



South Atlantic Bancshares, Inc. Reports Earnings of \$1.31 per Diluted Common Share for the Year Ended December 31, 2024

MYRTLE BEACH, S.C., January 23, 2025 /PRNewswire/ -- South Atlantic Bancshares, Inc. ("South Atlantic" or the "Company") (OTCQX: SABK), parent of South Atlantic Bank (the "Bank"), reported consolidated net income of \$3.2 million, or \$0.41 per diluted common share, for the fourth quarter of 2024, compared to \$2.6 million, or \$0.34 per diluted common share for the third quarter of 2024, and compared to \$2.2 million, or \$0.29 per diluted common share, for the fourth quarter of 2023. The Company reported \$10.1 million, or \$1.31 per diluted common share, for the year ended December 31, 2024, compared to \$10.0 million, or \$1.32 per diluted common share, for the year ended December 31, 2023.

Fourth Quarter and Year Ended 2024 Financial Highlights:

- **Net income totaled \$3.2 million for the fourth quarter of 2024, a quarter over quarter increase of \$564.0 thousand or 21.7 percent, and an increase of \$976.0 thousand, or 44.5 percent over the fourth quarter of 2023**
- **Total assets increased \$164.1 million to \$1.8 billion during the year ended December 31, 2024, an increase of 10.1 percent from December 31, 2023**
- **Total loans grew \$55.7 million, or 17.4 percent annualized, during the three months ended December 31, 2024, and grew \$154.7 million, or 13.1 percent, during the year ended December 31, 2024**
- **Total deposits grew \$166.6 million during the year ended December 31, 2024, or 12.9 percent**
- **Tangible book value per share at December 31, 2024 increased by \$1.51, or 11.8 percent, to \$14.30 per share when compared to December 31, 2023**
- **Net interest margin, calculated on a tax equivalent basis ("net interest margin") (non-GAAP) increased by 12 basis points during the fourth quarter of 2024 to 2.83 percent**
- **Cost of funds (non-GAAP) declined by 19 basis points during the fourth quarter of 2024, the first quarterly decrease since the beginning of the interest rate tightening cycle by the Federal Open Market Committee of the Federal Reserve in March 2022**

"We are pleased to report another quarter of improving financial metrics," remarked K. Wayne Wicker, Chairman and CEO of the Company. "Despite headwinds in the first half of 2024 due to interest rate pressures, we were pleased net income for 2024 surpassed 2023 net income and we closed the year with strong momentum as we move into 2025. Net income increased 21.7 percent over the third quarter of 2024, and second half 2024 net income exceeded first half 2024 net income by 34.8 percent. Outstanding loans grew by \$55.7 million during the fourth quarter of 2024, with the majority of the fundings occurring late in the quarter. For the year, deposit and loan growth were strong across all our markets, with annual deposit growth of 12.9 percent and annual loan growth of 13.1 percent. Our net interest margin expanded by 12 basis points during the fourth quarter of 2024, and we saw welcomed funding cost relief as our cost of funds fell by 19 basis points during the quarter. Our credit quality remains pristine, and we believe we are well positioned to navigate the uncertain interest rate forecast in 2025 as the Federal Open Market Committee of the Federal Reserve continues to balance its dual mandate of stable price levels and maximum employment."

Selected Financial Highlights
For the Periods/Three Months Ended

| Balance Sheet (000's) | December 31, 2024 | September 30, 2024 | Change (\$) | Change (%)¹ |
|--|------------------------------|-------------------------------|--------------------|-------------------------------|
| Total Assets | \$ 1,786,318 | \$ 1,798,341 | \$ (12,023) | -2.7% |
| Cash and Cash Equivalents | 61,370 | 123,637 | (62,267) | -201.5% |
| Total Loans, Net of Unearned Income | 1,338,904 | 1,283,190 | 55,714 | 17.4% |
| Total Deposits | 1,460,653 | 1,471,582 | (10,929) | -3.0% |
| Total Equity | 113,769 | 114,424 | (655) | -2.3% |
| | December 31, 2024 | September 30, 2024 | Change (\$) | Change (%) |
| Income Statement and Per Share Data | | | | |
| Net Income (000's) | \$ 3,168 | \$ 2,604 | \$ 564 | 21.7% |
| Diluted Earnings Per Share | 0.41 | 0.34 | 0.07 | 20.6% |
| Tangible Book Value Per Share | 14.30 | 14.38 | (0.08) | -0.6% |
| | December 31, 2024 | September 30, 2024 | | |
| Selected Financial Ratios | | | | |
| Return on Average Assets | 0.71% | 0.58% | | |
| NPAs to Average Assets | 0.00% | 0.00% | | |
| Efficiency Ratio | 67.21% | 68.98% | | |
| Net Interest Margin | 2.83% | 2.71% | | |

For the Periods/Tweleve Months Ended

| Balance Sheet (000's) | December 31, 2024 | December 31, 2023 | Change (\$) | Change (%) |
|--|------------------------------|------------------------------|--------------------|-------------------|
| Total Assets | \$ 1,786,318 | \$ 1,622,250 | \$ 164,068 | 10.1% |
| Total Loans, Net of Unearned Income | 1,338,904 | 1,184,187 | 154,717 | 13.1% |
| Total Deposits | 1,460,653 | 1,294,097 | 166,556 | 12.9% |
| Total Equity | 113,769 | 102,954 | 10,815 | 10.5% |
| | December 31, 2024 | December 31, 2023 | Change (\$) | Change (%) |
| Income Statement and Per Share Data | | | | |
| Net Income (000's) | \$ 10,055 | \$ 10,019 | \$ 36 | 0.4% |
| Diluted Earnings Per Share | 1.31 | 1.32 | (0.01) | -0.8% |

¹ Results annualized.

Earnings Summary

Net interest income increased \$1.4 million, or 13.5 percent, to \$12.1 million for the three months ended December 31, 2024, when compared to \$10.6 million for the three months ended December 31, 2023. The Company experienced an increase in interest income of \$3.4 million, or 17.5 percent, during the fourth quarter of 2024 compared to the fourth quarter of 2023, partially offset by a \$2.0 million increase in interest expense during the fourth quarter of 2024 primarily due to higher interest bearing deposit balances, as well as the prolonged environment of elevated market interest rates for deposits across the Bank's market areas and increased competition for deposits from bank and non-bank alternatives. The increase in interest income during the three months ended December 31, 2024 compared to the prior year period was primarily driven by a \$3.0 million increase in interest income on the Company's loan portfolio due to increased yields and volume, as well as an increase of \$365.0 thousand of interest income from the Company's investment securities portfolio and interest earnings on cash balances held with the Federal Reserve Bank of Richmond (the "FRB") and correspondent banks.

For the year ended December 31, 2024, net interest income increased \$1.6 million, or 3.8 percent, to \$44.1 million when compared to \$42.5 million for the year ended December 31, 2023. This increase was driven primarily by an increase in interest income from the Bank's loan portfolio of \$14.0 million, or 23.9 percent, to \$72.7 million for the year ended December 31, 2024, compared to \$58.6 million of loan interest income for the year ended December 31, 2023. Also

contributing to the increase in net interest income for the year was an increase of \$3.4 million, or 30.8 percent, in interest income on investments and cash reserves from \$11.1 million for the year ended December 31, 2023 to \$14.5 million for the year ended December 31, 2024. This increase in interest income was partially offset by an increase of \$15.8 million, or 58.1 percent, in interest expense for the year ended December 31, 2024 compared to the year ended December 31, 2023.

Noninterest income increased \$725.0, or 62.2 percent, for the three months ended December 31, 2024 compared to the same three month period in 2023, primarily due to an increase in secondary mortgage income of \$193 thousand, or 101.6 percent, when compared to the same period in 2023 and an increase in other noninterest income of \$473.0 thousand, or 174.5 percent when compared to the same period in 2023, which was the result of a recognizable capital gain on a Bank-held investment.

Noninterest expense increased \$990.0 thousand, or 11.8 percent, for the three months ended December 31, 2024, compared to same three-month period during 2023. The increase was driven primarily by an increase of \$1.3 million, or 31.6 percent, in compensation and benefits primarily resulting from a deferred loan cost adjustment with a recognized benefit in the fourth quarter of 2023 of \$846 thousand, followed by an increase of \$81 thousand, or 7.4 percent, in occupancy expense as a result of branch expansion efforts, partially offset by a decrease of \$90 thousand, or 8.3 percent, in data processing and software, as well as a decrease in other noninterest expense of \$296.0 thousand, or 14.0 percent.

For the year ended December 31, 2024, noninterest income increased \$1.1 million, or 23.2 percent compared to the year ended December 31, 2023, with a decrease in service charge income of \$191 thousand, primarily driven by a one-time collection of an early certificate of deposit redemption during the second quarter of 2023, offset by increases in secondary mortgage income of \$600 thousand, or 80.2 percent, and an increase of \$635 thousand, or 60.0 percent, in other noninterest income. The increase in other noninterest income for the year was driven by a recognizable capital gain on a Bank-held investment in the fourth quarter of 2024. Noninterest expense increased \$1.9 million, or 5.5 percent, for the year ended December 31, 2024, compared to the year ended December 31, 2023, driven primarily by an increase of \$1.4 million, or 7.2 percent, in compensation expense due to increases in medical insurance and other benefits, as well as an increase in commissions on secondary mortgage origination. Also contributing to the overall increase in noninterest expense was an increase of \$353 thousand, or 8.7 percent, in occupancy expense related to branch expansion efforts, as well as an increase of \$333 thousand, or 9.2 percent in data processing and software expense, partially offset by a decrease in other noninterest expense of \$187 thousand, or 2.7 percent.

Financial Performance

Dollars in Thousands Except Per Share Data

| | Three Months Ended | | | | |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| Interest Income | | | | | |
| Loans | \$ 19,349 | \$ 18,510 | \$ 17,637 | \$ 17,194 | \$ 16,324 |
| Investments | 3,457 | 4,419 | 3,656 | 2,971 | 3,092 |
| Total Interest Income | \$ 22,806 | \$ 22,929 | \$ 21,293 | \$ 20,165 | \$ 19,416 |
| Interest Expense | 10,732 | 11,477 | 10,803 | 10,048 | 8,781 |
| Net Interest Income | \$ 12,074 | \$ 11,452 | \$ 10,490 | \$ 10,117 | \$ 10,635 |
| Provision for Loan Losses | 532 | 575 | 150 | 175 | 400 |
| Noninterest Income | 1,890 | 1,583 | 1,434 | 1,180 | 1,165 |
| Noninterest Expense | 9,385 | 8,992 | 8,847 | 8,583 | 8,394 |
| Income Before Taxes | \$ 4,047 | \$ 3,468 | \$ 2,927 | \$ 2,539 | \$ 3,006 |
| Provision for Income Taxes | 879 | 864 | 651 | 532 | 813 |
| Net Income | \$ 3,168 | \$ 2,604 | \$ 2,276 | \$ 2,007 | \$ 2,193 |
| Basic Earnings Per Share | \$ 0.42 | \$ 0.34 | \$ 0.30 | \$ 0.26 | \$ 0.29 |
| Diluted Earnings Per Share | \$ 0.41 | \$ 0.34 | \$ 0.30 | \$ 0.26 | \$ 0.29 |
| Weighed Average Shares Outstanding | | | | | |
| Basic | 7,571,823 | 7,571,823 | 7,604,515 | 7,606,024 | 7,605,854 |
| Diluted | 7,669,723 | 7,663,132 | 7,657,325 | 7,669,225 | 7,644,120 |
| Total Shares Outstanding | 7,571,823 | 7,571,823 | 7,571,823 | 7,606,823 | 7,605,854 |

| | Year Ended | |
|---|----------------------|----------------------|
| | December 31, 2024 | December 31, 2023 |
| Interest Income | | |
| Loans | \$ 72,690 | \$ 58,647 |
| Investments | 14,502 | 11,087 |
| Total Interest Income | \$ 87,192 | \$ 69,734 |
| Interest Expense | 43,060 | 27,238 |
| Net Interest Income | \$ 44,132 | \$ 42,496 |
| Provision for Loan Losses | 1,432 | 755 |
| Noninterest Income | 6,087 | 4,938 |
| Noninterest Expense | 35,805 | 33,930 |
| Income Before Taxes | \$ 12,982 | \$ 12,749 |
| Provision for Income Taxes | 2,927 | 2,730 |
| Net Income | \$ 10,055 | \$ 10,019 |
| Basic Earnings Per Share | \$ 1.33 | \$ 1.32 |
| Diluted Earnings Per Share | \$ 1.31 | \$ 1.32 |
| Weighed Average Shares Outstanding | | |
| Basic | 7,588,455 | 7,548,410 |
| Diluted | 7,661,540 | 7,606,321 |
| Total Shares Outstanding | 7,571,823 | 7,605,854 |

Noninterest Income/Expense

Dollars in Thousands

| | Three Months Ended | | | | |
|----------------------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| Noninterest Income | | | | | |
| Service charges and fees | \$ 188 | \$ 195 | \$ 166 | \$ 165 | \$ 163 |
| Secondary mortgage income | 383 | 425 | 356 | 184 | 190 |
| Merchant and interchange income | 575 | 646 | 596 | 515 | 541 |
| Other income | 744 | 317 | 316 | 316 | 271 |
| Total noninterest income | \$ 1,890 | \$ 1,583 | \$ 1,434 | \$ 1,180 | \$ 1,165 |
| Noninterest expense | | | | | |
| Salaries and employee benefits | \$ 5,388 | \$ 5,071 | \$ 5,147 | \$ 4,998 | \$ 4,093 |
| Occupancy | 1,177 | 1,148 | 1,000 | 1,074 | 1,096 |
| Data processing & Software | 998 | 1,023 | 949 | 967 | 1,088 |
| Other expense | 1,821 | 1,750 | 1,751 | 1,544 | 2,117 |
| Total noninterest expense | \$ 9,384 | \$ 8,992 | \$ 8,847 | \$ 8,583 | \$ 8,394 |

| | Year Ended | |
|----------------------------------|----------------------|----------------------|
| | December 31, 2024 | December 31, 2023 |
| Noninterest Income | | |
| Service charges and fees | \$ 714 | \$ 905 |
| Secondary mortgage income | 1,348 | 748 |
| Merchant and interchange | 2,332 | 2,227 |
| Other income | 1,693 | 1,058 |
| Total noninterest income | \$ 6,087 | \$ 4,938 |
| Noninterest expense | | |
| Salaries and employee benefits | \$ 20,604 | \$ 19,227 |
| Occupancy | 4,399 | 4,046 |
| Data processing & Software | 3,937 | 3,604 |
| Other expense | 6,866 | 7,053 |
| Total noninterest expense | \$ 35,806 | \$ 33,930 |

Balance Sheet Activity

Total assets increased \$164.1 million, or 10.1 percent, to \$1.79 billion as of December 31, 2024, compared to \$1.62 billion as of December 31, 2023. The increase in total assets during the year ended December 31, 2024 was driven primarily by an increase in net loans of \$153.3 million, or 13.1 percent, followed by an increase in cash and cash equivalents of \$24.2 million, or 65.0 percent, partially offset by a reduction in investment securities of \$12.8 million, or 4.1 percent, due to the maturity of investments held.

Total deposits increased \$166.6 million, or 12.9 percent, during the year ended December 31, 2024, primarily driven by organic growth of interest-bearing customer deposits. Shareholders' equity totaled \$113.8 million as of December 31, 2024, an increase of \$10.8 million, or 10.5 percent, from December 31, 2023, primarily driven by \$10.1 million in earnings during the year ended December 31, 2024, partially offset by the declaration and payment of an ordinary cash dividend of \$757.4 thousand on the Company's common stock during the first quarter of 2024.

The Company reported 7,571,823 total shares of common stock outstanding as of December 31, 2024. The decrease of 34,031 shares of common stock outstanding during the twelve months ended December 31, 2024 is due to a share repurchase completed by the Company during the second quarter of 2024, partially offset by the exercise during the period of stock options granted. Tangible book value increased \$1.51 per share, or 11.8 percent, to \$14.30 per share as of December 31, 2024, when compared to \$12.79 per share as of December 31, 2023.

Balance Sheets

Dollars in Thousands

| | For the Periods Ended | | | | |
|---|-----------------------|-----------------------|---------------------|---------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| Cash and Cash Equivalents | \$ 61,370 | \$ 123,637 | \$ 136,537 | \$ 78,534 | \$ 37,200 |
| Investment Securities | 300,898 | 309,245 | 304,930 | 297,287 | 313,681 |
| Loans Held for Sale | 1,176 | 3,081 | 3,605 | 1,185 | 949 |
| Loans | | | | | |
| Loans | 1,338,904 | 1,283,190 | 1,220,489 | 1,205,453 | 1,184,187 |
| Less Allowance for Loan Losses | (12,251) | (11,759) | (11,184) | (11,038) | (10,863) |
| Loans, Net | \$ 1,326,653 | \$ 1,271,431 | \$ 1,209,305 | \$ 1,194,415 | \$ 1,173,324 |
| OREO | | | | | |
| Property, net of accumulated depreciation | \$ 27,782 | \$ 25,287 | \$ 23,388 | \$ 22,360 | \$ 22,290 |
| BOLI | 35,403 | 35,132 | 34,863 | 34,603 | 34,345 |
| Goodwill | 5,349 | 5,349 | 5,349 | 5,349 | 5,349 |
| Core Deposit Intangible | 175 | 203 | 232 | 264 | 298 |
| Other Assets | 27,512 | 24,976 | 28,550 | 35,958 | 34,814 |
| Total Assets | \$ 1,786,318 | \$ 1,798,341 | \$ 1,746,759 | \$ 1,669,955 | \$ 1,622,250 |
| Deposits | | | | | |
| Noninterest bearing | \$ 315,069 | \$ 332,054 | \$ 321,763 | \$ 293,998 | \$ 331,933 |
| Interest bearing | 1,145,584 | 1,139,528 | 1,090,195 | 1,045,292 | 962,164 |
| Total Deposits | \$ 1,460,653 | \$ 1,471,582 | \$ 1,411,958 | \$ 1,339,290 | \$ 1,294,097 |
| Subordinated Debt | 29,765 | 29,734 | 29,703 | 29,673 | 29,642 |
| Other Borrowings | 160,000 | 160,000 | 175,000 | 175,000 | 175,000 |
| Other Liabilities | 22,131 | 22,601 | 23,052 | 21,120 | 20,557 |
| Total Liabilities | \$ 1,672,549 | \$ 1,683,917 | \$ 1,639,713 | \$ 1,565,083 | \$ 1,519,296 |
| Stock with Related Surplus | \$ 78,745 | \$ 78,693 | \$ 78,640 | \$ 79,027 | \$ 78,978 |
| Retained Earnings | 58,009 | 54,840 | 52,237 | 49,961 | 48,711 |
| Accumulated Other Comprehensive Income | (22,985) | (19,109) | (23,831) | (24,116) | (24,735) |
| Shareholders' Equity | \$ 113,769 | \$ 114,424 | \$ 107,046 | \$ 104,872 | \$ 102,954 |
| Total Liabilities and Shareholders' Equity | \$ 1,786,318 | \$ 1,798,341 | \$ 1,746,759 | \$ 1,669,955 | \$ 1,622,250 |

Net Interest Margin

Net interest margin increased 12 basis points to 2.83 percent for the three months ended December 31, 2024, compared to 2.71 percent for the quarter ended September 30, 2024, and compared to 2.82 percent for the three months ended December 31, 2023. The yield on interest earning assets decreased by 7 basis points during the fourth quarter of 2024 to 5.35 percent from 5.42 percent for the third quarter of 2024, while cost of funds decreased 19 basis points to 2.58 percent from 2.77 percent for the third quarter of 2024.

Net Interest Margin Analysis

Dollars in Millions

| | Three Months Ended | | | | | | | | | |
|-------------------------------------|--------------------|------------|--------------------|------------|-----------------|------------|-----------------|------------|-------------------|------------|
| | December 31, 2024 | | September 30, 2024 | | June 30, 2024 | | March 31, 2024 | | December 31, 2023 | |
| | Average Balance | Yield/Rate | Average Balance | Yield/Rate | Average Balance | Yield/Rate | Average Balance | Yield/Rate | Average Balance | Yield/Rate |
| Interest earning assets | | | | | | | | | | |
| Loans | \$ 1,298 | 5.94% | \$ 1,243 | 5.96% | \$ 1,211 | 5.85% | \$ 1,192 | 5.76% | \$ 1,159 | 5.54% |
| Loan fees | | -0.03% | | -0.03% | | 0.01% | | 0.03% | | 0.04% |
| Loans with fees | \$ 1,298 | 5.91% | \$ 1,243 | 5.92% | \$ 1,211 | 5.86% | \$ 1,192 | 5.79% | \$ 1,159 | 5.58% |
| Total interest earning assets | \$ 1,697 | 5.35% | \$ 1,683 | 5.42% | \$ 1,598 | 5.35% | \$ 1,560 | 5.22% | \$ 1,517 | 5.11% |
| Interest-bearing liabilities | | | | | | | | | | |
| Total interest bearing deposits | \$ 1,143 | 2.99% | \$ 1,118 | 3.29% | \$ 1,055 | 3.23% | \$ 1,005 | 3.10% | \$ 961 | 2.77% |
| Total interest bearing liabilities | \$ 1,333 | 3.20% | \$ 1,318 | 3.46% | \$ 1,260 | 3.45% | \$ 1,209 | 3.33% | \$ 1,121 | 3.10% |
| Cost of funds | | 2.58% | | 2.77% | | 2.77% | | 2.67% | | 2.38% |
| Net interest margin | | 2.83% | | 2.71% | | 2.64% | | 2.64% | | 2.82% |

Credit Quality

We continue to see excellent credit quality in our markets through December 31, 2024, with one loan classified as non-accrual, and no loans past due greater than 30 days as of December 31, 2024.

The Company recorded a provision for credit losses of \$532 thousand during the three months ended December 31, 2024, compared to a provision of \$575 thousand for the three months ended September 30, 2024 and a provision of \$400 thousand for the three months ended December 31, 2023. The increase in provision expense was driven by organic loan production during the fourth quarter of 2024, with an increase in gross loans of \$55.7 million, or 17.4 percent annualized, during the fourth quarter of 2024.

The Company continues to closely monitor credit quality in light of the economic uncertainty caused by, among other factors, the prolonged elevated interest rate environment and the lingering inflationary pressures, and the risk of the resurgence of elevated levels of inflation, in the United States and our market areas. Accordingly, additional provisions for credit losses may be necessary in future periods.

Credit Quality Analysis

| | For the Periods Ended | | | | |
|-----------------------------------|-----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| LLR to Total Loans | 0.92% | 0.92% | 0.92% | 0.92% | 0.92% |
| NPAs to Avg Assets | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| NCOs to Total Loans | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Past Due > 30 Days to Total Loans | 0.00% | 0.00% | 0.00% | 0.00% | 0.03% |
| Total NPAs (thousands) | \$ 55 | \$ 25 | \$ 25 | \$ 25 | \$ - |

Performance Ratios

| | Three Months Ended | | | | |
|---------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| ROAA | 0.71% | 0.58% | 0.54% | 0.49% | 0.55% |
| ROAE | 11.06% | 9.40% | 8.62% | 7.98% | 9.98% |
| Efficiency | 67.20% | 68.98% | 74.19% | 75.98% | 71.14% |
| NIM | 2.83% | 2.71% | 2.64% | 2.64% | 2.82% |
| Book Value | \$ 15.03 | \$ 15.11 | \$ 14.14 | \$ 13.79 | \$ 13.54 |
| Tangible Book Value | \$ 14.30 | \$ 14.38 | \$ 13.40 | \$ 13.05 | \$ 12.79 |

Regulatory Capital Position

The Bank's capital position remains above the regulatory thresholds required to be deemed "well-capitalized," as shown in the table below, with a total risk-based capital ratio of 11.87 percent and leverage ratio of 8.49 percent as of December 31, 2024.

Regulatory Capital Ratios

| Bank Only | For the Periods Ended | | | | |
|-----------|-----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| Tier 1 | 10.99% | 11.14% | 11.55% | 11.62% | 11.37% |
| Leverage | 8.49% | 8.36% | 8.55% | 8.76% | 8.84% |
| CET-1 | 10.99% | 11.14% | 11.55% | 11.62% | 11.37% |
| Total | 11.87% | 12.01% | 12.43% | 12.51% | 12.24% |

| Additional Data | For the Periods Ended | | | | |
|----------------------------------|-----------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 |
| Branches | 12 | 12 | 12 | 12 | 12 |
| Employees (Full Time Equivalent) | 159 | 160 | 161 | 161 | 163 |

Liquidity and Interest Rate Risk Management

The Company regularly pledges loans and securities to the FRB and the Federal Home Loan Bank (the "FHLB"), resulting in total net borrowing capacity with the FRB, the FHLB, and correspondent lines of credit of approximately \$173.8 million. Additionally, the Company pledges portions of its investment securities portfolio to secure public funds deposits.

As part of the Company's ongoing interest rate risk management, the Company has entered into a series of pay-fixed rate, receive-floating cash flow swap transactions ("Pay-Fixed Swap Agreements"). The Pay-Fixed Swap Agreements are designed as an interest rate hedge for matched-term FHLB advances and to hedge the risk of changes in fair value of certain fixed rate loans in the Company's loan portfolio, which converts the hedged loans from a fixed rate to a synthetic floating Secured Overnight Financing Rate (SOFR). The Pay-Fixed Swap Agreements have a total notional value of \$156.3 million, have stratified maturities, and have a weighted average life of less than two years.

About South Atlantic Bancshares, Inc.

South Atlantic Bancshares, Inc. (OTCQX: SABK) is a registered bank holding company based in Myrtle Beach, South Carolina with approximately \$1.8 billion in total assets as of December 31, 2024. 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 twelve locations in Myrtle Beach, Carolina Forest, North Myrtle Beach, Murrells Inlet, Pawleys Island, Georgetown, Mount Pleasant, Charleston, Bluffton, Hilton Head Island, Summerville 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 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, certificates of deposit 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 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 good faith 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. Factors that could cause such differences include, but are not limited to: the impact on us or our customers of a decline in general economic conditions, and any regulatory responses thereto; potential recession in the United States and our market areas; the impacts related to or resulting from uncertainty in the banking industry as a whole, increased competition for deposits and related changes in deposit customer behavior; the impact of changes in market interest rates, whether due to a continuation of the elevated interest rate environment or further reductions in interest rates and a resulting decline in net interest income; the lingering inflationary pressures, and the risk of the resurgence of elevated levels of inflation in the United States and our market areas; the uncertain impacts of ongoing quantitative tightening and current and future monetary policies of the Board of Governors of the Federal Reserve System; increases in unemployment rates in the United States and our market areas; declines in commercial real estate values and prices; uncertainty regarding United States fiscal debt, deficit and budget matters; cyber incidents or other failures, disruptions or breaches of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyberattacks; severe weather, natural disasters, acts of war or terrorism, geopolitical instability or other external events; the impact of changes in U.S. presidential administrations or Congress, including potential changes in U.S. and international trade policies and the resulting impact on the Company and its customers; competition and market expansion opportunities; changes in non-interest expenditures or in the anticipated benefits of such expenditures; the receipt of required regulatory approvals; changes in tax laws; the risks related to the development, implementation, use and management of emerging technologies, including artificial intelligence and machine learnings; costs related to the impacts of climate change; and current or future litigation, regulatory examinations or other legal and/or regulatory actions. These forward-looking statements are based on current information and/or management's good faith belief as to future events. 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. Due to these and other possible uncertainties and risks, readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. 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. Any forward-looking statements contained in this press release 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. All forward-looking statements, express or implied, included in the press release are qualified in their entirety by this cautionary statement.

Information contained herein, other than information as of December 31, 2023, is unaudited. All financial data should be read in conjunction with the notes to the consolidated financial statements of the Company and the Bank as of and for the fiscal year ended December 31, 2023, as contained in the Company's 2023 Annual Report located on the Company's website.

Available Information

The Company maintains an Internet web site at www.southatlantic.bank/about-us/investor-relations. The Company makes available, free of charge, on its web site the Company's annual meeting materials, annual reports, quarterly earnings reports, and other press releases. In addition, the OTC Markets Group maintains an Internet site that contains reports, proxy and information statements, and other information regarding the Company (at www.otcmarkets.com/stock/SABK/overview).

The Company routinely posts important information for investors on its web site (under www.southatlantic.bank and, more specifically, under the Investor Relations tab at www.southatlantic.bank/about-us/investor-relations). The Company intends to use its web site as a means of disclosing material non-public information and for complying with its disclosure obligations under the OTC Markets Group OTCQX Rules for U.S. Banks. Accordingly, investors should monitor the Company's web site, in addition to following the Company's press releases, OTC filings, public conference calls, presentations and webcasts.

The information contained on, or that may be accessed through, the Company's web site is not incorporated by reference into, and is not a part of, this press release.

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