



# Atlantic Capital<sup>®</sup>

## INVESTOR PRESENTATION | Q4 2021

*[atlanticcapitalbank.com](http://atlanticcapitalbank.com)*



# Forward-Looking Statements Disclaimer and Non-GAAP Financial Information

This presentation contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “strive,” “projection,” “would,” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates, and projections about our industry, management’s beliefs, and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

The following risks, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: The pending merger with SouthState Corporation; the impact of the COVID-19 pandemic and the responses of governmental authorities on our operations, including declines in credit quality, strains on capital and liquidity, fluctuations in our fintech and payments processing business, and declines in deposits; our participation in the Paycheck Protection Program administered by the Small Business Administration (“SBA”); our strategic decision to focus on the greater Atlanta market may not positively impact our financial condition in the expected timeframe, or at all; costs associated with our growth and hiring initiatives in the Atlanta market area; risks associated with geographic concentration, borrower concentration and concentration in commercial real estate and commercial and industrial loans; our strategic decision to increase our focus on SBA and franchise lending may expose us to additional risks associated with these types of lending, including industry concentration risks, our ability to sell the guaranteed portion of SBA loans, the impact of negative economic conditions on small businesses’ ability to repay the non-guaranteed portions of SBA loans, and changes to applicable federal regulations; risks associated with our ability to manage the planned growth of our fintech and payments processing business, including evolving regulations, security risks, and unforeseen increases in transaction volume resulting from changes in our customers’ businesses and changes in the competitive landscape for fintech and payments processing; changes in asset quality and credit risk; the cost and availability of capital; customer acceptance of our products and services; customer borrowing, repayment, investment and deposit practices; the introduction, withdrawal, success and timing of business initiatives; the impact, extent, and timing of technological changes; severe catastrophic events in our geographic area; a weakening of the economies in which we conduct operations may adversely affect our operating results; the U.S. legal and regulatory framework could adversely affect the operating results of the Company; the interest rate environment may compress margins and adversely affect net interest income; our ability to anticipate or respond to interest rate changes correctly and manage interest rate risk presented through unanticipated changes in our interest rate risk position and/or short- and long-term interest rates; changes in trade, monetary and fiscal policies of various governmental bodies and central banks could affect the economic environment in which we operate; our ability to determine accurate values of certain assets and liabilities; adverse developments in securities, public debt, and capital markets, including changes in market liquidity and volatility; unanticipated changes in our liquidity position, including but not limited to our ability to enter the financial markets to manage and respond to any changes to our liquidity position; the impact of the transition from LIBOR and our ability to adequately manage such transition; adequacy of our risk management program; increased competitive pressure due to consolidation in the financial services industry; risks related to security breaches, cybersecurity attacks, and other significant disruptions in our information technology systems; and other risks and factors identified in our most recent annual report on Form 10-K and our other reports filed with or furnished to the Securities and Exchange Commission (“SEC”) from time to time.

Statements included in this presentation include non-GAAP financial measures and should be read along with the accompanying tables, which provide a reconciliation of non-GAAP financial measures common to GAAP financial measures. Atlantic Capital management uses non-GAAP financial measures, including: (i) taxable equivalent net interest income, (ii) taxable equivalent net interest margin, (iii) tangible book value per common share, (iv) tangible common equity to tangible assets; (v) pre-provision net revenue, (vi) allowance for credit losses to loans held for investment excluding Paycheck Protection Program (“PPP”), and (vii) allowance for loan losses to loans held for investment excluding PPP. Tangible common equity excludes goodwill from shareholders’ equity.

Management believes that non-GAAP financial measures provide a greater understanding of ongoing performance and operations, and enhance comparability with prior periods. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as determined in accordance with GAAP, and investors should consider Atlantic Capital’s performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the results or financial condition as reported under GAAP. Non-GAAP financial measures may not be comparable to non-GAAP financial measures presented by other companies.

# Q4 2021 Highlights

## Performance Highlights

- Reported net income was \$11.7 million or \$0.57 per diluted share, this included \$846,000 or \$0.02 in merger related expenses.
- Loans held for investment (excluding PPP loans) increased 22% annualized from Sept 30, 2021 and 14% from Dec 31, 2021.
- Demand deposits (quarterly average) increased 33% annualized from third quarter of 2021 and 52% from the fourth quarter of 2020.
- Cost of deposits decreased to 0.07% compared to 0.08% in the third quarter of 2021 and 0.16% in the fourth quarter of 2020.

## Credit Update

- The provision for credit losses was negative \$731,000 reflecting an improved economic outlook and partially offset by loan growth.
- Annualized net charge-offs to average loans totaled 0.11% for the fourth quarter of 2021 and 0.06% for the full year 2021.
- Non-performing assets to total assets were 0.11% at December 31, 2021.
- Classified and criticized loans decreased to below pre-pandemic levels as a percentage of total loans.

## Merger Update

- On July 22, 2021, Atlantic Capital and SouthState Corporation (“SouthState”) entered into an Agreement and Plan of Merger, pursuant to which Atlantic Capital will merge with and into SouthState, with SouthState as the surviving corporation in the merger.
- The merger remains subject to approval by the Board of Governors of the Federal Reserve System.
- Approval of the merger has been received from our shareholders and the Office of the Comptroller of the Currency.

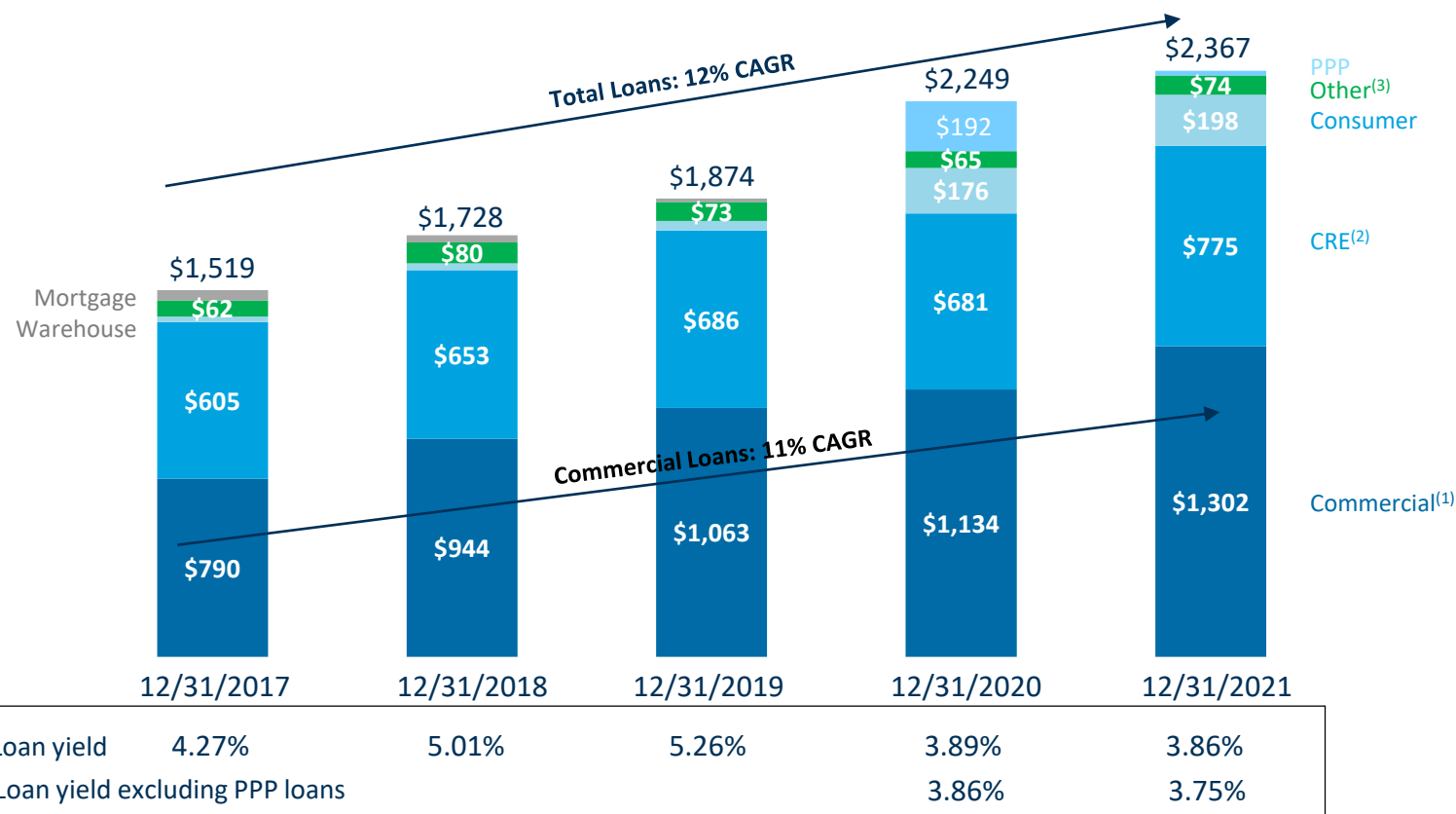
# Financial Highlights

	METRICS		Q4 2021	Q3 2021	Q4 2020	Change vs			
						Q3 2021 <sup>(5)</sup>		Q4 2020	
Income	Diluted EPS	\$	0.57	\$ 0.65	\$ 0.48	\$ (0.08)	(49%)	\$ 0.09	19%
	Pre-provision net revenue (PPNR) <sup>(1)</sup>		14.3	14.7	12.8	(0.4)	(12%)	1.5	12%
Balance Sheet <sup>(2)</sup>	Total loans held for investment (period-end)	\$	2,367	\$ 2,274	\$ 2,249	\$ 93	16%	\$ 118	5%
	Total loans excluding PPP loans		2,349	2,226	2,057	123	22%	292	14%
	Total deposits (quarterly average)		3,396	3,414	2,874	(18)	(2%)	522	18%
	Non-interest bearing deposits (quarterly average)		1,487	1,375	977	112	33%	510	52%
Performance Measures	Tangible book value per common share	\$	17.39	\$ 16.94	\$ 15.62	\$ 0.45		\$ 1.77	
	Net interest margin <sup>(3)</sup>		2.76 %	2.69 %	2.91 %	7 bps		(15 bps)	
	Return on average equity		12.52	14.69	11.68	(217 bps)		84 bps	
	Efficiency ratio		53.52	51.12	51.30	240 bps		123 bps	
Capital Ratios	Tangible common equity to tangible assets		9.31 %	8.21 %	8.86 %	110 bps		45 bps	
	Leverage ratio <sup>(4)</sup>		8.9	8.5	8.9	40 bps		0 bps	
	Total risk based capital <sup>(4)</sup>		15.3	15.9	16.1	(60 bps)		(80 bps)	

<sup>(1)</sup> Pre-provision net revenue (PPNR) is calculated as the sum of taxable equivalent net interest income and noninterest income less noninterest expense (except provision for credit losses). Dollars in millions. For a reconciliation of this non-GAAP financial measure, see slides 25-26. <sup>(2)</sup> Dollars in millions. <sup>(3)</sup> Taxable equivalent. <sup>(4)</sup> Amounts are estimates as of December 31, 2021. Please see reconciliation on slides 25-26 for more details. <sup>(5)</sup> Percentage changes are annualized.

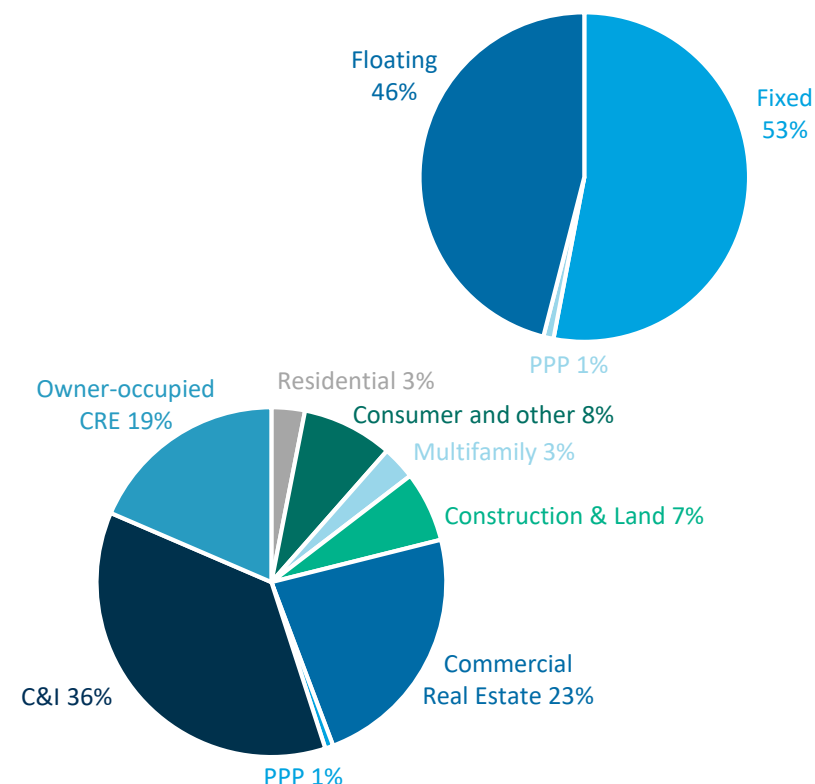
# Commercial Lending Focus

## Loans from Continuing Operations



## Highlights

- Loans held for investment, excluding PPP loans, increased \$123.8 million, or 22% annualized from the third quarter and 14% year-over-year

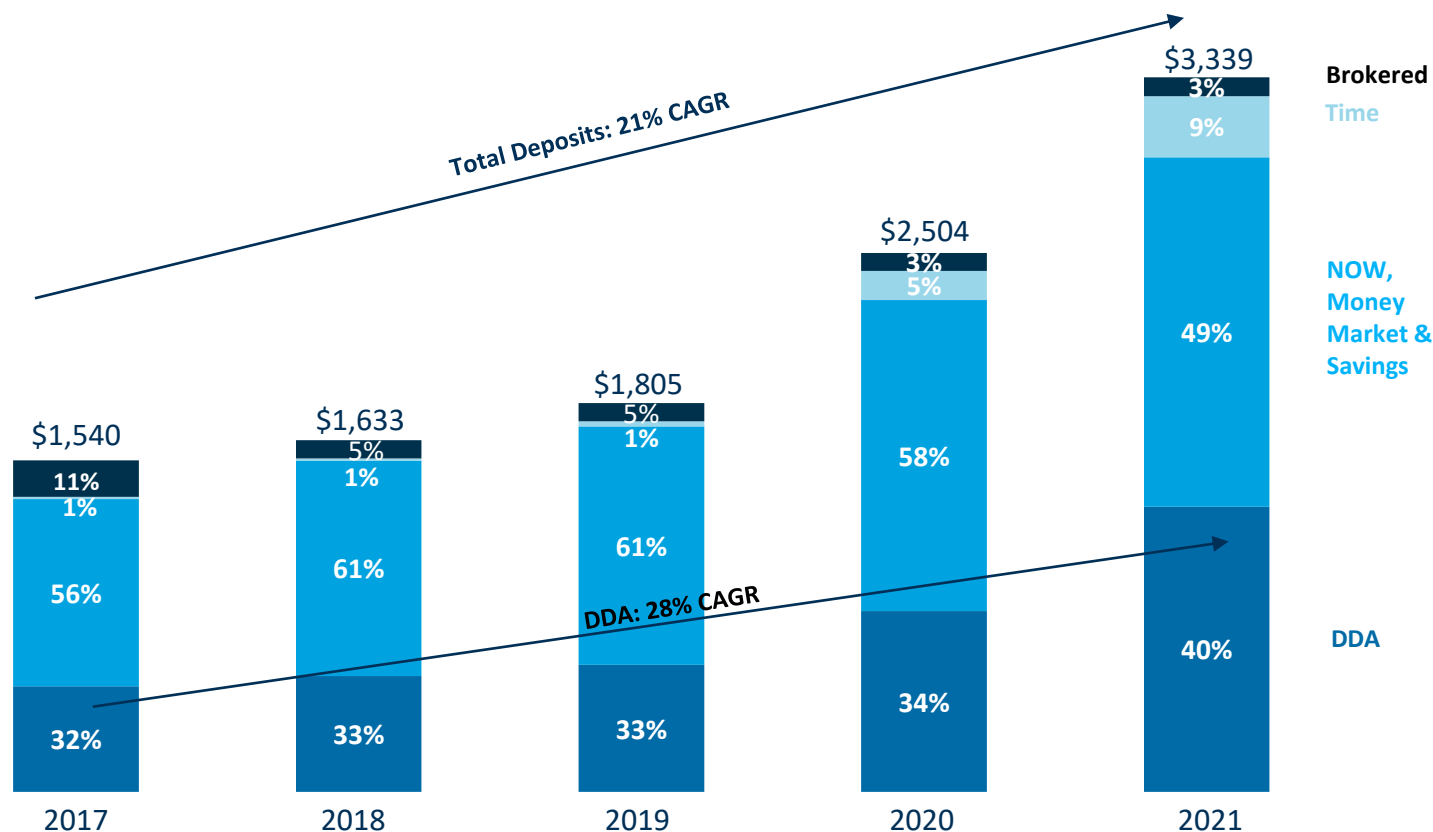


Dollars in millions. Prior periods have been retrospectively adjusted for the impact of discontinued operations.

<sup>(1)</sup> Commercial loans include commercial and industrial and owner occupied CRE loans. <sup>(2)</sup> CRE loans include non-owner occupied and construction and land. <sup>(3)</sup> Other loans include residential mortgages, home equity, and other loans.

# Strong Core Deposit Franchise

## Average Deposits from Continuing Operations



## Highlights

- Growth in treasury management and processing relationships has resulted in strong DDA growth:
  - 44% of total deposits in Q4 2021
  - 33% annualized growth from Q3 2021
  - 52% growth from Q4 2020
- The cost of deposits decreased to 0.07% in Q4 2021.

Deposit cost	0.38%	0.52%	0.77%	0.31%	0.10%
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Dollars in millions. Deposit figures represent average balances. Prior periods have been retrospectively adjusted for the impact of discontinued operations.

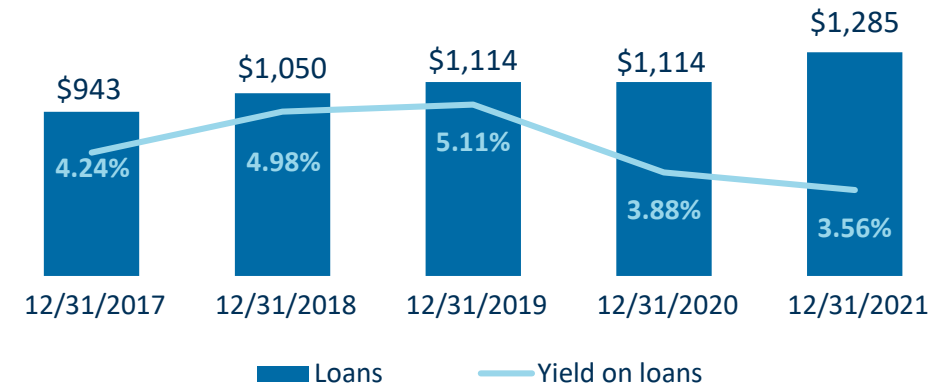
# Atlanta's Hometown Business Bank

Focused on commercial clients and individuals that value high touch relationships and expertise

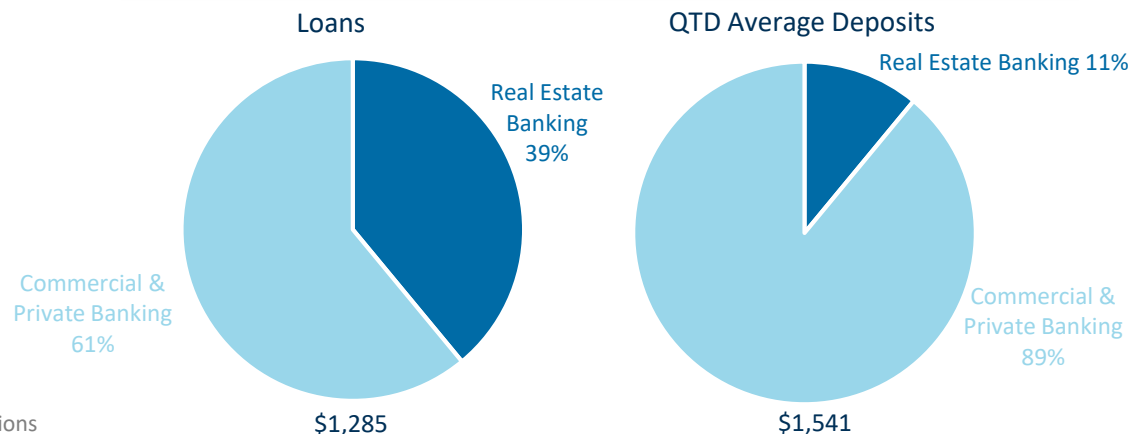
## Atlanta Market Highlights

- **C&I Banking** – Entrepreneurs and emerging growth companies value experienced commercial bankers attuned to clients' needs.
- **Commercial Real Estate** – Established relationships with experienced developers of institutional grade properties.
- **Private Banking** - Personalized banking service for owners/operators and other private clients.

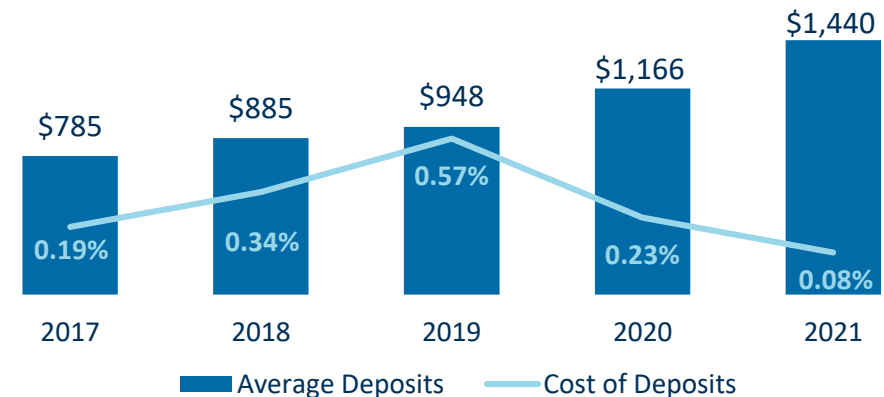
## Atlanta Loans



## Atlanta Loan and Deposit Composition – 12/31/2021



## Atlanta Deposits



Dollars in millions

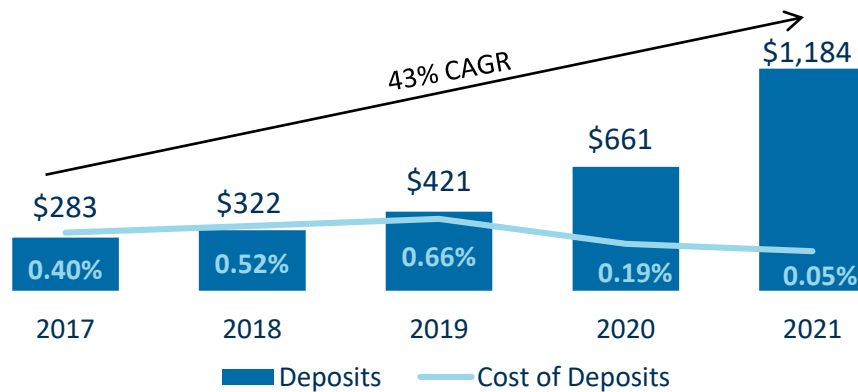


# Rapidly Growing Fintech & Payments Businesses

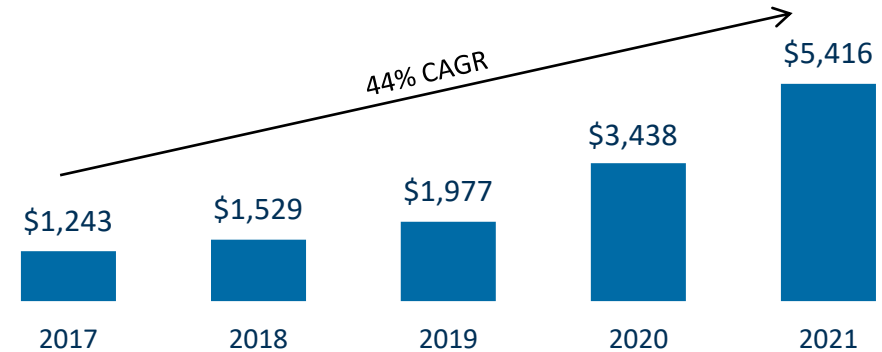
## Highlights

- Powering fintech and payments companies across the US
- Rapidly growing recurring revenue stream
- Top 40 ACH Bank in the US<sup>(1)</sup>
- Diversified platform of capabilities
  - High volume ACH
  - Fintech partnerships
  - Card issuance
  - Private Equity banking

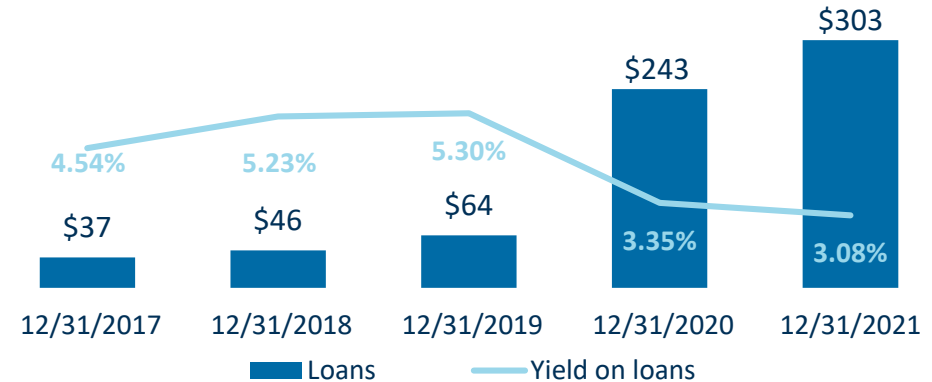
## Average Deposits – Payments & Processing Businesses (\$ in millions)



## Service Charge Income (\$ in thousands)



## Loans (\$ in millions)



<sup>(1)</sup>by National Automated Clearing House Association (NACHA)



# Financial Update: Q4 2021 Income Summary

	Q4 2021	Q3 2021	Q4 2020	Change vs Q4 2020
Net interest income <sup>(1)</sup>	\$ 25,665	\$ 25,145	\$ 22,989	12%
Provision for credit losses	(731)	(2,405)	481	(252%)
Noninterest income	4,555	4,609	3,016	51%
Noninterest expense	15,963	15,018	13,164	21%
Income before taxes	14,988	17,141	12,360	21%
Income tax expense	3,324	3,837	2,410	38%
<b>Net income from continuing operations</b>	<b>\$ 11,664</b>	<b>\$ 13,304</b>	<b>\$ 9,950</b>	<b>17%</b>
Diluted EPS - continuing operations	\$ 0.57	\$ 0.65	\$ 0.48	19%
<b>Pre-provision net revenue (PPNR)<sup>(2)</sup></b>	<b>\$ 14,255</b>	<b>\$ 14,736</b>	<b>\$ 12,840</b>	<b>11%</b>

## Q4 2021 Highlights<sup>(3)</sup>

- Net interest income benefitted from strong balance sheet growth
- Reversal of allowance for credit losses was due primarily to improved economic outlook, partially offset by loan growth.
- Noninterest expense included \$846,000 in merger related expenses.

Dollars in thousands except EPS.

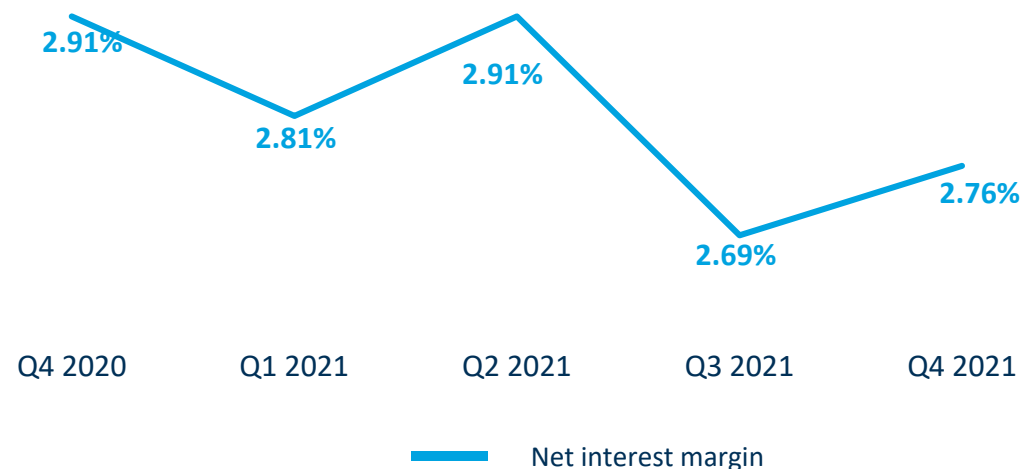
<sup>(1)</sup>Net interest income is taxable equivalent and a non-GAAP financial measure. Please see reconciliation on slides 25-26 for more details.

<sup>(2)</sup> Pre-provision net revenue (PPNR) is calculated as the sum of taxable equivalent net interest income and noninterest income less noninterest expense (except provision for credit losses). Dollars in thousands. For a reconciliation of this non-GAAP financial measure, see slides 25-26.

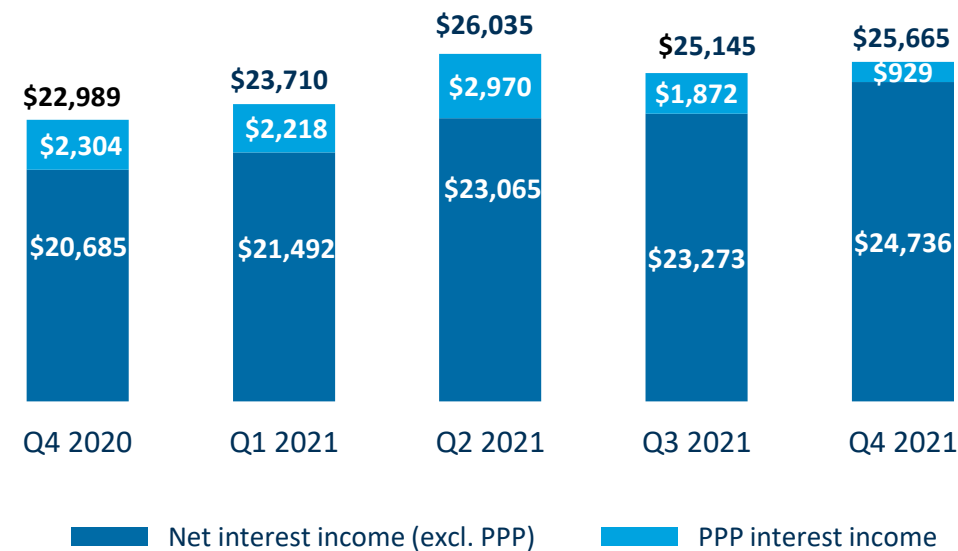
<sup>(3)</sup>Q4 2021 results compared to Q3 2021 results.

# Net Interest Margin

NIM by Quarter<sup>(1)</sup>



Net Interest Income by Quarter<sup>(1)</sup>



- The impact of excess cash balances from strong deposit growth negatively impacted the net interest margin.
- PPP loans benefitted the net interest margin by 10 bps in Q4 2020, 11 bps in Q1 2021, 21 bps in Q2 2021, 15 bps in Q3 2021 and 8 bps in Q4 2021.

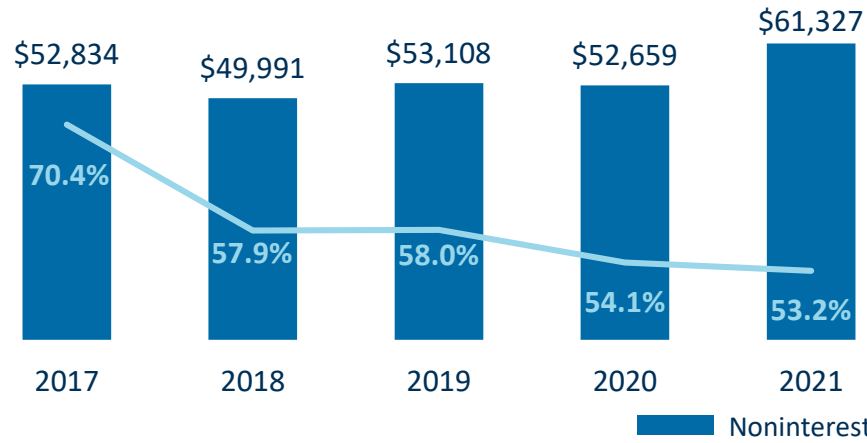
Dollars in thousands

Income and margin from continuing operations

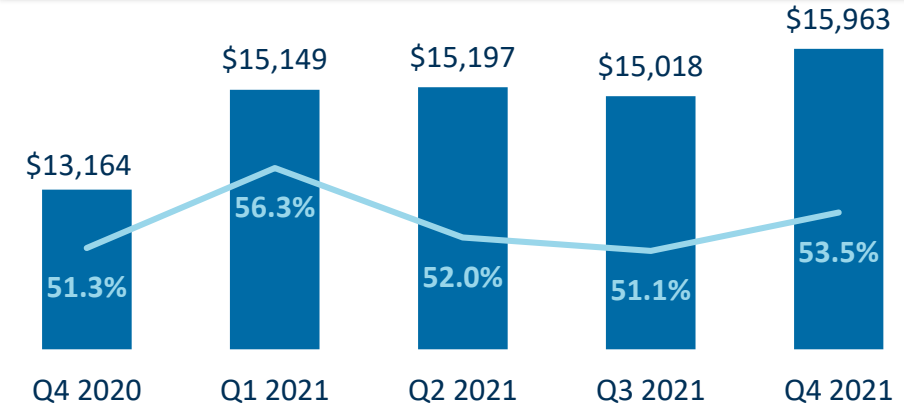
<sup>(1)</sup>Net interest income and net interest margin are taxable equivalent and are non-GAAP financial measures. Taxable equivalent net interest income is used in calculating taxable equivalent net interest margin. Please see reconciliation on slides 25-26 for more details.

# Noninterest Expense Overview

Noninterest Expense and Efficiency Ratio by Year<sup>(1)</sup>



Noninterest Expense and Efficiency Ratio by Quarter



## Noninterest Expense

	Q4 2021	Q3 2021	Q4 2020	Year-over-Year	
Salaries and employee benefits	\$ 10,176	\$ 10,290	\$ 8,437	\$ 1,739	21%
Employee retention credit	-	(3,035)	-	-	0%
Occupancy	682	756	767	(85)	(11%)
Equipment and software	688	857	969	(281)	(29%)
Professional services	653	737	686	(33)	(5%)
Communications and data processing	1,011	889	789	222	28%
FDIC	506	478	241	265	110%
Merger and conversion costs	846	2,899	-	846	
Other noninterest expense	1,401	1,147	1,275	126	10%
<b>Noninterest expense</b>	<b>\$ 15,963</b>	<b>\$ 15,018</b>	<b>\$ 13,164</b>	<b>\$ 2,799</b>	<b>21%</b>

## Q4 2021 Highlights

- Q3 2021 included a \$3 million employee retention credit associated with the CARES Act.
- Merger related expenses totaled \$846,000 in Q4 2021 compared to \$2.9 million in Q3 2021.

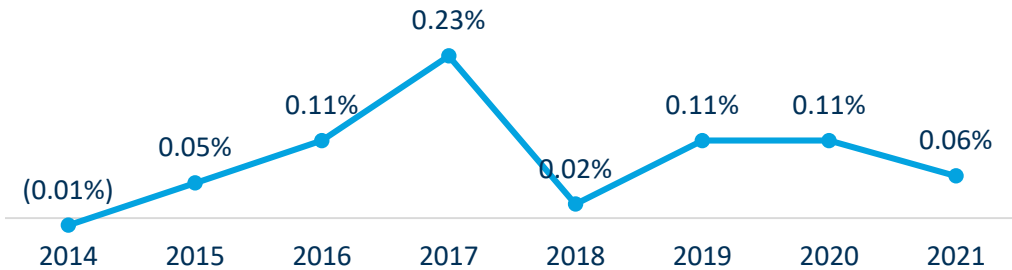
Dollars in thousands  
<sup>(1)</sup> Continuing operations

# Strong Credit Quality

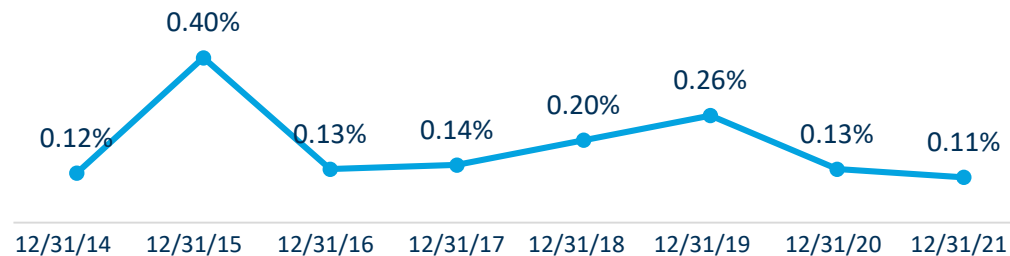
## Highlights

- Overall credit quality remained solid with limited charge-offs and non-accruals.
- Classified and Criticized loans decreased to below pre-pandemic levels as a percentage of total loans.
- Allowance for credit losses decreased from 1.18% of loans excluding PPP to 1.06%.
- Net charge-offs in 2021 were 0.06%, non-performing assets remain low at 0.11% of total assets.

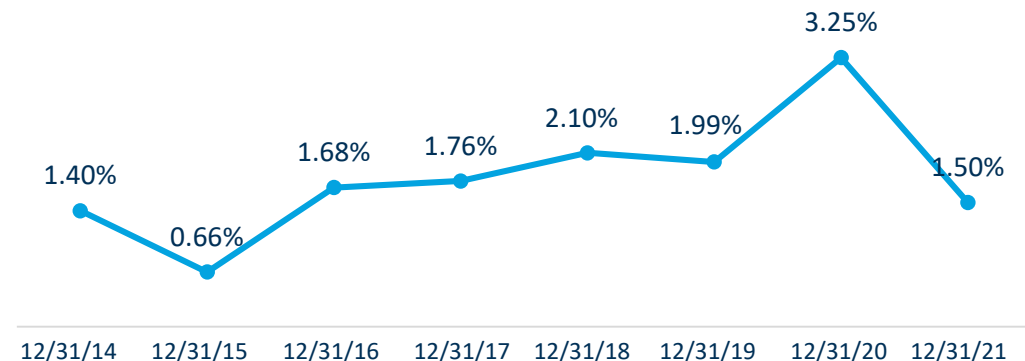
## Net Charge-Offs / Total Average Loans



## Non-performing Assets / Total Assets

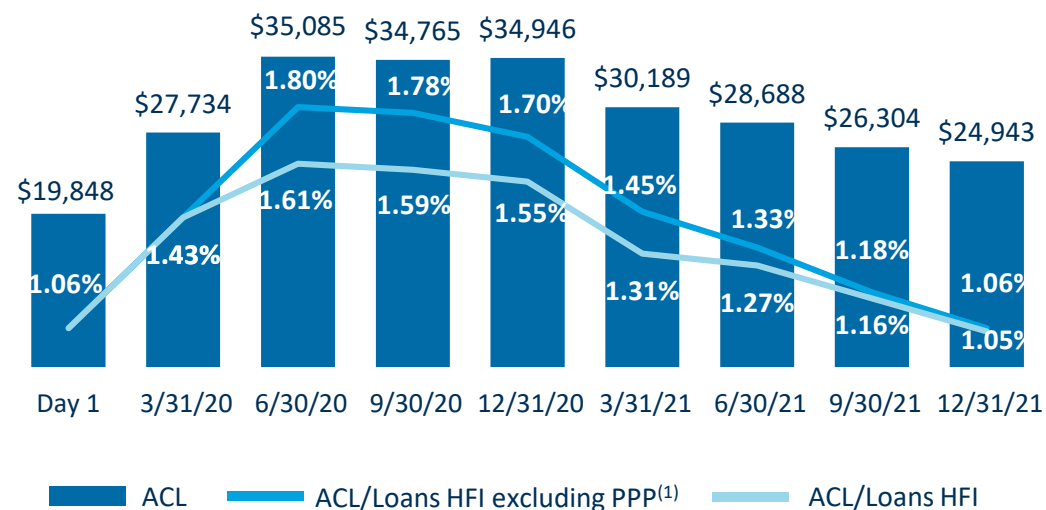


## Classified Loans / Total Loans

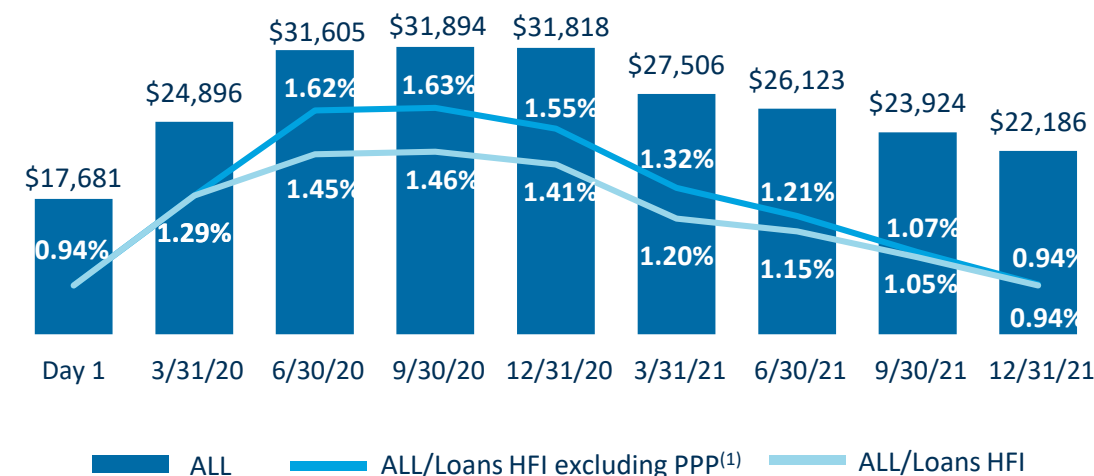


# Current Expected Credit Losses (CECL)

## Allowance for Credit Losses (ACL)



## Allowance for Loan Losses (ALL)

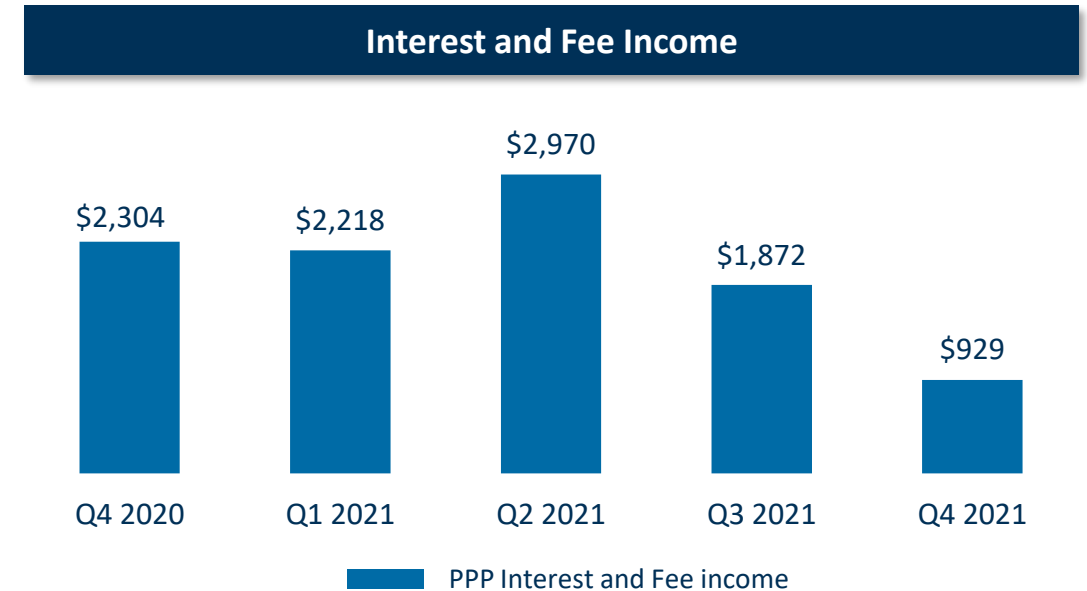
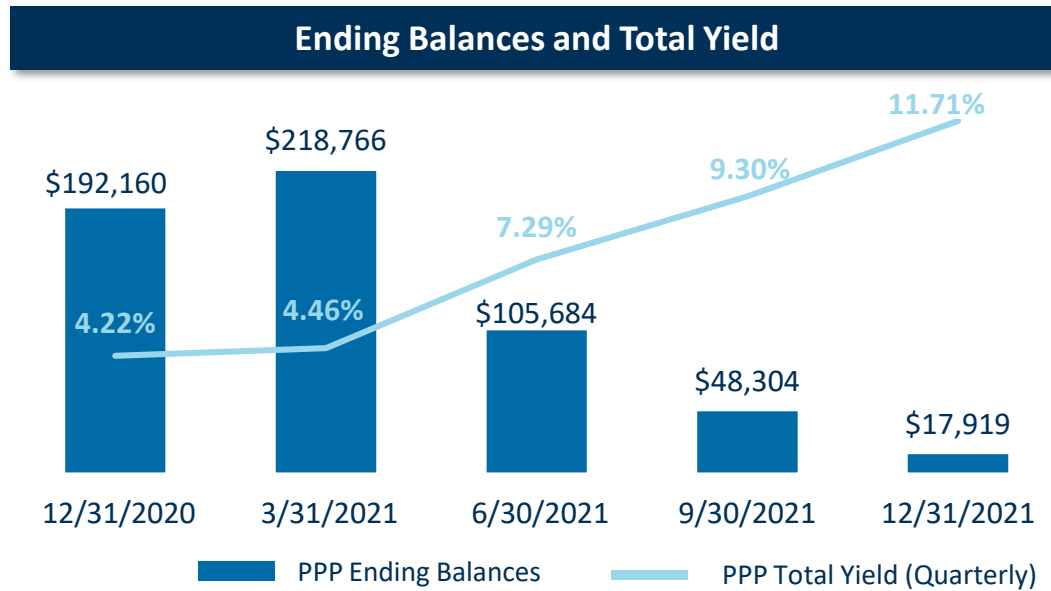


- Reversal of allowance for credit losses was due to improved forecasts, partially offset by loan growth.
- Allowance for credit losses remains adequate at 1.05% of loans (1.06% excluding PPP loans).

Dollars in thousands

<sup>(1)</sup>For a reconciliation of this non-GAAP financial measure, see slides 25-26.

# Paycheck Protection Program (PPP) Update



- \$395,000 in fees still to be recognized and 33 PPP loans outstanding as of December 31, 2021.
- 73 PPP loans totaling \$30 million forgiven during the fourth quarter.

## Appendix





# Management Biographies



**Douglas Williams**  
President and  
Chief Executive Officer

- President and CEO of Atlantic Capital since its inception
- Former Managing Director and Head of Wachovia Corporation's International Corporate Finance Group
- Held numerous roles within Wachovia, including EVP and Head of the Global Corporate Banking Division; CRO for all corporate, institutional, and wholesale banking activities; EVP and Co-Head of Wachovia's Capital Markets Division and EVP and Head of Wachovia's US Corporate Banking Division
- Former chairman of the Community Depository Institutions Advisory Council (CDIAC) of the Federal Reserve Bank of Atlanta and its representative to the CDIAC of the Federal Reserve Board of Governors
- Serves on the Boards of the Metro Atlanta Chamber of Commerce and the Georgia Chamber of Commerce, is a Member of the Buckhead Coalition, and former member of YMCA of Metropolitan Atlanta and the High Museum of Art boards



**Patrick Oakes, CFA**  
Executive Vice President,  
Chief Financial Officer

- CFO of Atlantic Capital since NASDAQ listing in 2015
- Former CFO of Square 1 Financial, Inc.
- Former EVP and CFO of Encore Bancshares, Inc.
- Former SVP and Treasurer of Sterling Bancshares, Inc.
- Chartered Financial Analyst



**Kurt Shreiner**  
President,  
Corporate Financial Services  
Division

- President, Corporate Financial Services Division since December 2019
- EVP at Atlantic Capital from inception through December 2019
- Former Managing Director and Group Head for Wachovia Securities' Continental European Group
- Member of TWIN (The World Innovation Network – Chicago), Fiserv's Commercial Payments Advisory Board and a former executive in residence at Juniata College in Pennsylvania



**Rich Oglesby**  
President,  
Atlanta Division

- President, Atlanta Division of Atlantic Capital since December 2019
- EVP, General Banking Division Executive of Atlantic Capital from 2017 through 2019
- CRO of Atlantic Capital from its inception through 2017
- Former Chief Credit Officer for Wachovia's Capital Finance business
- Former Head of Risk Management for all of Wachovia's Capital Markets business
- Serves on the Board of Trustees at Children's Literature for Children



**Gray Fleming**  
Executive Vice President,  
Chief Risk Officer

- EVP and CRO of Atlantic Capital since October 2017
- Senior Risk Management Officer at Atlantic Capital from inception
- Former Director in Wachovia's Risk Management Division supporting Corporate, Investment Banking and Capital Markets groups
- Former Client Management and Risk Management Officer in Wachovia's middle market commercial group in North Carolina

# Atlanta's Hometown Business Bank

- Atlanta's Hometown **BUSINESS BANK**
- Fast growing **FINTECH & PAYMENTS** businesses
- **EMERGING GROWTH** and **ENTREPRENEURIAL** focus
- Continued **INVESTMENT IN TECHNOLOGY**

**TOTAL ASSETS**  
**\$3.8 Billion**

## Positioned for Growth

- Capitalize on Atlanta market opportunities
- Fintech and processing businesses
- Core deposit strength

## Fundamentally Sound

- Proven underwriting; superior credit quality
- Lead with strong risk and compliance
- Strong capital

ATLANTA **BUSINESS CHRONICLE**



2020 **BEST** PLACES TO WORK



*SBA lender in the nation*  
PREFERRED LENDER STATUS



MOST ADMIRED



# Atlanta's Hometown Business Bank

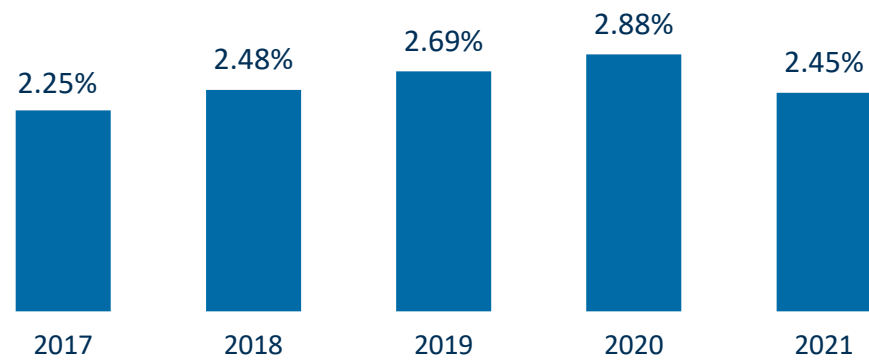
## Atlanta metro highlights:

- 16 Fortune 500 headquarters
- 70% of all US payments are processed through Georgia
- #4 metro for corporate headquarters
- #4 metro area for largest population growth (2010-2020)
- #1 metro tech hub (growth potential)
- Georgia has been #1 state for doing business for the last 7 years (2014-2020)

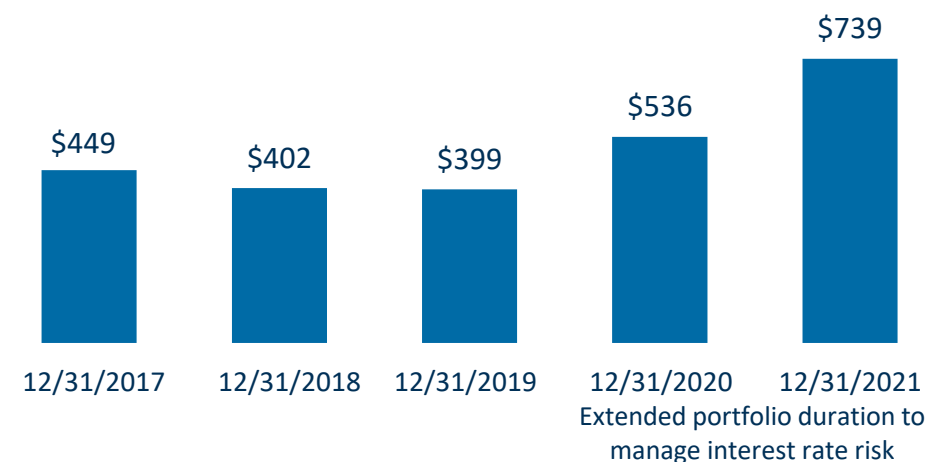


# Investment Portfolio

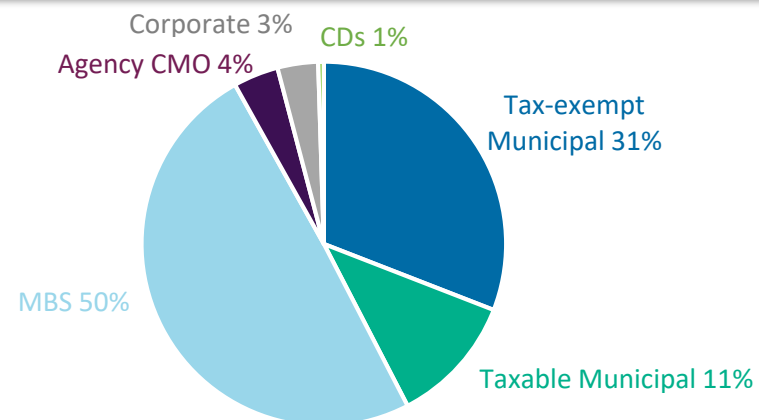
## Portfolio Yield



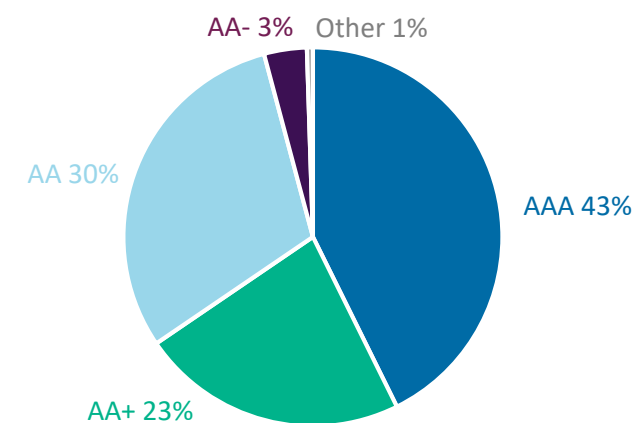
## Portfolio Balance



## Sector Allocation at 12/31/2021



## Municipal Bond Ratings 12/31/2021



Dollars in millions

# Loan Portfolio by Risk Rating

	Q4 2021					Q3 2021				
	Pass	Special Mention	Substandard	Doubtful	Total	Pass	Special Mention	Substandard	Doubtful	Total
Commercial - commercial and industrial	\$ 843,720	\$ 18,324	\$ 17,703	\$ 1,232	\$ 880,979	\$ 798,718	\$ 18,648	\$ 21,003	\$ 372	\$ 838,741
Commercial - commercial real estate	1,013,062	31,531	15,761	-	1,060,354	918,381	22,941	18,997	-	960,319
Commercial - construction and land	153,916	20	-	-	153,936	205,148	-	-	-	205,148
Residential - mortgages	44,562	1,072	26	156	45,816	46,006	888	182	-	47,076
Residential - home equity	26,320	995	-	-	27,315	28,018	726	199	-	28,943
Consumer	197,955	-	-	-	197,955	192,462	-	-	-	192,462
Other	4,060	-	673	-	4,733	3,328	-	1,593	-	4,921
<b>Total</b>	<b>\$ 2,283,595</b>	<b>\$ 51,942</b>	<b>\$ 34,163</b>	<b>\$ 1,388</b>	<b>\$ 2,371,088</b>	<b>\$ 2,192,061</b>	<b>\$ 43,203</b>	<b>\$ 41,974</b>	<b>\$ 372</b>	<b>\$ 2,277,610</b>
Less net deferred fees and other unearned income					(3,854)					(3,754)
<b>Total loans held for investment</b>					<b>\$ 2,367,234</b>					<b>\$ 2,273,856</b>

# Balance Sheet

<i>(in thousands, except share data)</i>	Dec. 31, 2021	Sept. 30, 2021	Dec. 31, 2020
<b>ASSETS</b>			
Cash and due from banks	\$ 16,214	\$ 25,725	\$ 16,865
Interest-bearing deposits in banks	377,780	811,168	636,537
Other short-term investments	137,181	140,848	—
Cash and cash equivalents	531,175	977,741	653,402
Investment securities available for sale	501,218	535,158	335,423
Investment securities held to maturity, net of allowance for credit losses of \$13, \$13, and \$14 at December 31, 2021, September 30, 2021 and December 31, 2020 respectively	237,711	237,829	200,156
Other investments	23,546	23,877	25,892
Loans held for sale	2,087	11,814	—
Loans held for investment	2,367,234	2,273,856	2,249,036
Less: Allowance for credit losses	(22,186)	(23,924)	(31,818)
Loans held for investment, net	2,345,048	2,249,932	2,217,218
Premises and equipment, net	17,540	18,517	21,589
Bank owned life insurance	74,385	74,000	72,856
Goodwill	19,925	19,925	19,925
Other intangibles, net	2,597	2,573	2,731
Other real estate owned	—	—	16
Other assets	64,353	58,950	66,409
<b>Total assets</b>	<b>\$ 3,819,585</b>	<b>\$ 4,210,316</b>	<b>\$ 3,615,617</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits:			
Noninterest-bearing demand	\$ 1,471,920	\$ 1,691,616	\$ 1,033,765
Interest-bearing checking	648,763	721,525	760,638
Savings	884	800	625
Money market	823,127	930,929	1,030,753
Time	288,698	287,865	241,328
Brokered deposits	94,510	94,586	94,399
Total deposits	3,327,902	3,727,321	3,161,508
Long-term debt	74,089	74,024	73,807
Other liabilities	44,071	45,046	41,716
<b>Total liabilities</b>	<b>3,446,062</b>	<b>3,846,391</b>	<b>3,277,031</b>
<b>SHAREHOLDERS' EQUITY</b>			
Preferred stock, no par value; 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2021, September 30, 2021 and December 31, 2020	—	—	—
Common stock, no par value; 100,000,000 shares authorized; 20,334,150, 20,305,109, and 20,394,912 shares issued and outstanding as of December 31, 2021, September 30, 2021 and December 31, 2020, respectively	207,514	207,214	209,942
Retained earnings	164,283	152,619	114,137
Accumulated other comprehensive income	1,726	4,092	14,507
<b>Total shareholders' equity</b>	<b>373,523</b>	<b>363,925</b>	<b>338,586</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 3,819,585</b>	<b>\$ 4,210,316</b>	<b>\$ 3,615,617</b>

# Period End Loans

<i>(dollars in thousands)</i>	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	Linked Quarter Change	Year Over Year Change
<b>Loans held for sale</b>							
Loans held for sale	\$ 2,087	\$ 11,814	\$ -	\$ 1,847	\$ -	\$ (9,727)	\$ 2,087
Loans held for sale - discontinued operations	-	-	-	-	-	-	-
Total loans held for sale	<u>\$ 2,087</u>	<u>\$ 11,814</u>	<u>\$ -</u>	<u>\$ 1,847</u>	<u>\$ -</u>	<u>\$ (9,727)</u>	<u>\$ 2,087</u>
<b>Loans held for investment</b>							
Commercial loans:							
Commercial and industrial - other	\$ 863,060	\$ 790,437	\$ 767,646	\$ 735,287	\$ 760,645	\$ 72,623	\$ 102,415
Commercial and industrial - PPP	17,919	48,304	105,684	218,766	192,160	(30,385)	(174,241)
Commercial real estate:							
Multifamily	73,581	62,906	58,632	80,507	66,262	10,675	7,319
Owner occupied	438,630	413,875	392,108	381,018	373,689	24,755	64,941
Investment	548,143	483,538	506,230	480,566	469,150	64,605	78,993
Construction and land:							
1-4 family residential construction	297	2,338	2,074	1,578	1,171	(2,041)	(874)
Other construction, development, and land	153,639	202,810	178,423	141,218	144,424	(49,171)	9,215
Total commercial loans	<u>2,095,269</u>	<u>2,004,208</u>	<u>2,010,797</u>	<u>2,038,940</u>	<u>2,007,501</u>	<u>91,061</u>	<u>87,768</u>
Residential:							
Residential mortgages	45,816	47,076	45,207	31,817	33,783	(1,260)	12,033
Home equity	27,315	28,943	24,972	26,293	25,443	(1,628)	1,872
Total residential loans	<u>73,131</u>	<u>76,019</u>	<u>70,179</u>	<u>58,110</u>	<u>59,226</u>	<u>(2,888)</u>	<u>13,905</u>
Consumer	197,955	192,462	184,203	203,176	176,066	5,493	21,889
Other	4,733	4,921	5,234	7,689	13,897	(188)	(9,164)
	<u>2,371,088</u>	<u>2,277,610</u>	<u>2,270,413</u>	<u>2,307,915</u>	<u>2,256,690</u>	<u>93,478</u>	<u>114,398</u>
Less net deferred fees and other unearned income	<u>(3,854)</u>	<u>(3,754)</u>	<u>(5,514)</u>	<u>(7,101)</u>	<u>(7,654)</u>	<u>(100)</u>	<u>3,800</u>
Total loans held for investment	<u>\$ 2,367,234</u>	<u>\$ 2,273,856</u>	<u>\$ 2,264,899</u>	<u>\$ 2,300,814</u>	<u>\$ 2,249,036</u>	<u>\$ 93,378</u>	<u>\$ 118,198</u>
Total loans	<u>\$ 2,369,321</u>	<u>\$ 2,285,670</u>	<u>\$ 2,264,899</u>	<u>\$ 2,302,661</u>	<u>\$ 2,249,036</u>	<u>\$ 83,651</u>	<u>\$ 120,285</u>
Total unfunded commitments	\$ 1,079,769	\$ 848,642	\$ 804,784	\$ 789,869	\$ 813,757	\$ 231,127	\$ 266,012



# Deposits: Period End and Average

Period End Deposits							
(dollars in thousands)	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	Linked Quarter Change	Year Over Year Change
DDA	\$ 1,471,920	\$ 1,691,616	\$ 1,374,018	\$ 1,280,524	\$ 1,033,765	\$ (219,696)	\$ 438,155
NOW	648,763	721,525	536,677	485,540	760,638	(72,762)	(111,875)
Savings	884	800	676	562	625	84	259
Money market	823,127	930,929	1,026,239	1,142,361	1,030,753	(107,802)	(207,626)
Time	288,698	287,865	283,656	294,129	241,328	833	47,370
Brokered	94,510	94,586	84,958	74,576	94,399	(76)	111
Total deposits	<u>\$ 3,327,902</u>	<u>\$ 3,727,321</u>	<u>\$ 3,306,224</u>	<u>\$ 3,277,692</u>	<u>\$ 3,161,508</u>	<u>\$ (399,419)</u>	<u>\$ 166,394</u>

Average Deposits							
(dollars in thousands)	2021				2020	Linked Quarter Change	Q4 2021 vs Q4 2020
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter		
DDA	\$ 1,487,405	\$ 1,375,114	\$ 1,295,728	\$ 1,136,531	\$ 977,009	\$ 112,291	\$ 510,396
NOW	650,668	607,485	548,358	618,701	558,967	43,183	91,701
Savings	875	731	593	587	614	144	261
Money market	874,926	1,057,246	1,088,423	1,042,809	1,026,347	(182,320)	(151,421)
Time	287,617	285,808	290,331	273,615	221,792	1,809	65,825
Brokered	94,271	87,498	84,168	84,663	89,673	6,773	4,598
Total deposits	<u>\$ 3,395,762</u>	<u>\$ 3,413,882</u>	<u>\$ 3,307,601</u>	<u>\$ 3,156,906</u>	<u>\$ 2,874,402</u>	<u>\$ (18,120)</u>	<u>\$ 521,360</u>
Noninterest bearing deposits as a percentage of average deposits	43.8%	40.3%	39.2%	36.0%	34.0%		
Cost of interest-bearing deposits	0.12%	0.15%	0.17%	0.19%	0.25%		
Cost of deposits	0.07%	0.08%	0.10%	0.12%	0.16%		

# Income Statements

(in thousands except share and per share data)	Three months ended					Year ended	
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Total interest income</b>	\$ 26,930	\$ 26,664	\$ 27,618	\$ 25,410	\$ 24,943	\$ 106,622	\$ 98,996
<b>Total interest expense</b>	1,658	1,895	1,958	2,065	2,299	7,576	12,023
<b>NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES</b>	25,272	24,769	25,660	23,345	22,644	99,046	86,973
Provision for credit losses	(731)	(2,405)	(933)	(4,519)	481	(8,588)	17,446
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	26,003	27,174	26,593	27,864	22,163	107,634	69,527
<b>NONINTEREST INCOME</b>							
Service charges	1,777	1,765	1,727	1,663	1,341	6,932	4,871
Gains (losses) on sale of securities	—	—	—	2	(23)	2	(23)
Gains (losses) on sale of other assets	—	38	—	—	(6)	38	(146)
Derivatives income (loss)	5	21	(7)	47	11	66	257
Bank owned life insurance	386	391	388	391	368	1,556	1,460
SBA lending activities	1,451	1,276	1,231	1,225	1,015	5,183	3,104
Other noninterest income	936	1,118	245	234	310	2,533	762
Total noninterest income	4,555	4,609	3,584	3,562	3,016	16,310	10,285
<b>NONINTEREST EXPENSE</b>							
Salaries and employee benefits	10,176	10,290	10,362	10,421	8,437	41,249	34,229
Employee retention credit	—	(3,035)	—	—	—	(3,035)	—
Occupancy	682	756	778	734	767	2,950	3,183
Equipment and software	688	857	819	774	969	3,138	3,337
Professional services	653	737	723	922	686	3,035	2,745
Communications and data processing	1,011	889	869	792	789	3,561	3,113
Marketing and business development	145	142	138	108	144	533	517
Travel, meals and entertainment	102	91	47	10	14	250	227
FDIC premiums	506	478	421	275	241	1,680	629
Merger and conversion costs	846	2,899	—	—	—	3,745	—
Other noninterest expense	1,154	914	1,040	1,113	1,117	4,221	4,679
Total noninterest expense	15,963	15,018	15,197	15,149	13,164	61,327	52,659
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	14,595	16,765	14,980	16,277	12,015	62,617	27,153
Provision for income taxes	2,931	3,461	3,164	2,915	2,065	12,471	4,613
<b>NET INCOME</b>	11,664	13,304	11,816	13,362	9,950	50,146	22,540
Net income per common share - basic	\$ 0.57	\$ 0.66	\$ 0.58	\$ 0.66	\$ 0.48	\$ 2.47	\$ 1.06
Net income per common share - diluted	\$ 0.57	\$ 0.65	\$ 0.58	\$ 0.65	\$ 0.48	\$ 2.45	\$ 1.05
Weighted average shares - basic	20,309,415	20,308,761	20,332,503	20,380,066	20,711,089	20,276,717	21,342,086
Weighted average shares - diluted	20,534,447	20,507,604	20,516,478	20,502,184	20,795,332	20,459,032	21,427,722

# Non-GAAP Financial Measures

(in thousands, except share and per share data)

	2021				2020
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
<b>Taxable equivalent net interest income reconciliation</b>					
Net interest income - GAAP	\$ 25,272	\$ 24,769	\$ 25,660	\$ 23,345	\$ 22,644
Taxable equivalent adjustment	393	376	375	365	345
Net interest income - taxable equivalent	\$ 25,665	\$ 25,145	\$ 26,035	\$ 23,710	\$ 22,989
<b>Taxable equivalent net interest margin reconciliation</b>					
Net interest margin - GAAP - continuing operations	2.72%	2.65%	2.87%	2.76%	2.86%
Impact of taxable equivalent adjustment	0.04%	0.04%	0.04%	0.05%	0.05%
Net interest margin - taxable equivalent - continuing operations	2.76%	2.69%	2.91%	2.81%	2.91%
<b>Tangible book value per common share reconciliation</b>					
Total shareholders' equity	\$ 373,523	\$ 363,925	\$ 353,185	\$ 340,328	\$ 338,586
Intangible assets	(19,925)	(19,925)	(19,925)	(19,925)	(19,925)
Total tangible common equity	\$ 353,598	\$ 344,000	\$ 333,260	\$ 320,403	\$ 318,661
Common shares outstanding	20,334,150	20,305,109	20,319,429	20,354,077	20,394,912
Book value per common share - GAAP	\$ 18.37	\$ 17.92	\$ 17.38	\$ 16.72	\$ 16.60
Tangible book value	17.39	16.94	16.40	15.74	15.62
<b>Tangible common equity to tangible assets reconciliation</b>					
Total shareholders' equity	\$ 373,523	\$ 363,925	\$ 353,185	\$ 340,328	\$ 338,586
Intangible assets	(19,925)	(19,925)	(19,925)	(19,925)	(19,925)
Total tangible common equity	\$ 353,598	\$ 344,000	\$ 333,260	\$ 320,403	\$ 318,661
Total assets	\$ 3,819,585	\$ 4,210,316	\$ 3,780,445	\$ 3,732,668	\$ 3,615,617
Intangible assets	(19,925)	(19,925)	(19,925)	(19,925)	(19,925)
Total tangible assets	\$ 3,799,660	\$ 4,190,391	\$ 3,760,520	\$ 3,712,743	\$ 3,595,692
Tangible common equity to tangible assets	9.31%	8.21%	8.86%	8.63%	8.86%
PPP loans	\$ 17,919	\$ 48,304	\$ 105,684	\$ 218,766	\$ 192,160
Total tangible assets excl PPP loans	3,781,741	4,142,087	3,654,836	3,493,977	3,403,532
Tangible common equity to tangible assets excl PPP loans	9.35%	8.30%	9.12%	9.17%	9.36%
<b>Pre-provision net revenue (PPNR) reconciliation</b>					
Net interest income - GAAP	\$ 25,272	\$ 24,769	\$ 25,660	\$ 23,345	\$ 22,644
Taxable equivalent adjustment	393	376	375	365	345
Noninterest income	4,555	4,609	3,584	3,562	3,016
Noninterest expense	(15,963)	(15,018)	(15,197)	(15,149)	(13,164)
Pre-provision net revenue	\$ 14,257	\$ 14,736	\$ 14,422	\$ 12,123	\$ 12,841

# Non-GAAP Financial Measures

(in thousands, except share and per share data)

	2021				2020	For the year ended December 31,	
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	2021	2020
<b>Allowance for credit losses to loans held for investment reconciliation</b>							
Total loans held for investment	\$ 2,367,234	\$ 2,273,856	\$ 2,264,899	\$ 2,300,814	\$ 2,249,036	\$ 2,367,234	\$ 2,249,036
PPP Loans	(17,919)	(48,304)	(105,684)	(218,766)	(192,160)	(17,919)	(192,160)
Total loans held for investment excluding PPP	<u>\$ 2,349,315</u>	<u>\$ 2,225,552</u>	<u>\$ 2,159,215</u>	<u>\$ 2,082,048</u>	<u>\$ 2,056,876</u>	<u>\$ 2,349,315</u>	<u>\$ 2,056,876</u>
Allowance for credit losses to loans held for investment	1.05%	1.16%	1.27%	1.31%	1.55%	1.05%	1.55%
Allowance for credit losses to loans held for investment excluding PPP loans	1.06%	1.18%	1.33%	1.45%	1.70%	1.06%	1.70%
<b>Allowance for loan losses to loans held for investment reconciliation</b>							
Total loans held for investment	\$ 2,367,234	\$ 2,273,856	\$ 2,264,899	\$ 2,300,814	\$ 2,249,036	\$ 2,367,234	\$ 2,249,036
PPP Loans	(17,919)	(48,304)	(105,684)	(218,766)	(192,160)	(17,919)	(192,160)
Total loans held for investment excluding PPP	<u>\$ 2,349,315</u>	<u>\$ 2,225,552</u>	<u>\$ 2,159,215</u>	<u>\$ 2,082,048</u>	<u>\$ 2,056,876</u>	<u>\$ 2,349,315</u>	<u>\$ 2,056,876</u>
Allowance for loan losses to loans held for investment	0.94%	1.05%	1.15%	1.20%	1.41%	0.94%	1.41%
Allowance for loan losses to loans held for investment excluding PPP loans	0.94%	1.07%	1.21%	1.32%	1.55%	0.94%	1.55%

(in thousands)

	For the Years Ended December 31,				
	2021	2020	2019	2018	2017
<b>Net interest income reconciliation</b>					
Net interest income - GAAP	\$ 99,046	\$ 86,973	\$ 80,864	\$ 76,247	\$ 62,832
Taxable equivalent adjustment	1,510	1,478	459	395	906
Net interest income - taxable equivalent	<u>\$ 100,556</u>	<u>\$ 88,451</u>	<u>\$ 81,323</u>	<u>\$ 76,642</u>	<u>\$ 63,738</u>
<b>Taxable equivalent net interest margin reconciliation</b>					
Net interest margin - GAAP - continuing operations	2.75%	3.11%	3.52%	3.48%	3.03%
Impact of taxable equivalent adjustment	0.04%	0.05%	0.06%	0.02%	0.04%
Net interest margin - taxable equivalent	<u>2.79%</u>	<u>3.16%</u>	<u>3.58%</u>	<u>3.50%</u>	<u>3.07%</u>

# THANK YOU

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