South Atlantic Bancshares, Inc.

TAKE STOCK FIRST QUARTER 2022

FIRST QUARTER REVIEW

We are very pleased with our financial performance during the first quarter. Building on the best year in our 14-year history, we continue to see robust growth in our markets and are encouraged by a strong loan pipeline to maintain our growth momentum into the second half of the year.

Consolidated net income for the three months ended March 31, 2022, was $2.0 million, or $0.26 per diluted common share, a decrease of $1.5 million, or $0.20 per diluted common share, compared to the three months ended March 31, 2021.

Our company produced record earnings in 2021. Recognition of deferred loan fees associated with the PPP program and a record year in our mortgage division enhanced our fee income in 2021. With very little PPP fees remaining to recognize in 2022, and the upward movements in interest rates, fee income has normalized as anticipated in the first quarter of 2022 year-over-year. While we are reflecting lower overall earnings per share during the first quarter of 2022, earnings excluding the impacts of PPP fees and mortgage are higher. Interest income on loans (excluding interest on mortgage loans held for sale) increased $617,016 or 9.1%, and core[1] net interest income increased $1.4 million or 19.2% when compared to the quarter ended March 31, 2021. Net interest income was $9.3 million for the three months ended March 31, 2022 compared to $8.9 million for the three months ended March 31, 2021, an increase of $466 thousand, or 5.3 percent.

Total loans, net of $14.2 million in paydowns and payoffs of PPP loans, grew 5.3 percent over the quarter ended March 31, 2022 compared to 1 percent for the quarter ended March 31, 2021.

Total assets increased to $1.3 billion as of March 31, 2022, compared to $1.0 billion as of March 31, 2021. This increase in total assets during the three months ended March 31, 2022 was driven primarily by an increase in net loans of $39.0 million and an increase in investment securities of $13.6 million, offset by a reduction in mortgage loans held for sale of $5.9 million.

Total deposits increased $74.1 million in the quarter ended March 31, 2022, of which $9.8 million was noninterest bearing, compared to an increase of $86.6 million in the three months ended March 31, 2021.

Please refer to our first quarter 2022 earnings release dated April 19, 2022, for detailed information regarding our first quarter performance. The earnings release can be found on our Investor Relations webpage at southatlantic.bank. As always, thank you for your support.

(1. Excludes the revenue effect of PPP loan fees and mortgage)