



South Atlantic Bancshares, Inc.

2022 ANNUAL REPORT



- | | |
|--------------------------------------------------------|----------------------------------------------------|
| 1 North Myrtle Beach
1801 Highway 17 South | 7 Mount Pleasant
930 Johnnie Dodds Blvd. |
| 2 Myrtle Beach (Headquarters)
630 29th Avenue North | 8 Charleston
40 Calhoun Street |
| 3 Towne Centre
3990 River Oaks Drive | 9 Bluffton
1 Sheridan Park Circle |
| 4 Murrells Inlet
11019 Tournament Blvd. | 10 Hilton Head Island (Park Ln.)
5A Park Lane |
| 5 Pawleys Island
10970 Ocean Highway | 11 Hilton Head Island (Main St.)
81 Main Street |
| 6 Georgetown
1187 North Fraser Street | 12 Beaufort
11-E Robert Smalls Parkway |

ABOUT SOUTH ATLANTIC BANK

South Atlantic Bancshares, Inc. (OTCQX: SABK) is a registered bank holding company based in Myrtle Beach, South Carolina with \$1.4 billion in total assets. The Company's banking subsidiary, South Atlantic Bank, is a full-service financial institution spanning the entire coastal area of South Carolina.

The Bank operates 12 offices in Myrtle Beach, North Myrtle Beach, Murrells Inlet, Pawleys Island, Georgetown, Mount Pleasant, Charleston, Bluffton, Hilton Head Island, and Beaufort, 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 treasury management and the goMobile banking app.

The Bank also offers online banking, no-fee ATM access, checking, CD and money market accounts, merchant services, mortgage loans, remote deposit capture, and more. For additional information, visit www.SouthAtlantic.bank.

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.

SELECTED FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED DECEMBER 31, 2022 2021 2020

For the year

Total Revenue	53,771,591	47,825,650	41,566,307
Net income	12,093,501	10,846,783	7,196,051
Book value per share	11.92	13.92	13.03

Per common share

Basic earnings per share	1.60	1.45	0.96
Diluted earnings per share	1.58	1.43	0.96
Common stock closing price	13.60	15.44	12.25

Financial ratios (%)

Return on average assets	0.89	0.98	0.83
Return on average equity	13.40	10.56	7.69
Net interest margin	3.52	3.54	3.79
Efficiency ratio	64.33	68.66	72.34

At December 31

Total Assets	1,409,592,656	1,231,953,292	946,540,599
Total Loans	1,002,632,622	733,896,122	686,893,923
Allowance for Loan Loss	10,110,619	8,159,039	6,823,767
Deposits	1,216,761,844	1,082,101,913	834,853,859
Shareholders' equity	90,538,473	105,512,148	97,821,730
Weighted average common shares outstanding - basic	7,568,717	7,492,737	7,478,203

	Net Income (\$ in millions)	Total Loans (\$ in millions)	Total Deposits (\$ in millions)	Total Assets (\$ in millions)
22	12.1	1,002.6	1,216.8	1409.6
21	10.8	733.9	1,082.1	1,232.0
20	7.2	686.9	834.9	946.5
19	6.1	575.7	616.8	718.4
18	3.5	531.0	530.3	630.2

**TO OUR SHAREHOLDERS AND FRIENDS,
THROUGH YOUR SUPPORT, WE
CELEBRATED THE COMPANY'S 15TH
ANNIVERSARY IN 2022, AND OUR
FINANCIAL RESULTS GAVE US
MUCH TO CELEBRATE.**

It was a transformational year for our Company with key strategic hires, market expansion, record growth, and record profitability. Our performance continued to surpass our expectations, and delivered the best results in our history. I am pleased to report the details of the Company's very successful year.

Consolidated net income totaled \$12.1 million, or \$1.58 per diluted common share, for the year ended December 31, 2022, an 11.5 percent increase with an increase of \$1.2 million, or \$0.15 per diluted common share, compared to the year ended December 31, 2021. Record performance in both our third and fourth quarters fueled our outstanding year-end results.

We were pleased to declare the Company's first cash dividend of \$0.10 per share on common stock paid in February 2023 to shareholders of record as of February 1, 2023. It marks an important milestone in the evolution of our Company. While we have previously paid three stock dividends in our history, we felt this was an appropriate time to provide shareholders with a return on their investment through a cash dividend in celebration of our 15th anniversary.

Our strong performance brought double-digit growth across the balance sheet. Total assets increased \$177.6 million to \$1.4 billion as of December 31, 2022, compared to \$1.2 billion as of December 31, 2021. This

increase in assets was driven primarily by an increase in net loans which grew 37 percent in the year ended December 31, 2022, compared to 6.7 percent for the year ended December 31, 2021. Total gross loans ended the year totaling \$1.0 billion. Credit quality was pristine with net charge-offs to total loans at 0.00 percent.

Total deposits were \$1.2 billion at December 31, 2022, a 12.4 percent increase year-over-year. Growing deposits will be a focus for the Company in 2023. Our commitment to building value for our customers through relationship banking is a core element to our deposit growth strategy.

While we celebrate an outstanding year, we also realize the economic uncertainties of the year ahead. We are prepared to experience continued interest rate volatility and the effects of persistent inflation on the economy in the upcoming year. Our earnings and talented staff, along with the high levels of economic activity in our markets, have us well positioned to face the challenges 2023 may bring.

Where we do business is as important as how we do business, and the value of the markets we serve is increasingly significant.

**OUR PROSPECTS REFLECT OUR
STRATEGIC PLAN OF EXPANDING OUR
FOOTPRINT ALONG THE FLOURISHING
SOUTH CAROLINA COAST, ONE OF
THE FASTEST-GROWING REGIONS
IN THE COUNTRY.**

We will continue to have opportunities to diversify our customer base and benefit from the booming

regional economy and the area's phenomenal growth. We were excited to open our Beaufort branch in November 2022, and this is our 12th location along the South Carolina coast. Construction on the permanent Beaufort office is scheduled to begin in spring 2023 and will share the signature South Atlantic Bank coastal design. Our bankers there have years of experience in the Beaufort market and are introducing our tailor-made style of banking to the community.

In 2022, we reorganized our corporate structure to support our growth and continued our investment in talent with strategic hires. Our deeper talent pool contributed significantly to our results. We hired seasoned bankers in the Charleston market, and they have made great strides and increased market share, along with diversifying our portfolio. Our downtown Charleston office recently relocated to a larger Class A office space on the premier corner of Calhoun Street and East Bay Street. The location reflects our growing presence and plans for the market.

Our South Coast offices are performing well and will be a focus for us in 2023. We will expand our franchise organically in the Charleston area and capitalize on the surge in new business, industry, and new residents. The Summerville, South Carolina, area has been a focus of development for metro Charleston and is home to the area's top employers. The Charleston and Beaufort County regions offer a unique mix of industries from hospitality to aerospace to automotive and technology. We plan to take advantage of the thriving economic conditions.

We are also focused on providing an improved customer experience through new technology. We will introduce online account opening and streamline the functionality and look of our online banking products across digital devices.

As we celebrate 15 years, we reflect on our success, hard work, and dedication to get where we are today. We appreciate the support of our shareholders, our employees' tremendous efforts, and our board members' expertise and vision. We look forward to executing our strategic plans, continuing to build our Company in dynamic markets, and serving our customers and communities. We enter 2023 with great momentum and look forward to continued success.

Thank you to our shareholders for your interest in the Company and the business you bring to us. We will continue to work hard for your investment.



K. Wayne Wicker
*Chairman of the Board,
Chief Executive Officer*





SAB's new Charleston location at 40 Calhoun Street.



Team SAB volunteering at the annual Grand Strand Miracle League's baseball Fall Opener fundraiser.



North Coast bankers celebrate a great year at the bank holiday party.

WE BELIEVE PEOPLE DESERVE MORE FROM THEIR BANK AND CAN EXPECT MORE WHEN THEY BANK WITH SOUTH ATLANTIC BANK.

We know our customers, make decisions locally, and differentiate ourselves by being responsive and effective. We're nearby and ready to help remove the obstacles and find solutions. We understand the region and seasonal business cycles and have banking solutions tailor-made for coastal businesses.

Each market we serve has its own unique culture, and it's embedded with pride. Generations of businesses have survived, and our local bankers understand that significance. Our coastal business customers operate in areas with rapid growth and fierce competition, and we're here to support them. We know our customers are busy and need quick responses and efficient processes. We stay connected and understand our customers' business and current banking needs so they don't have to update us every time we talk.

GROWTH

In our North Coast region of Georgetown and Horry Counties, our veteran bankers continue to grow market share based on solid relationships and reputation in the community. Along with the seasonal tourism market, the influence of residential builders and contractors is a driving force of growth in the area.

With the influx of new residents to the coast, referrals are a big part of our branches' success. We have a strong reputation as a trusted source and a great place to bank. Our team takes extra steps to generate word of mouth and make customers feel at home.

In our South Coast region of Charleston and Beaufort Counties, our new office in the city of Beaufort is being well received. Our bankers are spreading the South Atlantic name through their involvement in

business organizations and sponsorships headlining community events and festivals. We're excited to bring our community style of banking to this historic town that's rapidly growing along with the rest of the South Carolina coast.

Our new Charleston office in a premier downtown location will further establish our presence in the market and provide a springboard for future growth. Our lenders in Charleston surpassed their goals in 2022 and are busy driving business development and diversifying our loan portfolio.

As we expand our presence in the Charleston area, we have plans to open a new office in Summerville in 2023. The Charleston metro area is booming with business growth. The aeronautics and automotive industries are leading economic drivers in Summerville along with tech, healthcare, and higher education.

TALENT

We're proud of our talented team and our ability to promote from within. Our strong corporate culture encourages employees to grow their careers with the Company. Our expansion creates opportunities, and we're proud to see team members flourish and further their careers with us. They bring their financial experience and corporate knowledge to new positions or departments and create results.

Our leaders enjoy developing their teams and helping them excel in their roles to meet their goals. The Company's growth and progress, along with the fast-changing financial industry, have introduced new challenges that our employees have met head-on. Our team has delivered remarkable results through their proactive approach to doing business, and they are the cornerstone of our success.

OUR CULTURE DRIVES OUR PERFORMANCE. WE VALUE OUR CUSTOMERS, THEIR TIME, AND THEIR BUSINESS.

Our banking team focuses on continually improving the client experience. From the initial customer onboarding to establishing a solid customer relationship, we proactively offer the tailor-made products and services to fit their financial needs.

TECHNOLOGY

Technology has changed the banking industry and the services customers expect from their bank. Our investment in technology provides enhanced tools, systems, and scalable platforms that will continue to help build and foster relationships and improve services as we grow. Commercial customers, as well as consumers, have increased their use of digital banking products and services. We will continue to invest in digital solutions and are aligning the structure of our operations to meet customers' digital needs.

In 2023, we will introduce online account opening and provide new and existing customers with a simple option to open new consumer accounts from their preferred device within minutes.

We are also upgrading our online and mobile banking platforms to provide customers' desired features in today's digital banking environment. The upgrade will add functionality and streamline our digital banking products for a uniform look and experience across users' devices.

In 2022, we launched a new customer relationship management system that provides a complete overview of the customer relationship and puts that information at the fingertips of front-line staff, lenders, and operations staff. It improves workflow and allows us to better anticipate customer needs and offer tailored products and services.

Our construction lending team also implemented new software to streamline the building process for builders, borrowers, and the bank.

Cybersecurity will continue to be a top priority for us. Digital security measures are constantly implemented, monitored, and upgraded as we stay vigilant against security threats. Our employees receive ongoing education on types of threats and fraud protection. We've also upgraded our goMobile app to add an effective debit card fraud detection layer that provides more controls and alert options.

COMMUNITY

We're proud to see our impact on the community through the buildings we've financed, the success of long-time business customers, and the non-profits we support. We are passionate about helping our communities and prioritize devoting our time, energy, and resources to advance our communities and the individuals and businesses who call the coast home.

As a local bank, we have a strong community presence through sponsorships, donations, and employee volunteer work. As the markets we serve continue to grow, so will the needs of our communities. We want to make a meaningful difference and are committed to giving back to the organizations that make our communities better for us all to live in. A philanthropic spirit is ingrained in our culture. Employees have paid time off to volunteer and enjoy donating their time for projects such as a Habitat for Humanity build, a school reading initiative, or serving food at a local shelter. Our bankers serve on non-profit boards and participate in leadership programs with the local chamber of commerce, working with our community business leaders and giving their time and energy to make a difference.



▲ Scott Plyler (L), president, and Christian Kata (R), commercial relationship manager, do the honors at the ribbon cutting ceremony for our new Beaufort office.



▲ Wayne Wicker, CEO, and Janya Livingston, teller, donate blood at a bank-sponsored blood drive.



▲ The SAB Mortgage Team works together to frame a Habitat for Humanity of Horry County house.

LEADERSHIP

CORPORATE OFFICERS AND REGIONAL EXECUTIVES

S. Walker Avant, II

Senior Vice President
Commercial Relationship
Manager

Candace L. Cherry

Senior Vice President
Corporate Liaison

Michelle A. Coletta

Senior Vice President
Director of Retail Banking

Anne B. Cote

Senior Vice President
Director of Loan Operations

Tiffany Crawford

Senior Vice President
Retail Banking Leader

Robert N. Crowe

Senior Vice President
Mortgage Loan Officer

Melissa K. Downs-High

Senior Vice President
Principal Accounting Officer

Charles W. Fisher, III

Senior Vice President
Commercial Relationship
Manager

Carrie S. Harris

Senior Vice President
Director of Human Resources

Peter M. Insabella

Senior Vice President
Director of Mortgage Banking

Drew S. Johnson

Senior Vice President
Waccamaw Neck Market
Executive

Christian D. Kata

Senior Vice President
Commercial Relationship
Manager

Molly Keen

Senior Vice President
Towne Centre Market Executive

Donald G. Kyzer

Senior Vice President
Director of Corporate Services

Walter N. Lawson, III

Senior Vice President
Commercial Relationship
Manager

Karen M. Lowrance

Senior Vice President
Construction Loan Manager

Marcus G. McDowell

Senior Vice President
North Myrtle Beach
Market Executive

Bryan K. Newton

Senior Vice President
Commercial Relationship
Manager

Adam M. Paskanik

Senior Vice President
Mortgage Loan Officer

Paul E. Peeples

Senior Vice President
Myrtle Beach Market Executive

Jennifer L. Peters

Senior Vice President
Director of Internal Audit
and Compliance

Derick R. Powers

Senior Vice President
Credit Risk Officer

John W. Rowe, III

Senior Vice President
Murrells Inlet Market Executive

Allison P. Stout

Senior Vice President
Controller

Michelle A. Ward

Senior Vice President
Director of Deposit Operations

Kimberly D. West

Senior Vice President
Information Security Officer

LOCATIONS

North Myrtle Beach

1801 Highway 17 South
843.848.2260

Myrtle Beach (Headquarters)

630 29th Avenue North
843.839.0100

Towne Centre

3990 River Oaks Drive
843.839.5446

Murrells Inlet

11019 Tournament Blvd.
843.848.2000

Pawleys Island

10970 Ocean Highway
843.848.2049

Georgetown

1187 North Fraser Street
843.436.6800

Mount Pleasant

930 Johnnie Dodds Blvd.
843.972.4300

Charleston

40 Calhoun Street
843.414.5900

Bluffton

1 Sheridan Park Circle
843.815.7111

Hilton Head Island (Park Ln.)

5A Park Lane
843.785.3400

Hilton Head Island (Main St.)

81 Main Street
843.548.1004

Beaufort

11-E Robert Smalls Parkway
843.473.7348

LEADERSHIP

DIRECTORS — SOUTH ATLANTIC BANCSHARES, INC. AND SOUTH ATLANTIC BANK

James Carson Benton, Jr.
Co-Owner and Operator
C.L. Benton and Sons, Inc.

Thomas C. Brittain
Attorney at Law
Brittain Law Firm, P.A.

Tony K. Cox
Retired
Burroughs and Chapin
Company

Miles M. Herring
Commercial Real Estate
Management and Development

Martha S. Lewis
Physical Therapist

R. Scott Plyler
President
South Atlantic Bank

Albert A. Springs, IV
Co-Owner and President
H.B. Springs Company

Jack L. Springs, Jr.
Co-Owner/Broker
Century 21 Barefoot Realty

Michael C. Tawes, Sr.
Partner
Valbridge Property Advisors
Atlantic Appraisals

K. Wayne Wicker
Chairman of the Board,
Chief Executive Officer
South Atlantic Bank

Edgar L. Woods
President/Owner
Palmetto Grain Brokerage, LLC
President
Performance AG, LLC

EXECUTIVE OFFICERS

K. Wayne Wicker
Chairman of the Board,
Chief Executive Officer

R. Scott Plyler
President

C. Alec Elmore
Executive Vice President
Chief Credit Officer

Matthew H. Hobert
Executive Vice President
Chief Financial Officer

Lenwood B. Howell
Executive Vice President
South Coast Regional Executive

Travis A. Minter
Executive Vice President
Chief Operating Officer

Kenneth M. Pickens
Executive Vice President
Credit Risk Officer

Mary Jo Rogers
Executive Vice President
Chief Lending Officer

Daniel F. Siau
Executive Vice President
North Coast Regional Executive



South Atlantic Bank Headquarters
Myrtle Beach, SC

STOCK INFORMATION

The common stock of South Atlantic Bancshares, Inc. is listed on the OTCQX® Best Market under the symbol SABK. To find current financial disclosures and real-time level 2 quotes for South Atlantic Bancshares, Inc., visit www.otcm Markets.com and enter the symbol SABK.

ANNUAL MEETING

The Annual Meeting of Shareholders of South Atlantic Bancshares, Inc. will take place on Tuesday, April 18, 2023, at 5:30 p.m. at the Bank's office at:

3990 River Oaks Drive
Myrtle Beach, South Carolina 29579

REGISTRAR AND TRANSFER AGENT

Broadridge Shareholder Services
P.O. Box 1342
Brentwood, NY 11717-0718
shareholder@broadridge.com
303.562.9275 or 888.789.8606

CORPORATE COUNSEL

Hunton Andrews Kurth LLP
2200 Pennsylvania Avenue NW
Washington, DC 20037

INDEPENDENT ACCOUNTANTS

Elliott Davis LLC
1901 Main Street, Suite 900
Columbia, SC 29201

South Atlantic Bancshares, Inc.

630 29th Avenue North
Myrtle Beach, South Carolina 29577

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 [/company/south-atlantic-bank](https://www.linkedin.com/company/south-atlantic-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 regarding the effects of the ongoing COVID-19 pandemic, 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 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). These risks, uncertainties, and other factors may cause the actual results, performance, and achievements of the Company to be materially different from the anticipated future results, performance, or achievements expressed in, or implied by, the forward-looking statements. 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 and readers are cautioned not to place undue reliance on the forward-looking statements contained in this document. 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. Any forward-looking statements contained in this document are made as of the date hereof, and 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.

EXPECT *More*
FROM YOUR BANK

South Atlantic Bancshares, Inc.

SOUTHATLANTIC.BANK

630 29TH AVENUE NORTH
MYRTLE BEACH, SOUTH CAROLINA 29577
843.839.0100

