tidelands
bancshares

March 6, 2009

Mr. Neil M. Barofsky
Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., NW, Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

This letter is in response to your request dated February 6 for a narrative discussion of our use or anticipated use of TARP funds and our compliance with EESA's executive compensation requirements. We are pleased to respond to your questions as outlined below and in the attached documents.

TARP Funds

Tidelands Bancshares, Inc. was established in 2002 as the holding company for a bank in formation, Tidelands Bank. The bank began operations in October, 2003. We have experienced very strong growth over the five years of our existence, but we have managed that growth prudently. We have provided supporting infrastructure, management expertise, systems and controls far beyond typical banks our size. Beyond our initial capital, Tidelands has successfully returned to the capital markets for additional capital two other times prior to accessing the TARP Capital Purchase Program funds. The investment community has demonstrated confidence in our business model and our management ability. We provide a local bank presence in coastal South Carolina and make credit available to consumers and small businesses all along the coast.

In early 2007 we began a concerted branch expansion effort and went from one full service office and two temporary branches to seven full service branches by the middle of 2008. This significantly increased our overhead expenses and put pressure on earnings and capital. At the start of 2008, we anticipated needing additional capital in early 2009. As the year progressed in 2008, it became obvious that we would need to return to the capital markets earlier than we had anticipated. When the economic meltdown and collapse of the financial markets accelerated in September, 2008, our resolve to raise additional capital was further strengthened. With the Treasury takeover of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), and subsequent decision to suspend dividend payments on preferred shares of those companies, Tidelands Bank was forced under Generally Accepted Accounting Practices (GAAP) to take a

$4.5 million write-down in the 3rd quarter of 2008 of those securities on its books. We began the process of a public equity offering and filed an S-1Registration Statement with the SEC on October 10, 2008. That S-1 was withdrawn on December 19, 2008, after we closed on the TARP funding.

Shortly after filing the registration statement, the US Congress passed the TARP legislation and Treasury initiated the Capital Purchase Program (CPP) under TARP. b(4), b(8) [redacted]

[redacted]

When the transaction closed on December 19, we received the wire transfer and booked cash at the holding company for the amount of the CPP infusion. These funds were not specifically segregated from other institutional funds, but since there were no other cash funds on the books of the holding company at the time, this created a de facto segregation. We have not made specific attempts to maintain any segregation of funds.

Since receiving the CPP funds, we continue to be a source of credit in our communities. (b) (4) [redacted] Even so, partly as a result of our receipt of the TARP funds, our volume of new and renewed loans funded in December, 2008 was approximately $34 million. This is more than double the amount of loans funded in the same month one year earlier. January, 2009 wasn't as strong, but still improved over January, 2008 by $2.4 million. And February, 2009 showed a 50% increase over February,2008. Our total volume of new lending from December, 2008 through February, 2009 is $9.3 million – almost 2/3 of the total funds received under the CPP.

In addition, since closing the TARP transaction, our residential mortgage lending volume has increased substantially in the past two months. In December, 2008 we closed one residential mortgage loan for $241,000. In January, 2009 we closed ten loans for $2.5 million. And in February, 2009 we closed 14 loans for $3.1 million. This is a total of $5.8 million. While most of these loans were ultimately sold on the secondary market, these loans closed on our books and needed to be supported by capital to allow for the origination.

Another area where we have used TARP funds is as a cushion against further loan losses. We continue to experience higher levels of past due and non-performing assets than we have in the past as a result of the economy's impact on our borrowers. At the end of 2008, we made additional provisions to our Allowance for Loan and Lease Losses (ALLL) of approximately $3 million. This brought our coverage ratio to 1.65% of loans at year end. (b) (4) [redacted]

Tidelands Bank continues to work with every borrower possible to avoid foreclosure. Whether it be a small business owner facing foreclosure of commercial office space or an individual consumer looking at the possibility of losing his or her home, our approach is the same. We have a dedicated employee tasked to working with those borrowers that are struggling financially under the weight of the current economic downturn to find solutions that work for both the bank and the customer. (b) (4) [redacted]

Tidelands Bancshares, Inc. has purchased $10 million in Government National Mortgage Association (GNMA) mortgage-backed securities in February, 2009. This transaction provides much needed liquidity into the mortgage markets supporting single-family housing loan availability. (b) (4) [redacted]

Tidelands Bank, like most other banks in the country, has utilized advances from the Federal Home Loan Bank (FHLB) system to provide part of our overall funding. As part of the program, banks that take FHLB advances are required to purchase shares of FHLB stock to hold commensurate with their level of advances. Recent developments with securities held on the books at various Federal Home Loan Banks has cast doubt on the capitalization of some of these banks. As a result, Tidelands Bank, along with many other banks, may soon be faced with another large loss if we are forced to write down the value of the shares we hold in the Federal Home Loan Bank of Atlanta. Currently the value of these shares we own is approximately $5 million.

Finally, in January, 2009, we paid off a line of credit that Tidelands Bancshares, Inc. had outstanding to (b) (4) [redacted]. This payoff amount was approximately (b) (4) [redacted]. The line of credit was drawn in connection with a capital raise using Trust Preferred securities in 2007.

By our calculations we currently have no unspent TARP funds. We will continue to leverage the capital to provide for the ongoing stability of the holding company and the bank.

Executive Compensation

Tidelands paid no senior management cash incentives, retention, or other bonus payments for performance in 2008. Tidelands did award stock options to senior executives as well as a significant majority of other company officers in December, 2008. A list of the number of options provided is attached. These options were issued at the market price on the day of the grant.

Tidelands Bancshares, Inc. currently has no defined incentive program for senior executives. Incentive stock options have been granted under the 2004 Tidelands Bancshares, Inc. Stock Incentive Plan approved by stockholders at the 2004 annual meeting during each year since that program's inception. The number of shares to be granted each year is determined by the Board Compensation Committee and approved by the Tidelands Bancshares, Inc. Board of Directors. In years prior to 2008, discretionary cash bonuses have also been awarded to senior executive officers and to all Tidelands employees in amounts determined by the Board Compensation Committee and the Board of Directors. Tidelands does not currently have a restricted stock program and has no restricted stock available to award. (b) (4) [redacted]

The Board Compensation Committee is comprised entirely of outside directors independent of management. The committee met in January, 2009 and adopted a resolution affirming the committee's review of executive compensation programs, discussion with Tidelands' Chief Risk Officer, and review of information and literature provided by independent legal counsel, and determination that the programs did not provide incentives that would lead the senior executive officers to take unnecessary and excessive risks that threaten the value of the corporation. A statement by the Board Compensation Committee will be included in the 2009 annual meeting proxy statement.

Tidelands will also be including a non-binding "Say on Pay" shareholder vote as part of the 2009 Annual Meeting in May, 2009. Information on this proposal will be included in the proxy statement to be issued in April, 2009.

The board of directors has been apprised of additional ARRA statutory provisions that limit compensation for senior executives. Based on our current level of TARP participation, these restrictions prohibit payment of any bonus compensation to our CEO other than restricted stock. Such restricted stock cannot fully vest during the time TARP obligations are still outstanding and cannot exceed more than 1/3 of the CEO's total compensation. These restrictions will be considered by the board and by the Board Compensation Committee in making future compensation decisions.

We will continue to fully comply with compensation restrictions and appropriately consider all regulatory guidelines issued in connection with executive compensation restrictions related to participation in TARP.

We trust that this response and attachments will adequately address your request. Should you need more information, please let us know and we will make every reasonable effort to assist further.

Yours truly,

Jim Bedsole, CRCM, CBA, CFSA
EVP and Chief Risk Officer

Certification

I hereby certify, subject to the requirements and penalties set forth in Title 18, U.S.C., Section 1001, that I have reviewed this response and the supporting documents and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which statements were made, not misleading.

Robert E. Coffee, Jr. President and Chief Executive Officer	3/6/09 Date
Alan W. Jackson EVP and Chief Financial Officer	3/6/09 Date
Thomas H. Lyles EVP and Chief Administrative Officer	3/6/09 Date
Milon C. Smith EVP and Chief Credit Officer	3/6/09 Date
Robert H. Mathewes, Jr. EVP and Senior Commercial Banker	3/6/09 Date
James M. Bedsole, CRCM, CBA, CFSA EVP and Chief Risk Officer	3/6/2009 Date

Documents attached:

S-1 filed 10-8-2008
3rd quarter earnings press release
4th quarter earnings press release
Bankers Dashboard New and Renewed Loan reports (Dec 08 – Feb 09)
Bankers Dashboard New Loan reports (Dec 08 – Feb 09)
Mortgage Loans Closed Report (Dec 08 – Feb 09)
Purchase confirm - $10 million GNMA at holding company
2008 Employee Stock Options list

TDBK S-1 10/8/2008

Section 1: S-1 (S-1)

QuickLinks -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on October 8, 2008

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

TIDELANDS BANCSHARES, INC.
(Name of small business issuer in its charter)

South Carolina	**6022**	**02-0570232**
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

875 Lowcountry Blvd.
Mount Pleasant, South Carolina 29464
(843) 388-8433
(Address and telephone number of principal executive offices)

Robert E. Coffee, Jr.
Chief Executive Officer
875 Lowcountry Blvd.
Mount Pleasant, South Carolina 29464
(843) 388-8433
(Name, address and telephone number of agent for service)

Copies of all communications, including copies of all communications sent to agent for service, should be sent to:

J. Brennan Ryan, Esq.
Neil E. Grayson, Esq.
Nelson Mullins Riley & Scarborough LLP
Poinsett Plaza, Suite 900
104 South Main Street
Greenville, South Carolina 29601

Thomas O. Powell, Esq.
David W. Ghegan, Esq.
Troutman Sanders LLP
600 Peachtree Street, N.E., Suite 5200
Atlanta, Georgia 30308
Telephone: (404) 885-3000

Telephone: (864) 250-2300 **Facsimile: (404) 962-6658**
Facsimile: (864) 232-2925

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee
Common stock	2,530,000	$5.90	$14,927,000	$586.63

(1) Includes shares that the underwriter has the option to purchase to cover over-allotments, if any

(2) Estimated pursuant to Rule 457(c) of the Securities Act, solely for the purpose of computing the amount of the registration fee based on the average high and low sales prices reported for the common stock on The NASDAQ Global Market on October 6, 2008

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

News Release
Contact: Media: Robert E. "Chip" Coffee, Jr., President and Chief Executive Officer 843 388-8433
Alan W. Jackson, Executive Vice President and Chief Financial Officer 843 388-8433
Website: www.tidelandsbank.com

FOR IMMEDIATE RELEASE

Tidelands Bancshares Announces Third Quarter Results

Mt. Pleasant, SC, October 29, 2008 -Tidelands Bancshares, Inc. (**NASDAQ: TDBK**), holding company for Tidelands Bank, announced year-to-date and quarter–to-date results for the periods ended September 30, 2008. "In my 35 years of banking experience, this is the most difficult and unique time that I have ever seen," said President and Chief Executive Officer, Robert E. Coffee, Jr. "During the third quarter, the economic environment that all financial institutions are operating in has changed significantly. Despite these uncertain conditions in the market, we continue to successfully execute our strategic goal to increase our retail presence as demonstrated in the opening of our seventh branch, located in Murrells Inlet, South Carolina and the resulting loan and deposit growth in our markets."

We recorded a net loss of $2.9 million for the nine months ended September 30, 2008 as compared to a net profit of approximately $175,000 for the period ended September 30, 2007. In comparison to our previous year's third quarter results, the decrease in earnings was primarily driven by the pre-tax impairment charge of $4.6 million related to the government placing the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation into conservatorship. Our loss amounted to $0.72 per share on both a basic and diluted basis for the nine months ended September 30, 2008. We also incurred additional operating costs in connection with our new branches. Although our branches are assisting us in attaining our retail deposit and loan growth projections, the current retail deposit rate environment and the expenses associated with the new branches have also had a dampening effect on our earnings. For the period ended September 30, 2008, our net interest margin was 2.64% compared to 3.14% at September 30, 2007.

After our net loss for the quarter, ending September 30, 2008, Tidelands Bank remains "well-capitalized" as defined by bank regulators, which is the highest bank capital classification. The Company's total shareholders' equity was $37.9 million with book value at $8.86 per share at quarter end.

Despite the significant issues in the mortgage and credit markets, Tidelands Bank continues to experience strong loan growth. For the period ending September 30, 2008, loans year-to-date grew $65.4 million to $456.7 million with assets increasing $155.9 million to reach $668.1 million at quarter end. We do not have direct exposure to the sub-prime lending practices that led to many of the problems in the financial industry. Since our inception, we have adhered to strict internal and regulatory guidelines with regards to our credit underwriting standards. Tidelands Bank has always maintained a conservative approach to banking as we focus on providing credit and deposit products for proven customer relationships. Although our credit-related issues increased in comparison to previous periods, we are working to resolve each situation. At September 30, 2008, non-accrual loans amounted to $4.6 million, or 1.0% of total gross loans. The balance of other real estate owned at September 30, 2008 was approximately $965,000. At September 30, 2008, our ratios of nonperforming assets to total assets of 0.83% and net charge-offs to average loans of 0.14% continue to compare favorably to the industry. Our provision for loan losses for the nine months ended September 30, 2008 totaled $1.5 million, reflecting loan growth experienced year-to-date and net charge-offs of $608,000. At September 30, 2008, the allowance for loan losses amounted to 1.10% of total loans.

During the third quarter, Tidelands generated significant increases in retail deposits through its seven full-service branch locations. As a result, our ratio of wholesale deposits to total deposits has decreased from 58.4% at December 31, 2007 to 48.0% at September 30, 2008. We anticipate this trend will continue with the maturation of our retail branch offices. At quarter end September 30, 2008, the bank had generated year-to-date growth of $113.6 million in customer time deposits and $41.8 million in interest checking deposits.

We believe it is imperative to remain diligent in our day to day activities and focus on the strong banking culture that our management team has so proudly built.

FORWARD-LOOKING STATEMENTS

Certain statements in this news release contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties, and other factors, such as a downturn in the economy, greater than expected noninterest expenses, volatile credit and financial markets, potential deterioration in real estate values, regulatory changes and excessive loan losses, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. For a more detailed description of certain factors, many of which are beyond our control, that could cause or contribute to our actual results differing materially from future results expressed or implied by our forward-looking statements, please see our Annual Report on Form 10-KSB for the year ended December 31, 2007, and our other filings with the Securities and Exchange Commission.

Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we 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 our company or any person that future events, plans, or expectations contemplated by our company will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

SUMMARY CONSOLIDATED FINANCIAL DATA

Our summary consolidated financial data as of and for the quarter ended September 30, 2008 are unaudited but, in the opinion of our management, contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly our financial position and results of operations for such periods in accordance with generally accepted accounting principles.

Tidelands Bancshares, Inc. and Subsidiary
Consolidated Statements of Operations
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2008	**2007**	**2008**	**2007**
Interest income:				
Loans, including fees	$ 20,688,346	$ 20,337,589	$ 6,904,730	$ 7,354,042
Securities available for sale, taxable	4,551,700	1,525,428	2,070,109	557,386
Securities available for sale, non-taxable	220,165	300,873	70,679	141,781
Federal funds sold	246,339	614,359	58,463	182,233
Other interest income	3,933	12,202	2,019	8,056
Total interest income	25,710,483	22,790,451	9,106,000	8,243,498
Interest expense:				
Time deposits $100,000 and over	1,726,493	267,089	774,579	81,364
Other deposits	10,459,295	11,780,286	3,205,458	4,436,821
Other borrowings	2,592,080	1,640,037	1,088,197	585,582
Total interest expense	14,777,868	13,687,412	5,068,234	5,103,767
Net interest income	10,932,615	9,103,039	4,037,766	3,139,731
Provision for loan losses	1,473,000	1,025,000	696,000	—
Net interest income after provision for loan losses	9,459,615	8,078,039	3,341,766	3,139,731
Noninterest income (loss):				
Service charges on deposit accounts	26,917	26,882	8,605	9,806
Residential mortgage origination income	361,896	664,768	81,768	221,784
Gain on sale of securities available for sale	505,585	5,558	473,431	2,694
Gain (loss) on sale of real estate	10,979	—	(12,372)	—
Other service fees and commissions	276,454	138,860	126,519	53,846
Bank owned life insurance	355,299	216,655	129,069	73,195
Impairment on securities available for sale	(4,596,200)	—	(4,596,200)	—
Other	23,357	14,062	8,571	5,430
Total noninterest income (loss)	(3,035,713)	1,066,785	(3,780,609)	366,755
Noninterest expense:				
Salaries and employee benefits	6,220,329	5,137,237	1,815,989	1,929,775
Net occupancy	1,033,430	715,605	373,646	335,267
Furniture and equipment	526,868	330,417	192,769	155,733
Other operating	3,349,675	2,679,599	1,069,874	1,010,843
Total noninterest expense	11,130,302	8,862,858	3,452,278	3,431,618
Income (loss) before income taxes	(4,706,400)	281,966	(3,891,121)	74,868
Income tax expense (benefit)	(1,803,708)	107,000	(1,453,228)	28,000
Net income (loss)	**$(2 902 692)**	**$ 174 966**	**$ (2 437 893)**	**$ 46 868**
Earnings (loss) per common share				
Basic earnings (loss) per share	**$ (0.72)**	**$ 0.04**	**$ (0.60)**	**$ 0.01**
Diluted earnings (loss) per share	**$ (0 72)**	**$ 0 04**	**$ (0 60)**	**$ 0 01**
Weighted average common shares outstanding				
Basic	**4 052 354**	**4 275 215**	**4 044 186**	**4 276 686**
Diluted	**4 058 681**	**4 275 215**	**4 044 186**	**4 276 686**

Tidelands Bancshares, Inc. and Subsidiary
Consolidated Balance Sheets

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets:		
Cash and cash equivalents:		
Cash and due from banks	$ 6,457,553	$ 724,957
Federal funds sold	4,250,000	1,945,000
Total cash and cash equivalents	10,707,553	2,669,957
Securities available for sale	159,853,129	88,036,109
Nonmarketable equity securities	3,807,140	2,060,940
Total securities	163,660,269	90,097,049
Mortgage loans held for sale	346,392	1,426,800
Loans receivable	456,747,003	391,349,869
Less allowance for loan losses	5,023,538	4,158,324
Loans, net	451,723,465	387,191,545
Premises, furniture and equipment, net	19,516,323	17,759,388
Accrued interest receivable	2,802,478	3,164,124
Bank owned life insurance	13,206,116	7,849,156
Other assets	6,172,817	2,111,572
Total assets	**$ 668 135 413**	**$ 512 269 591**
Liabilities:		
Deposits:		
Noninterest-bearing transaction accounts	$ 13,651,973	$ 10,191,152
Interest-bearing transaction accounts	50,230,612	8,460,166
Savings and money market	161,842,300	199,833,835
Time deposits $100,000 and over	80,133,243	29,876,086
Other time deposits	212,478,685	139,808,202
Total deposits	518,336,813	388,169,441
Securities sold under agreements to repurchase	30,000,000	41,040,000
Junior subordinated debentures	14,434,000	8,248,000
Advances from Federal Home Loan Bank	60,800,000	29,000,000
ESOP borrowings	2,675,000	2,427,500
Other borrowings	616,046	—
Accrued interest payable	1,915,169	1,341,161
Other liabilities	1,483,400	1,088,319
Total liabilities	630,260,428	471,314,421
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 10,000,000 shares authorized; 4,277,176 and 4,277,176 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	42,772	42,772
Unearned ESOP shares	(2,642,415)	(2,427,500)
Capital surplus	43,265,240	42,788,666
Retained earnings (deficit)	(2,853,528)	49,164
Accumulated other comprehensive income (loss)	62,916	502,068
Total shareholders' equity	37,874,985	40,955,170
Total liabilities and shareholders' equity	**$ 668,135,413**	**$ 512,269,591**

Tidelands Bancshares, Inc. and Subsidiary

Per Share Data:	Nine Months Ended September 30,		Three Months Ended September 30,	
	2008	2007	2008	2007
Net income, basic	$(0.72)	$0.04	$(0.60)	$0.01
Net income, diluted	$(0.72)	$0.04	$(0.60)	$0.01
Book value	$8.86	$9.88	$ 8.86	$ 9.88
Weighted average number of shares outstanding:				
Basic	4,052,354	4,275,215	4,044,186	4,276,686
Diluted	4,058,681	4,275,215	4,044,186	4,276,686
Performance Ratios:				
Return on average assets [1]	(0.66%)	0.06%	(1.49%)	0.04%
Return on average equity [1]	(9.71%)	0.56%	(25.21%)	0.46%
Net interest margin [1]	2.64%	3.14%	2.63%	2.96%

	At September 30,	
Asset Quality Data:	2008	2007
Loans 90 days or more past due and still accruing interest	$ —	$ —
Loans restructured or otherwise impaired[4]	—	—
Nonaccrual loans	4,580,548	501,094
Loan charge-offs year to date, net recoveries	607,786	222,106
Other real estate owned	965,049	—
Nonperforming loans to total loans [3]	1.00%	0.14%
Nonperforming assets to total assets[3]	0.83%	0.11%
Net charge-offs year to date to average total loans[2]	0.14%	0.07%
Allowance for loan losses to nonperforming loans	109.67%	852.11%
Allowance for loan losses to total loans [2]	1.10%	1.18%
Capital Ratios:		
Period end tangible equity to tangible assets	5.67%	8.92%
Leverage ratio	6.47%	10.93%
Tier 1 risk-based capital ratio	8.66%	12.68%
Total risk-based capital ratio	10.53%	13.78%
Growth Rates and Other Data:		
Percentage change in assets[1]	40.64%	54.49%
Percentage change in loans[1] [2]	22.32%	43.29%
Percentage change in deposits[1]	44.79%	57.86%
Loans to deposit ratio [2]	88.12%	97.42%

1 – Annualized for the nine and three month periods, respectively.
2 – Includes nonperforming loans.
3 – Nonperforming assets include nonaccrual loans, loans 90 days or more past due and still accruing interest, loans restructured or otherwise impaired, and other real estate owned
4 – Loans restructured or otherwise impaired do not include nonaccrual loans.

News Release
Contact: Media: Robert E. "Chip" Coffee, Jr., President and Chief Executive Officer 843 388-8433
Alan W. Jackson, Executive Vice President and Chief Financial Officer 843 388-8433
Website: www.tidelandsbank.com

FOR IMMEDIATE RELEASE

Tidelands Bancshares Releases Year-End Results

Mt. Pleasant, SC, February 4, 2009 - Tidelands Bancshares, Inc. (**NASDAQ: TDBK**), holding company for Tidelands Bank, announces year-to-date results for the period ended December 31, 2008. "During the year, the economic environment has changed significantly," said President and Chief Executive Officer, Robert E. Coffee, Jr. "The fourth quarter of 2008 did not provide any relief to these most difficult and unique times. In fact, by many measures, the economic environment has deteriorated significantly. Despite these uncertain conditions in the financial markets, we continue to execute our strategic goals successfully and remain diligent in our day to day activities."

We recorded a net after-tax loss of $5.0 million for the year ended December 31, 2008 as compared to a net profit of approximately $413,000 for the year ended December 31, 2007. In comparison to our previous year's results, the decrease in 2008 earnings was primarily driven by the pre-tax impairment charge of $4.6 million related to the government placing the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation into conservatorship and our provisional expense for credit losses of $4.7 million. This provision for loan losses is reflective of year-to-date loan growth of $70.6 million, net charge-offs of $1.2 million, and the effects that the deteriorating credit, real estate and job markets are having on our customers and communities which is reflected in higher levels of non-performing assets. Our net loss per common share amounted to $1.22 on both a basic and diluted basis for the year ended December 31, 2008. Furthermore, although our branches assist us in attaining our retail deposit and loan growth projections, the current retail deposit rate environment and the expenses associated with the new branches have had a dampening effect on our earnings. On the other hand, in an environment where during the last year the Federal Reserve Board reduced the federal funds rate from 4.25% to 0.25% at December 31, 2008, our net interest margin only declined from 2.99% to 2.50%.

As part of the Capital Purchase Program established by the U.S. Department of the Treasury under the Emergency Economic Stabilization Act of 2008, on December 19, 2008, Tidelands Bancshares, Inc. issued 14,448 preferred shares, in return for approximately $14.4 million in cash, to the U.S. Department of Treasury. By meeting the criteria for this program, Tidelands Bancshares, Inc. demonstrates our strong banking culture and strict internal guidelines. This additional capital enhances our ability to lend money to local businesses and provide additional financial resources to our customers in order for them to weather this financial storm. Without considering the issuance of preferred shares and in spite of our net loss for 2008, Tidelands Bank remains "well-capitalized" as defined by bank regulators, which is the highest bank capital classification. The Company's total shareholders' equity was $52.0 million with book value at $8.77 per common share at year end.

Despite the deepening troubles in the mortgage and credit markets, Tidelands Bank continued to experience strong loan growth for 2008. During the year ending December 31, 2008, loans grew $70.6 million to $462.0 million with assets increasing $203.8 million to reach $716.1 million at year end. Although our credit-related issues increased in comparison to previous periods, we are working to resolve each situation. At December 31, 2008, non-accrual loans amounted to $11.5 million, or 2.49% of total gross loans, and other real estate owned was approximately $1.8 million. At December 31, 2008, our ratios of nonperforming assets to total assets of 1.85% and net charge-offs to average loans of 0.27% continue to compare favorably to industry peers. Consistent with these circumstances, at December 31, 2008, the allowance for loan losses amounted to 1.65% of total loans.

During the year ended December 31, 2008, Tidelands generated significant increases in retail deposits through its seven full-service branch locations. As a result, our ratio of wholesale deposits to total deposits has decreased from 58.4% at December 31, 2007 to 50.6% at December 31, 2008. We anticipate this trend will continue with momentum from our retail branch offices. At year end December 31, 2008, customer time deposits have grown $136.4 million and interest checking deposits increased by $38.5 million in comparison to previous year end amounts.

"In a year where our core financial performance has been overshadowed by the pervasive global recession, we regard our pre-tax loss of $7.6 million, which includes impairment and credit provisions of $9.3 million, as evidence that our core business model is compelling and poised for success when economic conditions begin to improve. Until then," Coffee notes, "Tidelands is committed to managing its assets and maintaining the credit reserves and capital resources sufficient to thrive within our geographic footprint."

FORWARD-LOOKING STATEMENTS

Certain statements in this news release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties, and other factors, such as a downturn in the economy, greater than expected noninterest expenses, volatile credit and financial markets, potential deterioration in real estate values, regulatory changes and excessive loan losses, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we 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 our company or any person that future events, plans, or expectations contemplated by our company will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

SUMMARY CONSOLIDATED FINANCIAL DATA

Our summary consolidated financial data as of and for the year ended December 31, 2008 are unaudited but, in the opinion of our management, contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly our financial position and results of operations for such periods in accordance with generally accepted accounting principles.

Tidelands Bancshares, Inc. and Subsidiary
Consolidated Statements of Operations
(Unaudited)

	2008	2007	2006
Interest income:			
Loans, including fees	$ 27,378,906	$ 27,805,332	$ 20,130,292
Securities available for sale, taxable	6,805,459	2,462,876	1,306,995
Securities available for sale, non-taxable	286,844	439,719	6,832
Federal funds sold	280,973	701,701	323,084
Other interest income	5,116	16,211	2,648
Total interest income	34,757,298	31,425,839	21,769,851
Interest expense:			
Time deposits $100,000 and over	2,634,756	562,024	486,814
Other deposits	14,153,141	16,256,750	10,059,639
Other borrowings	3,554,669	2,415,800	1,401,680
Total interest expense	20,342,566	19,234,574	11,948,133
Net interest income	14,414,732	12,191,265	9,821,718
Provision for loan losses	4,665,000	1,025,000	1,222,000
Net interest income after provision for loan losses	9,749,732	11,166,265	8,599,718
Noninterest income (loss):			
Service charges on deposit accounts	36,340	35,476	23,631
Residential mortgage origination income	383,341	764,130	664,454
Gain (loss) on sale of securities available for sale	509,373	37,637	(136,628)
Gain on sale of real estate	12,865	9,488	13,686
Other service fees and commissions	362,029	192,697	144,236
Bank owned life insurance	484,352	290,032	59,124
Impairment on securities available for sale	(4,596,200)	—	—
Other	32,352	25,407	18,614
Total noninterest income (loss)	(2,775,548)	1,354,867	787,117
Noninterest expense:			
Salaries and employee benefits	8,322,117	6,918,015	4,483,848
Net occupancy	1,423,198	1,029,784	486,311
Furniture and equipment	734,497	484,146	297,637
Other operating	4,147,955	3,400,883	1,756,233
Total noninterest expense	14,627,767	11,832,828	7,024,029
Income (loss) before income taxes	(7,653,583)	688,304	2,362,806
Income tax expense (benefit)	(2,699,000)	275,000	874,000
Net income (loss)	**$ (4,954,583)**	**$ 413,304**	**$ 1,488,806**
Earnings (loss) per common share			
Basic earnings (loss) per share	**$ (1.22)**	**$ 0.10**	**$ 0.45**
Diluted earnings (loss) per share	**$ (1.22)**	**$ 0.10**	**$ 0.44**
Weighted average common shares outstanding			
Basic	**4,050,301**	**4,214,910**	**3,327,103**
Diluted	**4,050,301**	**4,270,005**	**3,327,505**

Tidelands Bancshares, Inc. and Subsidiary
Consolidated Balance Sheets

	December 31, 2008	December 31, 2007
Assets:		
Cash and cash equivalents:		
Cash and due from banks	$ 2,471,797	$ 724,957
Federal funds sold	40,375,000	1,945,000
Total cash and cash equivalents	42,846,797	2,669,957
Securities available for sale	171,769,851	88,036,109
Nonmarketable equity securities	3,807,140	2,060,940
Total securities	175,576,991	90,097,049
Mortgage loans held for sale	241,500	1,426,800
Loans receivable	461,967,217	391,349,869
Less allowance for loan losses	7,635,173	4,158,324
Loans, net	454,332,044	387,191,545
Premises, furniture and equipment, net	19,411,592	17,759,388
Accrued interest receivable	3,337,660	3,164,124
Bank owned life insurance	13,335,170	7,849,156
Other assets	7,022,493	2,111,572
Total assets	**$ 716,104,247**	**$ 512,269,591**
Liabilities:		
Deposits:		
Noninterest-bearing transaction accounts	$ 12,133,098	$ 10,191,152
Interest-bearing transaction accounts	46,987,209	8,460,166
Savings and money market	182,856,286	199,833,835
Time deposits $100,000 and over	92,825,486	29,876,086
Other time deposits	226,423,397	139,808,202
Total deposits	561,225,476	388,169,441
Securities sold under agreements to repurchase	20,000,000	41,040,000
Junior subordinated debentures	14,434,000	8,248,000
Advances from Federal Home Loan Bank	60,800,000	29,000,000
ESOP borrowings	2,600,000	2,427,500
Other borrowings	615,837	—
Accrued interest payable	2,841,473	1,341,161
Other liabilities	1,628,029	1,088,319
Total liabilities	664,144,815	471,314,421
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred stock, $1,000 par value, 10,000,000 shares authorized, 14,448 issued and outstanding at December 31, 2008	13,335,752	—
Common stock, $.01 par value, 10,000,000 shares authorized; 4,277,176 and 4,277,176 shares issued and outstanding at December 31, 2008 and December 31, 2007, respectively	42,772	42,772
Unearned ESOP shares	(2,522,860)	(2,427,500)
Capital surplus	44,476,503	42,788,666
Retained earnings (deficit)	(4,905,419)	49,164
Accumulated other comprehensive income	1,532,684	502,068
Total shareholders' equity	51,959,432	40,955,170
Total liabilities and shareholders' equity	**$ 716 104 247**	**$ 512 269 591**

Tidelands Bancshares, Inc. and Subsidiary

Per Share Data:	**Year Ended December 31, 2008**	**2007**	**2006**
Net income (loss), basic	$(1.22)	$0.10	$0.45
Net income (loss), diluted	$(1.22)	$0.10	$0.44
Book value per common share	$8.77	$9.58	$9.79
Weighted average number of shares outstanding:			
Basic	4,050,301	4,214,910	3,327,103
Diluted	4,050,301	4,270,005	3,372,505
Performance Ratios:			
Return on average assets	(0.81)%	0.10%	0.52%
Return on average equity	(12.40)%	1.00%	5.38%
Net interest margin	2.50%	2.99%	3.60%

	At December 31, 2008	**2007**
Nonaccrual loans	$11,481,559	$ 389,095
Loans 90 days or more past due and still accruing interest	—	—
Loans restructured or otherwise impaired	—	—
Total impaired loans	11,481,559	389,095
Other real estate owned	1,800,604	—
Total nonperforming assets	$13,282,163	$ 389,095
Loan charge-offs year to date, net recoveries	$1,188,151	$ 333,676
Nonperforming loans to total loans	2.49%	0.10%
Nonperforming assets to total assets[2]	1.85%	0.08%
Net charge-offs year to date to average total loans[1]	0.27%	0.10%
Allowance for loan losses to nonperforming loans	66.50%	1,068.72%
Allowance for loan losses to total loans [1]	1.65%	1.06%

Capital Ratios:	**At December 31, 2008**	**2007**
Period end tangible equity to tangible assets	7.26%	8.00%
Leverage ratio	9.03%	9.58%
Tier 1 risk-based capital ratio	12.93%	11.39%
Total risk-based capital ratio	14.18%	12.39%
Growth Ratios and Other Data:		
Percentage change in assets	39.79%	52.20%
Percentage change in loans [1]	18.04%	43.24%
Percentage change in deposits	44.58%	49.80%
Loans to deposit ratio [1]	82.31%	100.82%

1 – Includes nonperforming loans.

2 – Nonperforming assets include nonaccrual loans, loans 90 days or more past due and still accruing interest, loans restructured or otherwise impaired, and other real estate owned

tidelands bank

Monthly Loans - New and Renewed

Fixed Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields	Oct 2008 Loans	Oct 2008 Avg Yields
[redacted]								
Total Loans	186,860,834	6.904%	11,141,098	6.679%	7,170,258	7.346%	6,484,958	6.595%

Variable Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields	Oct 2008 Loans	Oct 2008 Avg Yields
[redacted]								
Total Loans	260,722,360	4.736%	23,026,651	5.288%	11,059,980	5.816%	10,030,817	5.592%

Total Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields	Oct 2008 Loans	Oct 2008 Avg Yields
[redacted]								
Total Loans	447,583,194	5.641%	34,167,749	5.741%	18,230,239	6.418%	16,515,775	5.986%

tidelands bank

Monthly Loans - New and Renewed

Fixed Rate Loans

	Total Portfolio		Dec 2007		Nov 2007		Oct 2007	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	186,860,834	6.904%	5,962,236	7.417%	10,377,636	6.740%	4,231,405	7.528%

Variable Rate Loans

	Total Portfolio		Dec 2007		Nov 2007		Oct 2007	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	260,722,360	4.736%	10,218,116	3.865%	12,083,946	3.938%	16,239,815	4.665%

Total Loans

	Total Portfolio		Dec 2007		Nov 2007		Oct 2007	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	447,583,194	5.641%	16,180,352	5.174%	22,461,581	5.233%	20,471,220	5.257%

Monthly Loans - New and Renewed

Fixed Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Jan 2009 Loans	Jan 2009 Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	186,860,834	6.904%	7,284,273	6.329%	11,141,098	6.679%	7,170,258	7.346%

Variable Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Jan 2009 Loans	Jan 2009 Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	260,722,360	4.736%	10,370,163	5.779%	23,026,651	5.288%	11,059,980	5.816%

Total Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Jan 2009 Loans	Jan 2009 Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	447,583,194	5.641%	17,654,435	6.006%	34,167,749	5.741%	18,230,239	6.418%

tidelands bank

Monthly Loans - New and Renewed

Fixed Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Jan 2008 Loans	Jan 2008 Avg Yields	Dec 2007 Loans	Dec 2007 Avg Yields	Nov 2007 Loans	Nov 2007 Avg Yields
[redacted] (b) (4)								
Total Loans	186,860,834	6.904%	3,236,288	6.766%	5,962,236	7.417%	10,377,636	6.740%

Variable Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Jan 2008 Loans	Jan 2008 Avg Yields	Dec 2007 Loans	Dec 2007 Avg Yields	Nov 2007 Loans	Nov 2007 Avg Yields
[redacted] (b) (4)								
Total Loans	260,722,360	4.736%	12,051,891	4.581%	10,218,116	3.865%	12,083,946	3.938%

Total Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Jan 2008 Loans	Jan 2008 Avg Yields	Dec 2007 Loans	Dec 2007 Avg Yields	Nov 2007 Loans	Nov 2007 Avg Yields
[redacted] (b) (4)								
Total Loans	447,583,194	5.641%	15,288,179	5.043%	16,180,352	5.174%	22,461,581	5.233%

tidelands bank

Monthly Loans - New and Renewed

Fixed Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Feb 2009 Loans	Feb 2009 Avg Yields	Jan 2009 Loans	Jan 2009 Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	186,860,834	6.904%	7,968,101	6.197%	7,284,273	6.329%	11,141,098	6.679%

Variable Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Feb 2009 Loans	Feb 2009 Avg Yields	Jan 2009 Loans	Jan 2009 Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	260,722,360	4.736%	13,747,310	5.704%	10,370,163	5.779%	23,026,651	5.288%

Total Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Feb 2009 Loans	Feb 2009 Avg Yields	Jan 2009 Loans	Jan 2009 Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	447,583,194	5.641%	21,715,410	5.885%	17,654,435	6.006%	34,167,749	5.741%

tidelands bank

Monthly Loans - New and Renewed

Fixed Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Feb 2008 Loans	Feb 2008 Avg Yields	Jan 2008 Loans	Jan 2008 Avg Yields	Dec 2007 Loans	Dec 2007 Avg Yields
[redacted] (b) (4)								
Total Loans	186,860,834	6.904%	9,611,594	6.263%	3,236,288	6.766%	5,962,236	7.417%

Variable Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Feb 2008 Loans	Feb 2008 Avg Yields	Jan 2008 Loans	Jan 2008 Avg Yields	Dec 2007 Loans	Dec 2007 Avg Yields
[redacted] (b) (4)								
Total Loans	260,722,360	4.736%	5,075,765	4.484%	12,051,891	4.581%	10,218,116	3.865%

Total Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Feb 2008 Loans	Feb 2008 Avg Yields	Jan 2008 Loans	Jan 2008 Avg Yields	Dec 2007 Loans	Dec 2007 Avg Yields
[redacted] (b) (4)								
Total Loans	447,583,194	5.641%	14,687,359	5.648%	15,288,179	5.043%	16,180,352	5.174%

tidelands bank

Monthly Loans - New

Fixed Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields	Oct 2008 Loans	Oct 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	116,309,214	6.959%	711,607	7.299%	553,563	6.834%	4,960,584	6.377%

Variable Rate Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields	Oct 2008 Loans	Oct 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	154,630,770	4.383%	1,023,514	5.525%	4,947,895	5.989%	1,692,259	5.515%

Total Loans

Branches	Total Portfolio Loans	Total Portfolio Avg Yields	Dec 2008 Loans	Dec 2008 Avg Yields	Nov 2008 Loans	Nov 2008 Avg Yields	Oct 2008 Loans	Oct 2008 Avg Yields
(b) (4) [redacted]								
Total Loans	270,939,984	5.489%	1,735,121	6.252%	5,501,458	6.074%	6,652,842	6.158%

tidelands bank

Monthly Loans - New

Fixed Rate Loans

	Total Portfolio		Jan 2009		Dec 2008		Nov 2008	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	116,309,214	6.959%	2,628,896	6.248%	711,607	7.299%	553,563	6.834%

Variable Rate Loans

	Total Portfolio		Jan 2009		Dec 2008		Nov 2008	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	154,630,770	4.383%	2,666,981	5.571%	1,023,514	5.525%	4,947,895	5.989%

Total Loans

	Total Portfolio		Jan 2009		Dec 2008		Nov 2008	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	270,939,984	5.489%	5,295,877	5.907%	1,735,121	6.252%	5,501,458	6.074%

tidelands bank

Monthly Loans - New

Fixed Rate Loans

	Total Portfolio		Feb 2009		Jan 2009		Dec 2008	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	116,309,214	6.959%	2,220,354	5.675%	2,628,896	6.248%	711,607	7.299%

Variable Rate Loans

	Total Portfolio		Feb 2009		Jan 2009		Dec 2008	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	154,630,770	4.383%	88,341	5.332%	2,666,981	5.571%	1,023,514	5.525%

Total Loans

	Total Portfolio		Feb 2009		Jan 2009		Dec 2008	
Branches	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields	Loans	Avg Yields
(b) (4) [redacted]								
Total Loans	270,939,984	5.489%	2,308,695	5.661%	5,295,877	5.907%	1,735,121	6.252%

Loan Closings for December 08 through February 09

Status	Loan #	Borrower	Loan Amt	Rate	Investor	Lock Exp	1st/2nd	Purpose	Close Date	Loan Representative	Loan Processor	Comments
Comss Paid	[redacted]	[redacted]	241,500.00	[redacted]	[redacted]	12/20/2008	First	Refi-No Cashout	12/16/2008	[redacted]	[redacted]	
Total for Dece	[redacted]	[redacted]	**241,500.00**	[redacted]	[redacted]					[redacted]	[redacted]	
	[redacted]	[redacted]		[redacted]	[redacted]					[redacted]	[redacted]	
Comss Paid	[redacted]	[redacted]	187,000.00	[redacted]	[redacted]	01/02/2009	First	Refi-Cashout	01/14/2009	[redacted]	[redacted]	
Comss Paid	[redacted]	[redacted]	385,000.00	[redacted]	[redacted]	01/15/2009	First	Refi-Cashout	01/07/2009	[redacted]	[redacted]	
Comss Paid	[redacted]	[redacted]	137,600.00	[redacted]	[redacted]	01/10/2009	First	Refi-No Cashout	01/13/2009	[redacted]	[redacted]	
Comss Paid	[redacted]	[redacted]	88,000.00	[redacted]	[redacted]	01/21/2009	First	Refi-Cashout	01/13/2009	[redacted]	[redacted]	
Comss Paid	[redacted]	[redacted]	220,000.00	[redacted]	[redacted]	01/15/2009	First	Refi-Cashout	01/25/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	417,000.00	[redacted]	[redacted]	01/18/2009	First	Refi-Cashout	01/26/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	388,000.00	[redacted]	[redacted]	02/09/2009	First	Refi-No Cashout	01/27/2009	[redacted]	[redacted]	
Loan Shipped	[redacted]	[redacted]	272,000.00	[redacted]	[redacted]	02/09/2009	First	Refi-No Cashout	02/10/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	170,000.00	[redacted]	[redacted]	02/07/2009	First	Refi-Cashout	01/29/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	221,600.00	[redacted]	[redacted]	02/11/2009	First	Refi-No Cashout	01/30/2009	[redacted]	[redacted]	
Total For Janu	[redacted]	[redacted]	**2,486,200.00**	[redacted]	[redacted]					[redacted]	[redacted]	
	[redacted]	[redacted]		[redacted]	[redacted]					[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	264,000.00	[redacted]	[redacted]	01/09/2009	First	Refi-No Cashout	02/09/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	80,000.00	[redacted]	[redacted]	03/07/2009	First	Refi-Cashout	02/15/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	204,500.00	[redacted]	[redacted]	02/08/2009	First	Refi-Cashout	02/04/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	251,750.00	[redacted]	[redacted]		First	Refi-Cashout	02/13/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	417,000.00	[redacted]	[redacted]	01/21/2009	First	Refi-No Cashout	02/02/2009	[redacted]	[redacted]	
Loan Shipped	[redacted]	[redacted]	417,000.00	[redacted]	[redacted]	02/05/2009	First	Refi-Cashout	02/11/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	238,400.00	[redacted]	[redacted]	02/11/2009	First	Refi-Cashout	02/02/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	157,000.00	[redacted]	[redacted]	03/19/2009	First	Refi-No Cashout	02/11/2009	[redacted]	[redacted]	
CLOS	[redacted]	[redacted]	160,000.00	[redacted]	[redacted]		First	Refi-No Cashout	02/25/2009	[redacted]	[redacted]	
Loan Shipped	[redacted]	[redacted]	105,000.00	[redacted]	[redacted]	02/17/2009	First	Refi-No Cashout	02/13/2009	[redacted]	[redacted]	
CLOS	[redacted]	[redacted]	290,000.00	[redacted]	[redacted]	03/23/2009	First	Refi-No Cashout	02/26/2009	[redacted]	[redacted]	

Loan Sold	[redacted]	[redacted]	130,000.00	[redacted]	[redacted]	02/25/2009	First	Refi-Cashout	02/15/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	196,800.00	[redacted]	[redacted]	02/20/2009	First	Refi-No Cashout	02/12/2009	[redacted]	[redacted]	
Loan Sold	[redacted]	[redacted]	175,000.00	[redacted]	[redacted]	02/23/2009	First	Refi-No Cashout	02/13/2009	[redacted]	[redacted]	
Total for February			3,086,450.00									
Total December 08 through February 09			5,814,150.00									

TRADE CONFIRMATION

FTN FINANCIAL
CAPITAL MARKETS

C O R R E C T I O N

Suite 150, 845 Crossover Lane
Memphis, Tennessee 38117
Phone (901) 435-8080
(800) 456-5460

AS PRINCIPAL WE SOLD TO YOU:

SECURITY DESCRIPTION: GOVERNMENT NATIONAL MORTGAGE A

POOL NUMBER:	004345	TRADE DATE:	2/5/2009
CUSIP:	36202EZJ1	TRADE NUMBER:	0172214
RATE:	6.50000	SETTLEMENT DATE:	2/19/2009
MATURITY DATE:	1/20/2039	PREPARED DATE:	2/11/2009
ISSUE DATE:	1/1/2009	SALES REP:	[redacted] (b) (4)
FACTOR DATE:	2/1/2009	CUSTOMER NUMBER:	
FACTOR:	0.98891266		

TIDELANDS BANK
FBO TIDELANDS BANCSHARES, INC
875 LOWCOUNTRY BLVD.
P.O. BOX 1087
MOUNT PLEASANT, SC 29464
ATTN: [redacted] (b) (6)

ORIGINAL FACE:	10,000,000.00
PAR VALUE:	9,889,126.60
UNIT PRICE:	104.09375
PRINCIPAL:	10,293,962.72
INTEREST:	32,139.66
NET AMOUNT:	10,326,102.38

Days Delay: 19
Payment Frequency: Monthly

PAYMENT AND DELIVERY INSTRUCTIONS:
[redacted] (b) (4)
TIDELANDS BANCSHARES

Stock Options Granted To Be Granted in December 2008

b(4), b(6) [redacted]

Options	Vesting
10,000	4 Years
10,000	5 Years
10,000	5 Years
10,000	5 Years
10,000	5 Years
4,500	5 Years
5,000	5 Years
4,500	5 Years
4,500	5 Years
3,000	5 Years
2,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
1,000	5 Years
500	5 Years
500	5 Years
500	5 Years
1,500	Immediately
20,800	3 Years
107,300	