Head Island, South Carolina. South Atlantic 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*, 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 www.SouthAtlantic.bank.

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, 2018, 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, 2018, as contained in the Company's 2018 Annual Report located on the Company's website.

South Atlantic Bancshares, Inc.
Selected Financial Highlights

	For the Three Months Ended March 31, 2019		For the Three Months Ended March 31, 2018		For the Twelve Months Ended December 31, 2018
Year End/Quarter End Balances (in thousands)					
Total assets	\$ 680,121	\$	532,777	\$	630,216
Investment securities	51,073		34,645		49,993
Mortgage loans held-for-sale	750		1,840		-
Loans, net of unearned income (total loans)	551,687		428,903		531,035
Goodwill	5,348,699		-		5,348,699
Deposit Intangible	1,321,512		-		1,395,602
Deposits	575,751		467,737		530,339
Shareholders' equity	81,739		60,733		79,336
Common Stock Outstanding – Period End	7,504,040		6,424,766		7,504,040
Average Balances (in thousands)					
Total assets	\$ 651,399	\$	524,122	\$	602,870
Earning assets	615,316		497,180		557,022
Investment securities	51,213		36,243		41,917
Loans, net of unearned income	540,352		428,601		493,348
Deposits	547,003		446,471		516,994
Shareholders' equity	80,580		60,887		72,395
Earnings Breakdown (in thousands, except share and per share amounts)					
Total interest income	\$ 7,579	\$	5,438	\$	26,660
Total interest expense	1,182		589		2,895
Net interest income	6,398		4,849		23,765
Total noninterest income	875		788		3,525
Total noninterest expense	5,575		4,721		22,211
Provision for loan losses	165		50		710
Income before taxes	1,533		866		4,369
Taxes	258		64		912
Net income	1,275		801		3,457
Basic earnings per share	0.17		0.14		0.48
Diluted earnings per share	0.17		0.13		0.47
Common stock outstanding - basic	7,504,040		5,858,988		7,176,015
Common stock outstanding - diluted	7,594,539		6,040,546		7,307,507
Selected % Increases					
	(March 2019 compared to March 2018; March 2018 compared to March 2017; and December 2018 compared to December 2017)				
Total assets	27.66	%	10.35	%	21.57 %
Total interest earning assets	24.73		11.35		20.89
Total loans	28.63		5.94		21.79
Total deposits	23.09		12.75		20.74
Interest income	39.38		21.40		32.40
Interest expense	100.50		46.05		71.10
Noninterest income	11.06		12.82		13.19
Noninterest expense	18.08		26.43		30.28
Net income	59.06		16.79		7.51
Selected Ratios (year-to-date)					
Return on assets	0.79	%	0.62	%	0.57 %
Return on equity	6.42		5.34		4.78
Interest income to total average assets	4.72		4.21		4.42
Interest expense to total average assets	0.74		0.46		0.48
Net interest income to total average assets	3.98		3.75		3.94
Loan loss reserve to total loans	0.83		0.89		0.83
Nonperforming assets to total average assets	0.09		0.07		0.09
Net charge-offs to total average assets	0.00		0.00		0.01
Net interest margin	4.34		4.07		4.29