South Atlantic Bancshares, Inc.

TAKE STOCK
SECOND QUARTER
2022

SECOND QUARTER REVIEW

South Atlantic Bank continued to build on its success with a strong start to 2022. Financial performance during the second quarter of 2022 exceeded our expectations, and our results during the period are a testament to the investment in our team and technology.

The Company reported consolidated net income of $2.5 million, or $0.33 per diluted common share, for the quarter ended June 30, 2022, an increase of $33 thousand, or $0.01 per diluted common share, compared to the quarter ended June 30, 2021.

Second Quarter 2022 Financial Highlights:

- Net income for the second quarter of 2022 totaled $2.5 million, a 25.0 percent increase over the first quarter of 2022 and a 1.3 percent increase over the second quarter of 2021.
- Loan interest income, excluding fees, for the second quarter of 2022 increased $1.5 million, or 21.2 percent when compared to the same period in 2021.
- Total assets as of June 30, 2022 equaled $1.4 billion, a 13.9 percent increase year-to-date and 22.5 percent increase year-over-year.
- Net loans increased to $879.2 million at June 30, 2022, a 21.1 percent increase year-to-date and 23.7 percent increase year-over-year.
- Total deposits increased to $1.3 billion at June 30, 2022, a 17.1 percent increase year-to-date and 23.3 percent increase year-over-year.

The Company's subordinated debt issuance of $30.0 million in December 2021, which occurred prior to the market interest rate increases experienced in the first and second quarter of 2022, has provided the Company with a capital source positioning the Bank for future growth. Our strategic plans include organic growth with new offices in our coastal footprint to capture the opportunities in these markets.

With the Federal Open Market Committee of the Board of Governors of the Federal Reserve System repeatedly raising their target benchmark interest rate in the first six months of 2022, resulting in subsequent prime rate increases of 150 basis point between March and June of 2022, the Company believes that the Bank's balance sheet is well suited to navigate the current rising rate environment, which is expected to continue in light of the uncertain inflationary outlook in the United States and our market areas.

We believe these second quarter 2022 results, along with strength in our loan pipeline, have us well-positioned for the second half of 2022. Our South Carolina coastal markets continue to be among the fastest growing in the country, and we are excited about the prospects this growth brings.

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