

First Quarter Financial Snapshot

- String of consecutive quarterly profits continues
- Net income of \$482,504
- Total assets grow 7.9%
- Total loans grow 15.8%
- Total deposits grow 8.1%
- NIM improves to 3.90%
- No net charge-offs
- Noninterest income

In this Issue

P/2 – Selected Financial Highlights

P/3 – NMB Ribbon Cutting Community Pictorial Address Changes

P/4 – It's the People Who Make the Difference

Next Issue

- Financial Update
- Mount Pleasant Progress
- Community Support

Continued Earnings Improvement Reported for First Quarter

South Atlantic Bancshares, Inc. achieved solid performance for the first quarter of 2015. The three-month period was highlighted by growth in earnings, the opening of two new offices, and the completion of a successful capital raise.

Net income in the first quarter of 2015 rose to \$482,504 or \$0.14 per diluted share, from \$374,662 or \$0.11 per diluted share in the first quarter of 2014. This represents an increase of 28.8 percent in earnings year-over-year. The company now has a string of 17 consecutive quarterly profits dating back to the first quarter of 2011.

Several factors contributed to the growth in earnings, including an improved earning asset yield, increased loan volume, and gains on the sale of securities due to recent market movements. Our net interest margin improved to 3.90 percent for the first quarter and at March 31, climbed to 4.00 percent.

Total loans grew 15.8 percent, to 268.7 million at March 31, 2015 from \$232.1 million at March 31, 2014. An improving economy is fueling new projects in our markets and our loan officers are working diligently to develop these loan opportunities.

During this period of loan growth, our credit quality has remained stellar. In the first quarter, we had no net charge-offs and it was our fourth consecutive quarter with zero past dues. These statistics visibly demonstrate our credit quality, and are impressive for a portfolio of more than \$260 million.

Our merchant services and mortgage lines of business continue to show improvement in producing other fee income. During the first quarter, we opened 13 new merchant accounts, which not only helps our bottom line, but also solidifies the customer's relationship with us. The mortgage loan area has steadily increased the number of loans sold in the secondary market, and the number of loans made for a home purchase rather than a refinance. These numbers demonstrate that the expanded department is succeeding in growing the business and increasing the referrals received from builders and realtors.

During the first quarter, the company concluded the second and final phase of the private placement offering of its common stock. Proceeds from the raise will be used for general corporate purposes and to support the growth and capital position of the bank.

We marked the grand openings of our permanent office in Pawleys Island and our newest location in North Myrtle Beach with ribbon cuttings and receptions. Both offices have been well-received in the community and we are looking forward to further establishing our brand in these markets.

We also secured land to build a permanent office in Mount Pleasant. The 1.36 acre parcel is a premium location on Johnnie Dodds Boulevard and just a few minutes from our current office. The bank has had a presence in the market since October 2013, when our current full service location first opened as a loan production office. We plan to build an 8,000 square-foot, two-story facility to house a full-service branch on the first floor, with space for tenants on the second floor. Groundbreaking will take place later in 2015, and construction is expected to be completed in 2016.

Our year is off to a good start, and we hope you are pleased with the progress outlined in this newsletter. As always, we appreciate your support.

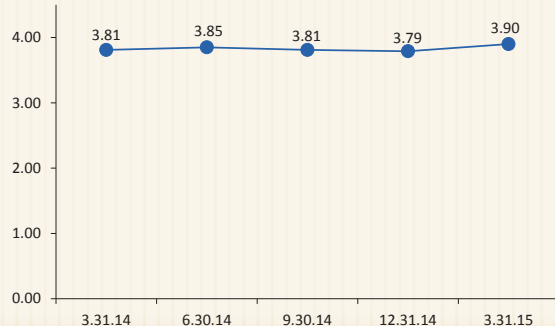


~North Myrtle Beach Grand Opening~

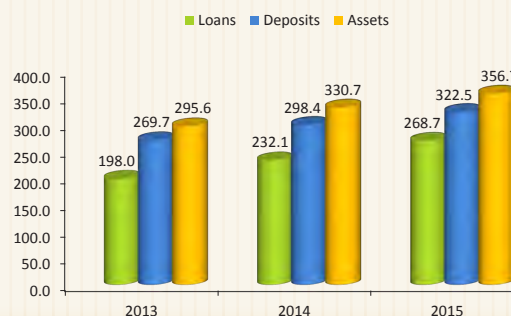
Selected Financial Highlights

| | For the Three Months Ended March 31, 2015 | For the Twelve Months Ended December 31, 2014 | For the Three Months Ended March 31, 2014 |
|---|---|---|---|
| Year End/Quarter End Balances (in thousands) | | | |
| Total assets | \$ 356,736 | \$ 363,348 | \$ 330,650 |
| Investment securities | 51,386 | 52,607 | 67,846 |
| Loans, net of unearned income (total loans) | 268,736 | 262,286 | 232,091 |
| Deposits | 322,482 | 326,594 | 298,363 |
| Shareholders' equity | 33,679 | 32,242 | 25,653 |
| Average Balances (in thousands) | | | |
| Total assets | \$ 352,383 | \$ 341,288 | \$ 323,700 |
| Earning assets | 327,515 | 318,590 | 301,453 |
| Investment securities | 51,987 | 67,306 | 70,871 |
| Loans, net of unearned income (total loans) | 264,121 | 239,797 | 226,844 |
| Deposits | 314,232 | 308,929 | 287,417 |
| Shareholders' equity | 32,582 | 26,925 | 25,063 |
| Earnings Breakdown (in thousands) | | | |
| Total interest income | \$ 3,369 | \$ 13,012 | \$ 3,143 |
| Total interest expense | 266 | 1,188 | 314 |
| Net interest income | 3,103 | 11,825 | 2,829 |
| Total noninterest income | 688 | 1,705 | 283 |
| Total noninterest expense | 3,028 | 10,618 | 2,530 |
| Provision for loan losses | 100 | 475 | 150 |
| Income before taxes | 663 | 2,437 | 432 |
| Taxes | 181 | 433 | 57 |
| Net income | 483 | 2,004 | 375 |
| Selected % Increases (year over year) | | | |
| Total assets | 7.89% | 11.61% | 11.85% |
| Total interest earning assets | 7.51% | 11.93% | 11.96% |
| Total loans | 15.79% | 14.85% | 17.26% |
| Total deposits | 8.08% | 10.10% | 10.62% |
| Interest income | 7.18% | 12.89% | 17.15% |
| Interest expense | (15.43)% | (19.08)% | (4.89)% |
| Noninterest income | 142.85% | (24.15)% | (16.99)% |
| Noninterest expense | 19.68% | 14.55% | 31.69% |
| Selected Ratios (year-to-date) | | | |
| Return on assets | 0.56% | 0.59% | 0.47% |
| Return on equity | 6.01% | 7.44% | 6.06% |
| Interest income to total average assets | 3.88% | 3.67% | 3.94% |
| Interest expense to total average assets | 0.31% | 0.43% | 0.39% |
| Net interest income to total average assets | 3.57% | 3.24% | 3.54% |
| Loan loss reserve to total loans | 1.02% | 1.00% | 1.10% |
| Nonperforming assets to total average assets | 0.12% | 0.13% | 0.23% |
| Net charge-offs to total average loans | 0.00% | 0.07% | 0.00% |
| Net interest margin | 3.90% | 3.79% | 3.81% |

Net Interest Margin
(%)



Three Year Comparison
as of March 31 (\$ in millions)



Ribbon Cutting and Reception Highlight Grand Opening!

We celebrated the opening of our sixth location and first in North Myrtle Beach with special events on Thursday, April 9.

Bank officials, including K. Wayne Wicker, chairman and chief executive officer; R. Scott Plyler, president; Richard N. Burch, executive vice president and chief financial officer; and John L. Breeden, III, senior vice president and North Strand regional executive, greeted customers and welcomed them to the bank's newest office. North Myrtle Beach Chamber of Commerce chairman and chief executive officer Marc Jordan addressed guests and added his congratulations on the bank's entry into the market. North Myrtle Beach Mayor Marilyn Hatley also attended the event, welcoming South Atlantic Bank to the community.

The new location is a former bank building that was recently renovated to model the South Atlantic Bank presence, featuring a comfortable reception area with free Wi-Fi, hot coffee, and endless Krispy Kreme Doughnuts. Additionally, a drive-up automated teller machine (ATM) is available for customer convenience. The overall branch design emphasizes easy, efficient service.



Bank and chamber officials, along with other special guests, cut the ribbon at our North Myrtle Beach office. The new branch is a former bank building located at 1801 Highway 17 South in the heart of the Crescent Beach section of North Myrtle Beach. See the front page of this newsletter for more photos.

A Community Involvement Pictorial

In addition to all the excitement in our banking world including branch openings, special honors, achievements, and providing stellar service, we also found time to help in our community. In the first quarter, we hosted second and third graders from nearby Myrtle Beach Elementary School, sponsored the Race for the Inlet benefitting Murrells Inlet 2020, and raised more than \$1,400 for the American Red Cross in its Heroes campaign. Community support is a key component of our mission statement and we are pleased to be a part of these special organizations.



Above: Tour guide Mary Jo Rogers discusses the vault with a rapt audience of third graders.

At right: Karla Marion answers questions about careers in banking as she conducts a tour for students.



At left: The South Atlantic Bank team poses for a pre-race photo. More than 450 runners participated in this fundraiser for Murrells Inlet 2020.

Below: Caroline Springs (left) and Candy Cherry celebrate our fundraising efforts for the American Red Cross Heroes Campaign. Candy won the 50-50 drawing – just one of several fundraisers for the campaign.



E-Mail Address Changes and Additions

To update the e-mail address you have on file with us, please visit the Investor Relations section of our website. It's easy to find: **SouthAtlanticBank.com > Who We Are > Investor Relations.**

Simply click on the link for the form, follow the directions provided, and we will update your records upon receipt. **You may also use this form to provide us with your e-mail address if you haven't already done so, or would like to update your U.S. Mail address.**

BOARD OF DIRECTORS

Carson Benton
Co-Owner and Operator
C.L. Benton and Sons, Inc.

Tommy Brittain
Attorney at Law
Brittain Law Firm, P.A.

Dick Burch
Executive Vice President
and Chief Financial Officer
South Atlantic Bank

Tony Cox
Executive Vice President
Real Estate
Burroughs and
Chapin Company

Miles Herring
Franchisee and Operator
Krispy Kreme Doughnuts

Martha Lewis
Senior Physical Therapist
NextStep Rehabilitation

Scott Plyler
President
South Atlantic Bank

Albert Springs
Co-Owner and President
HB Springs Company

Jay Springs
Co-Owner/Broker
Century 21 Barefoot Realty

Zeb Thomas, Jr.
President
The Dayton House

Wayne Wicker
Chairman and
Chief Executive Officer
South Atlantic Bank

Our Mission is to serve, in a fair, balanced, and superior manner, the interest of shareholders, customers, employees, and the public through adherence to high standards of financial soundness, exemplary customer service, employee professionalism, business ethics, corporate citizenship, and profitability.

It's the People Who Make the Difference

Staff Additions

Michelle Ward is a new deposit operations specialist and Bank Secrecy Act assistant, based at our Myrtle Beach headquarters. Michelle has 17 years of banking experience. She began her career with BB&T in 1997 as a teller supervisor and most recently served as their area operations consultant based in Florence. She holds a B.A. degree from Francis Marion University and an M.A. degree from Webster University. A native of Loris, Michelle now resides in Conway.



Stacy Johnson is a new teller at our Myrtle Beach headquarters. She has nine years of banking experience. She most recently worked with Bank of America in Myrtle Beach as a sales and service specialist. She previously served TD Bank in Cherry Hill, New Jersey as a head teller. Originally from New Jersey, Stacy is now a resident of Carolina Forest.

Kelcie Russell serves as a float teller for our Myrtle Beach, North Myrtle Beach, Murrells Inlet, and Pawleys Island offices. She previously worked with M.B. Kahn Construction of Columbia and Orangeburg Cable in Conway. A recent graduate of East Tennessee University with a B.S. degree, Kelcie also attended the University of South Carolina. She is a native of Pawleys Island who now resides in Carolina Forest.



Caroline Springs has joined the bank as a marketing assistant, based at the bank's Myrtle Beach headquarters. A recent graduate of the University of South Carolina with a B.A. degree, Caroline brings experience in video production and development to her new role. She graduated with honors and involvement in multiple leadership organizations. Caroline is a life-long resident of Myrtle Beach.

Juanita Gore is the assistant branch manager and customer service representative at our North Myrtle Beach office. She has 16 years of banking experience with the Army and Air Force Exchange Service (AAFES), Anchor Bank, Carolina First, and TD Bank where she most recently worked in customer service. She holds an A.A. degree from Harold Washington College, and B.S. and M.B.A. degrees from the University of Phoenix. Juanita resides in Longs.



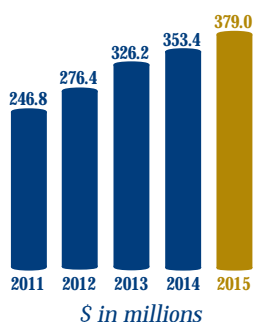
Carrie Barwick is the teller supervisor at the North Myrtle Beach office, bringing 10 years of experience to her new role. She most recently served TD Bank in a similar capacity. A Myrtle Beach native, she is a graduate of Myrtle Beach High School and the Grand Strand is her home.

Shelley Krzyzaniak is a teller at the North Myrtle Beach office. She is a recent graduate of the University of South Carolina with a B.S. degree. She is an honors graduate with experience in leadership roles. Shelley is a Myrtle Beach native who returned to her home town after college.

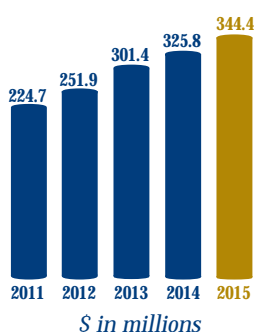


630 29th Avenue North • Myrtle Beach, SC 29577 • P 843.839.0100
1801 Highway 17 South • North Myrtle Beach, SC 29582 • P 843.848.2260
11019 Tournament Boulevard • Murrells Inlet, SC 29576 • P 843.848.2000
10970 Ocean Highway • Pawleys Island, SC 29585 • P 843.848.2049
1187 North Fraser Street • Georgetown, SC 29440 • P 843.436.6800
1127 Queensborough Blvd. • Mt. Pleasant, SC 29464 • P 843.972.4300

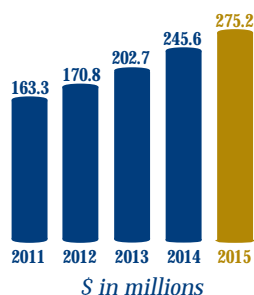
Total Assets (June 30)



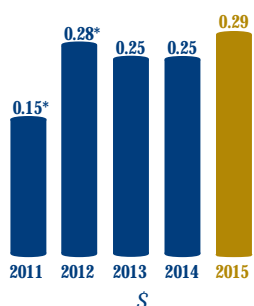
Total Deposits (June 30)



Total Loans (June 30)



Diluted Earnings per Share (June 30)



*Pre-tax EPS. Company became fully taxable in 2013.

Mortgage Loans and Merchant Services Lead the Way

At the year's mid-point, South Atlantic Bank posted increased earnings, fueled by growth in net interest income along with continued improvement from our merchant services and mortgage banking divisions.

Net income for the first six months of 2015 rose to \$1,017,339 or \$0.29 per diluted share, from \$879,158 or \$0.25 per diluted share reported for the same period a year ago. This represents an increase of 15.7 percent in earnings year-over-year and the company's 18th consecutive quarterly profit.

Growth in the mortgage banking and merchant services divisions contributed to a 58.1 percent increase in noninterest income for the first six months of the year, net of securities gains. Our success in these areas can be attributed to several factors. A strengthening economy has brought consumers back into the real estate market as both existing home sales and housing starts are at their highest levels in a number of years. Our revamped mortgage banking division is hitting its stride at the right time as the real estate sector improves. Stronger consumer confidence is boosting spending for consumer goods and services, leading to growth in our markets.

Improved economic conditions are also driving the summer tourist season which is off to a good start. With customer cash flows at their strongest during the summer, we are seeing the usual seasonal pay downs of loans and lines of credit. Pay down activity began as early as May and June this year, another good indicator of a strong season.

Total loans grew 12 percent for the first six months of 2015, when compared to the first six months of 2014. Competition for quality credits is heating up, yet another sign of improved economic conditions. Many banks are in much better shape now than during the recent recession, and better health means that more of them are now in a position to compete. Our loan officers will continue to pursue good lending opportunities that develop relationships and make business sense for our bank. In this period of loan growth, our credit quality remains strong, with just one past due in the second quarter and no net charge-offs.

Increased competition, along with the continued low interest rate environment, will keep pressure on the net interest margin. Our margin reached the 4 percent mark in March, and for the past few months, has been in the 3.73 to 3.86 percent range. Careful deposit mix management has helped our margin while rates are low. The Federal Reserve has signaled a willingness to raise the Federal funds rate based on economic conditions perhaps as early as their September meeting. A rate increase could bring further improvement in the margin as loans generally reprice more quickly than deposits.

Work continues on plans for our new building in Mount Pleasant on Johnnie Dodds Boulevard. We are in the process of finalizing the floor plan and elevations for submission to the town of Mount Pleasant for their approval. The new building will be similar in style and appearance to our Murrells Inlet location, with the first floor used for our banking operations and the second floor leased to tenants.

While much hard work remains to be done, we have built a strong foundation for future success during the first half of 2015. We hope you are pleased with our progress and look forward to sharing future updates with you.

Inside this Issue

...New Look for Newsletter!...It's all About the Service...School Art Contest...Drive-Thru Service...Promotions and Additions...Upcoming Events...

Selected Financial Highlights

| | For the Three Months Ended June 30, 2015 | For the Three Months Ended March 31, 2015 | For the Six Months Ended June 30, 2015 | For the Six Months Ended June 30, 2014 |
|--|--|---|--|--|
| Year End/Quarter End Balances (in thousands) | | | | |
| Total assets | \$ 378,887 | \$ 356,736 | \$ 378,887 | \$ 353,406 |
| Investment securities | 49,161 | 51,386 | 49,161 | 71,539 |
| Loans, net of unearned income (total loans) | 275,174 | 268,736 | 275,174 | 245,585 |
| Deposits | 344,432 | 322,482 | 344,432 | 325,793 |
| Shareholders' equity | 33,506 | 33,679 | 33,506 | 26,740 |
| Average Balances (in thousands) | | | | |
| Total assets | \$ 359,385 | \$ 352,383 | \$ 359,385 | \$ 332,623 |
| Earning assets | 328,152 | 327,515 | 328,152 | 309,948 |
| Investment securities | 51,473 | 51,987 | 51,473 | 71,002 |
| Loans, net of unearned income (total loans) | 269,836 | 264,121 | 269,836 | 233,804 |
| Deposits | 322,996 | 314,232 | 322,996 | 298,140 |
| Shareholders' equity | 33,246 | 32,582 | 33,246 | 25,763 |
| Earnings Breakdown (in thousands) | | | | |
| Total interest income | \$ 3,463 | \$ 3,369 | \$ 6,832 | \$ 6,434 |
| Total interest expense | 285 | 266 | 551 | 635 |
| Net interest income | 3,178 | 3,103 | 6,281 | 5,799 |
| Total noninterest income | 648 | 688 | 1,336 | 691 |
| Total noninterest expense | 3,061 | 3,028 | 6,089 | 5,127 |
| Provision for loan losses | 65 | 100 | 165 | 325 |
| Income before taxes | 701 | 663 | 1,364 | 1,038 |
| Taxes | 166 | 181 | 346 | 159 |
| Net income | 535 | 483 | 1,017 | 879 |
| Diluted earnings per share | 0.15 | 0.14 | 0.29 | 0.25 |
| Selected % Increases (Compared to previous quarter.) (Year over year.) | | | | |
| Total assets | 6.21% | (1.82)% | 7.21% | 8.34% |
| Total interest earning assets | 6.55% | (2.17)% | 6.93% | 8.99% |
| Total loans | 2.40% | 2.46% | 12.05% | 21.16% |
| Total deposits | 6.81% | (1.26)% | 5.72% | 8.08% |
| Interest income | 2.81% | 3.04% | 6.17% | 16.96% |
| Interest expense | 7.39% | (4.28)% | (13.28)% | (6.85)% |
| Noninterest income | (5.87)% | 35.02% | 93.53% | (36.70)% |
| Noninterest expense | 1.06% | 9.44% | 18.76% | 24.41% |
| Net income | 10.85% | (7.60)% | 15.71% | 1.70% |
| Selected Ratios (year-to-date) | | | | |
| Return on assets | 0.60% | 0.56% | 0.57% | 0.53% |
| Return on equity | 6.52% | 6.01% | 6.17% | 6.88% |
| Interest income to total average assets | 3.91% | 3.88% | 3.83% | 3.90% |
| Interest expense to total average assets | 0.32% | 0.31% | 0.31% | 0.38% |
| Net interest income to total average assets | 3.59% | 3.57% | 3.52% | 3.52% |
| Loan loss reserve to total loans | 1.01% | 1.02% | 1.01% | 1.07% |
| Nonperforming assets to total average assets | 0.13% | 0.12% | 0.13% | 0.21% |
| Net charge-offs to total average loans | 0.00% | 0.00% | 0.00% | 0.04% |
| Net interest margin | 3.80% | 3.90% | 3.85% | 3.85% |

It's all About the Service!

Introducing our Revamped Newsletter!

Now in its eighth year of publication, our shareholder newsletter has a new name – *Take Stock* – and a new look ! The newsletter will continue to feature nancial highlights and commentary on our nancial performance along with stories on our activities in the community and our employees. We hope you continue to enjoy this quarterly publication!

New Ad Campaign Touts Drive-Thru Service

Some commercial banks have evaluated their drive-thru service and opted to discontinue it, citing reduced tra c.

We're pleased to report that South Atlantic Bank's drive-thrus continue to experience strong use. In fact, consumers in Pawleys Island waited to move to their accounts to our bank until we opened our new o ce and could o er this convenience.

As a community bank, we want our customers to be comfortable banking with us. No matter how our customers want to do their banking – online, in a branch, on the phone, or at the drive-thru – we are pleased to provide service.

Our ability and willingness to provide drive-thru service di erentiates our bank from larger, more impersonal institutions. A new ad entitled "Drive by Anytime!" lets customers know that they are welcome in our drive-thru lanes. The campaign included print media, statement inserts and branch handouts, and will be featured on our website in the near future. A radio ad has also been developed. The ad stars our own Linda Coleman, a teller at the Georgetown o ce, and customer Sammy Crayton and his dog, Boss.



Georgetown teller Linda Coleman greets Sammy Crayton and his dog, Boss, at the drive-thru. Both Sammy and Boss look forward to their visits and appreciate the convenience the drive-thru provides.

Summer Campaign Focuses on Home Equity Lines of Credit

Home equity lines of credit (HELOCs) have been around since the late 80s, and many a homeowner has bene fited from their use.

HELOCs allow homeowners to use the equity they have built up in their homes to pay for the things they need today. Common uses are for personal expenses, new cards, home repairs or improvements, vacations, or to consolidate higher rate debt.

The line of credit is a win-win for the bank and the customer. The customer has instant access to the funds via convenient checks that come with the line. A single line of credit can be used for a number of purposes without having to get a new loan when emergencies or the need for new expenditures arise.

South Atlantic Bank's HELOC has no origination fees, a 15-year maturity, a \$10,000 minimum line amount, and two payment options – interest-only and 1.5 percent of the balance. The bank charges a variable rate that moves with the *Wall Street Journal* Prime Rate and has a ceiling of 18 percent. Interest may be tax-deductible on the customer's federal income tax return. All in all, it's a very exible product, designed to meet customers' changing needs.

During the summer months, we promoted the product using statement inserts, posters, our website, and a direct mailer in the North Myrtle Beach area to support this new location. We also provided sales sta with conversation starters and sales tips to engage the customer in conversation about this great product.



HELOC poster displayed in branches.

Young Artists Honored

Second and third graders at Myrtle Beach Elementary School put crayon and markers to paper in our 5th Annual Children's Art Contest. The art contest grew out of the tours the bank hosts each winter for the students. More than 700 students visited our Myrtle Beach headquarters in January and February and then drew pictures of their experiences. Employees voted for their favorites and eight lucky winners received a cash prize at the May 11th reception attended by the children, their parents and teachers, and bank o cials. The school's art program also received a \$200 grant from the bank to support future artistic endeavors. Art teacher Paula Patten, in her rst year of teaching at the school, accepted the award and spoke about several projects that the grant would help fund.

The student award winners are:

| | |
|---|---|
| Grade 2 1st Place Emma Clegg-Moore 2nd Place Phylliscian Houghton 3rd Place Ozodbek Nurmotov Honorable Mention Antioniette Brockington | Grade 3 1st Place Ella Conder 2nd Place Logan Lane 3rd Place William Chapman Honorable Mention Eleanor Brown |
|---|---|



At left: Logan Lane's pencil and crayon drawing of the exterior of our Myrtle Beach headquarters includes many interesting features: our fountain, the louvered shutters, a light pole, and a car exiting the tra c circle in front of the building.

Below: Michelle Greene-Graham, principal of Myrtle Beach Elementary School, and Scott Plyler congratulate one of the winning artists.



Take Stock is published quarterly for the shareholders and friends of South Atlantic Bancshares, Inc. Send correspondence to:

Barbara Marshall, Editor
South Atlantic Bank
630 29th Avenue North
Myrtle Beach, SC 29577

bmarshall@southatlanticbank.com

Address Changes and Additions

To update the U.S. mail and e-mail addresses that you have on file with us, please visit the Investor Relations section of our website, SouthAtlanticBank.com.

SouthAtlanticBank.com > Who We Are > Investor Relations

Click on the link for the form, follow the directions provided, and return the form to us. Your information will be updated upon receipt.

Mission Statement

To serve, in a fair, balanced, and superior manner, the interest of shareholders, customers, employees, and the public through adherence to high standards of financial soundness, exemplary customer service, employee professionalism, business ethics, corporate citizenship, and profitability.

Directors

Carson Benton
Co-Owner and Operator
C.L. Benton and Sons, Inc.

Tommy Brittain
Attorney at Law
Brittain Law Firm, P.A.

Dick Burch
Executive Vice President
and Chief Financial Officer
South Atlantic Bank

Tony Cox
Executive Vice President
Real Estate
Burroughs and Chapin Company

Miles Herring
Franchisee and Operator
Krispy Kreme Doughnuts

Martha Lewis
Senior Physical Therapist
NextStep Rehabilitation

Locations

Myrtle Beach
630 29th Avenue North
(P) 843.839.0100

North Myrtle Beach
1801 Highway 17 South
(P) 843.848.2260

Mount Pleasant
1127 Queensborough Blvd., Ste.105
(P) 843.972.4300

Scott Plyler
President
South Atlantic Bank

Albert Springs
Co-Owner and President
HB Springs Company

Jay Springs
Co-Owner/Broker
Century 21 Barefoot Realty

Zeb Thomas, Jr.
President
The Dayton House

Wayne Wicker
Chairman and
Chief Executive Officer
South Atlantic Bank

Murrells Inlet
11019 Tournament Blvd.
(P) 843.848.2000

Pawleys Island
10970 Ocean Highway
(P) 843.848.2049

Georgetown
1187 North Fraser Street
(P) 843.436.6800



SouthAtlanticBank.com



It's the People Who Make the Difference

Staff Promotions and Additions

Shirley Kulcsar is now assistant vice president and loan assistant at our Pawleys Island office. In her new role, Shirley has both loan administration and Compliance One document preparation software responsibilities. She joined South Atlantic Bank when it opened in November 2007, working as a personal banker at the Myrtle Beach office. In November 2008, she moved to the Murrells Inlet office for its opening, serving in a similar capacity. In June 2011, she was promoted to the management training program, and was named assistant vice president and loan administration specialist in January 2012. She began her banking career with Anchor Bank in 1994. A Surfside Beach native, Shirley graduated from Socastee High School and now resides in Murrells Inlet.



Ann-Marie White has joined the bank's loan operations area as a loan administration specialist. She has twelve years of loan experience, beginning in 2003 as a mortgage loan processor with Beazer Homes. In 2008, she joined Atlantic Bank and Trust, now First Citizens, as a loan operations specialist and loan processor. Most recently, she held a loan administrator position with Sandhills Bank. Ann-Marie earned B.A. and M.A. degrees in psychology from Roanoke College and Marshall University, respectively. A native of Roanoke, Virginia, Ann-Marie has resided in the Myrtle Beach area for 15 years.

Stephen Windham is serving as a summer intern at the bank's Myrtle Beach headquarters. He is shadowing bank employees in customer contact and operational roles to learn the skills necessary to succeed in the banking industry. Stephen is a Charleston native, where he currently attends The Citadel and is working toward a degree in business administration. He is also a member of the Citadel Bulldogs' baseball team and participates in the school's leadership program, volunteering at least 12 hours in the community each year. Stephen is on track to graduate in spring 2016.



Christopher Cassidy is also spending his summer at South Atlantic Bank, interning in the credit/underwriting and loan operations areas of the bank to gain knowledge of financial operations. He is currently an undergraduate student at Coastal Carolina University, concentrating in Wealth Management within the Finance program. He plans to graduate in December 2015 and pursue a career in Finance. Chris hopes to obtain a Chartered Financial Analyst designation and work on a master's degree in Quantitative Finance in the future.

Upcoming Events!

Mark your calendars now for these special events at South Atlantic Bank!

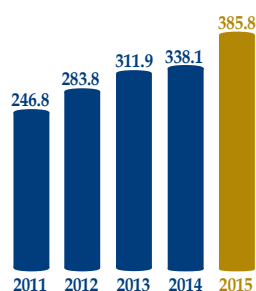
Now Through September 10: We will hold a raffle to raise funds for the Grand Strand Miracle Leagues in support of their baseball fall opener, to be held on September 10 at the James C. Benton Miracle League Field (Pepper Geddings Recreational Complex at 33rd Avenue North and Oak Street). This year, we are giving away an iPad Air® to a lucky winner! See the flyer included with this newsletter, or visit your South Atlantic Bank office or SouthAtlanticBank.com for details. Please help us in supporting this important organization.

October and November: Special events will take place at the **Georgetown, Murrells Inlet, North Myrtle Beach, and Myrtle Beach** offices on **October 2, October 23, October 30, and November 6**, respectively. Each event will take place from 11 a.m. to 2 p.m. and feature delicious food along with a prize drawing for a Pleasant Hearth Martin fire pit. Mark your calendars now and plan to have lunch with your friends at South Atlantic Bank. We look forward to seeing you!

Next Issue

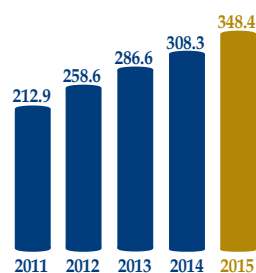
...Financial Update...New Look for Credit Cards...Grand Strand Miracle League Update...Promotions and Additions...Upcoming Events...

Total Assets (September 30)



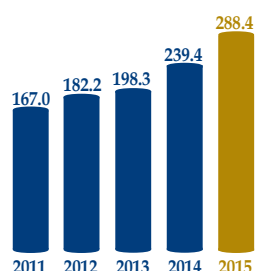
\$ in millions

Total Deposits (September 30)



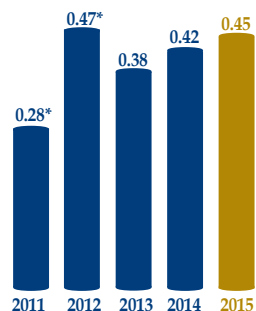
\$ in millions

Total Loans (September 30)



\$ in millions

Diluted Earnings per Share
(September 30)



\$

*Pre-tax EPS. Company became fully taxable in 2013.

Year-to-Date Earnings Show Continued Improvement

As we move into the fourth quarter of 2015, our company remains focused on its financial performance and year-end goals.

Net income for the nine months ended September 30, 2015 rose to \$1,612,352 or \$0.45 per diluted share, from \$1,482,184 or \$0.42 per diluted share reported for the same period a year ago. This represents an increase of 8.8 percent in earnings year-over-year. Net income for the three months ended September 30, 2015 was \$595,012 or \$0.17, and represented the company's 19th consecutive quarterly profit.

Solid growth in South Atlantic Bank's loan portfolio contributed to our financial performance. Total loans grew 20.5 percent, to \$288.4 million at September 30, 2015, from \$239.4 million for the same period a year ago. Calling officer efforts in our expanded geographic footprint combined with better economic times to drive loan gains. Credit quality remains strong in this period of growth, with no net charge-offs in the third quarter and we continue to lead our peer group banks in this category. We also recorded a 13.0 percent increase in total deposits, to \$348.4 million at September 30, 2015, compared to \$308.3 million at September 30, 2014.

Continued improvement from our merchant services and mortgage banking areas of the bank, along with securities gains, also helped the bottom line. Results in these areas led to a 22.4 percent increase in noninterest income at September 30, 2015, compared to the same period a year ago. Our net interest margin ended the third quarter at 3.64 percent. During the past nine months, the margin has ranged from 3.78 to 3.64 percent.

In other banking news, we have received the necessary approvals from the Town of Mount Pleasant and expect to break ground before the end of the year on our new office building. The 8,000 square foot building will have a full-service branch on the first floor and space for tenants on the second floor. Drive-thru lanes including an ATM are planned for the facility on Johnnie Dodds Boulevard.

Our bank continues to make strides in deposit market share according to data released by the FDIC as of June 30, 2015. South Atlantic Bank ranks eighth out of twenty-three banks in Horry and Georgetown counties, on the strength of just five locations. The banks holding the first seven places on the list have at least double the number of branches. The bank continues to do well in Myrtle Beach zip code 29577, holding fourth place trailing only larger, regional banks, and in Murrells Inlet zip code 29576, where it ranks first.

We are also pleased to announce that our website address is now SouthAtlantic.bank as we completed the move from the dot com domain to the new dot bank domain during the third quarter. Dot bank offers a higher level of security for our customers' online commerce and we are among the first financial institutions in our market and the state of South Carolina to make this move.

Lastly, our board approved the listing of our South Atlantic Bancshares common stock on the OTCQX® Best Market and it began trading on October 1 under the symbol "SABK." The Best Market is a great fit for South Atlantic Bancshares because it is designed for high-performing companies interested in increasing their visibility to investors.

With 2015 drawing to a close, we are eager to continue moving our bank forward. We hope you are pleased with our progress and if we can be of service to you, please call on us.

Inside this Issue

...Stock Listed on OTCQX...Credit Card Chips Deter Fraud!...On the Move to dot Bank!...Fundraiser Works Miracles...Promotions and Additions...

Selected Financial Highlights

| | For the Three Months Ended September 30, 2015 | For the Three Months Ended September 30, 2014 | For the Nine Months Ended September 30, 2015 | For the Nine Months Ended September 30, 2014 |
|---|---|---|--|--|
| Year End/Quarter End Balances (In Thousands) | | | | |
| Total assets | \$ 385,780 | \$ 338,097 | \$ 385,780 | \$ 338,097 |
| Investment securities | 49,481 | 71,023 | 49,481 | 71,023 |
| Loans, net of unearned income (total loans) | 288,427 | 239,402 | 288,427 | 239,402 |
| Deposits | 348,389 | 308,263 | 348,389 | 308,263 |
| Shareholders' equity | 34,635 | 27,937 | 34,635 | 27,937 |
| Average Balances (In Thousands) | | | | |
| Total assets | \$ 398,895 | \$ 354,152 | \$ 369,667 | \$ 339,879 |
| Earning assets | 346,608 | 313,962 | 331,588 | 308,869 |
| Investment securities | 50,203 | 70,901 | 51,045 | 70,968 |
| Loans, net of unearned income (total loans) | 280,638 | 240,986 | 273,476 | 236,225 |
| Deposits | 354,492 | 325,608 | 333,610 | 307,397 |
| Shareholders' equity | 34,216 | 27,480 | 33,573 | 26,342 |
| Earnings Breakdown (In Thousands) | | | | |
| Total interest income | \$ 3,587 | \$ 3,309 | \$ 10,418 | \$ 9,743 |
| Total interest expense | 309 | 275 | 860 | 910 |
| Net interest income | 3,277 | 3,034 | 9,558 | 8,833 |
| Total noninterest income | 618 | 505 | 1,954 | 1,196 |
| Total noninterest expense | 3,086 | 2,724 | 9,175 | 7,851 |
| Provision for loan losses | 0 | 75 | 165 | 400 |
| Income before taxes | 809 | 739 | 2,173 | 1,778 |
| Taxes | 214 | 136 | 561 | 295 |
| Net income | 595 | 603 | 1,612 | 1,482 |
| Diluted earnings per share | 0.17 | 0.17 | 0.45 | 0.42 |
| Selected % Increases (Year over Year.) | | | | |
| Total assets | 14.10% | 8.41% | 14.10% | 8.41% |
| Total interest earning assets | 9.61% | 11.87% | 9.61% | 11.37% |
| Total loans | 20.48% | 20.74% | 20.48% | 20.74% |
| Total deposits | 13.02% | 7.55% | 13.02% | 7.55% |
| Interest income | 8.40% | 17.41% | 6.93% | 17.11% |
| Interest expense | 12.43% | (14.34)% | (5.51)% | (9.25)% |
| Noninterest income | 22.35% | 36.86% | 63.46% | (20.56)% |
| Noninterest expense | 13.28% | 25.89% | 16.86% | 24.03% |
| Net income | (1.33)% | 24.58% | 8.78% | 9.91% |
| Selected Ratios (Year-to-Date) | | | | |
| Return on assets | 0.61% | 0.68% | 0.58% | 0.58% |
| Return on equity | 6.90% | 8.71% | 8.18% | 7.52% |
| Interest income to total average assets | 3.65% | 3.71% | 3.77% | 3.83% |
| Interest expense to total average assets | 0.31% | 0.31% | 0.31% | 0.36% |
| Net interest income to total average assets | 3.33% | 3.40% | 3.46% | 3.47% |
| Loan loss reserve to total loans | 0.99% | 1.11% | 0.99% | 1.11% |
| Nonperforming assets to total average assets | 0.14% | 0.09% | 0.14% | 0.09% |
| Net charge-offs to total average loans | (0.02)% | 0.04% | (0.02)% | 0.04% |
| Net interest margin | 3.64% | 3.73% | 3.78% | 3.81% |

Stock Trades on the OTCQX® Best Market

It's official! The common stock of South Atlantic Bancshares, Inc. now trades on the OTCQX Best Market. Listing the stock improves the visibility of the company to investors interested in high-performing community banks while providing a source of liquidity. Companies that trade on the OTCQX are required to be well-managed and capitalized with strong financial principles and integrity.

Our listing provides a shareholder friendly trading experience along with easy access to financial reports and other company news.

To find current financial disclosures and Real-Time Level 2 quotes for South Atlantic Bancshares, Inc., visit www.otcmarkets.com and enter the symbol SABK.

FIG Partners, an employee-owned broker/dealer specializing in financial institutions, serves as South Atlantic Bancshares' corporate broker on the OTCQX.

If you are interested in purchasing or selling shares, you can contact your broker or **Mike Acampora of FIG Partners at 904.354.0441**. He is a specialist in the community bank stock sector with nearly 30 years of experience with community bank boards and their shareholders.

OTCQX: SABK

SouthAtlantic.bank Makes its Debut!

South Atlantic Bank moved to new real estate on the Internet, exchanging its dot com digs for the financially-oriented and security-driven dot bank domain.

Dot bank is one of more than 1000 new generic top level domain (gTLD) names that will be developed and implemented over the next several years.

The bank's new website address is SouthAtlantic.bank.



The dot bank domain is operated by fTLD Registry, a private company owned, operated, and governed by banks, insurance companies and their trade associations. fTLD Registry ensures that the dot bank domain is controlled by the financial services industry and operates in the best of interest of banks and their customers. fTLD Registry is also responsible for dot insurance.

Stronger security requirements set dot bank apart from other gTLDs such as dot com. For example:

One Small Chip – One Giant Leap Forward for Security!

South Atlantic Bank credit card holders will soon receive new cards using the latest technology in the fight against fraud – the EMV microchip. EMV stands for "Euro-Pay, MasterCard, Visa." Cards with embedded chips have been in use in Europe and other parts of the world for some time. With fraud an expensive and continuing problem, the processing companies – MasterCard, Visa, and American Express – along with the banking industry, wanted stronger card security here in the U.S.

The microchip appears on the card's front, to the left. It protects the customer's personal data because each time the card is used for a transaction, it encrypts the information into a unique code that can't be used again for any additional transactions. It makes the cards harder to copy, also a source of fraud.



The move to chip technology also affects merchants who will need to switch from the magnetic stripe readers to chip-enabled readers or risk liability for card fraud that takes place in their stores. Our merchant services team is working to ensure a smooth transition to the new readers as more chip-embedded cards enter the market.

- Only legitimate, verified members of the global banking community are awarded dot bank domain names.
- Registration data is re-verified every two years.
- Multi-factor authentication ensures that changes to registration data are made only by authorized users of the domain name.
- Email authentication reduces spoofing, phishing and other malicious activities.
- Strong encryption ensures Internet communication is secure.
- Domain Name System Security Extensions (DNSSEC) ensure that Internet users are landing on legitimate websites and not imposter sites.
- Anonymous registrations that cybercriminals use to pose as legitimate entities are prohibited.
- Domains are hosted on dot bank nameservers to ensure compliance with all technical security requirements.

K. Wayne Wicker, South Atlantic Bank chairman of the board and chief executive officer, said, "As customers increasingly migrate to online and mobile banking services, banks need to take every opportunity to continually improve security for online commerce. By moving to dot bank, we are committed to providing our customers with a safe and secure environment for their online and mobile banking activities."

Customers who access the bank's website or send e-mail via the dot com address will be automatically redirected to the dot bank address, which affords them all of the security of the new domain.

It's the People Who Make the Difference

Staff Promotions and Additions



Angie Potter is the new accounting assistant at our Myrtle Beach headquarters. Angie joined the bank in March 2013, serving as a customer service representative at our Pawleys Island office. In our accounting department, she is responsible for accounts payable, prepaid and fixed assets, and accruals. She also prepares 1099 reporting, updates policy and procedure manuals, and assists with audit and examination preparation. Angie is a graduate of Waccamaw High School and attended Coastal Carolina University.

Kelly Byrd was promoted from teller to customer service representative at the Pawleys Island office. She joined South Atlantic Bank in December 2014 and her previous business experience includes a three-year stint with Bank of America in customer service. Kelly relocated to Murrells Inlet from Virginia in 2008. She attended Horry-Georgetown Technical College.



Leah Rodriguez now serves as a mortgage loan officer for the North Myrtle Beach and Myrtle Beach markets. She joined the bank in February 2012 as a teller in Myrtle Beach, and advanced through the ranks, most recently serving as the assistant branch manager at our Murrells Inlet office. A graduate of Coastal Carolina University with a B. A. degree, Leah recently completed the South Carolina Bankers Association School of Banking. She is a Conway native who now resides in Myrtle Beach.

Savannah Richard joined the bank's staff as a float teller for the Grand Strand locations. She is based at our Myrtle Beach headquarters and will travel to branches as staffing needs dictate. Savannah is a recent graduate of the University of South Carolina with a B. A. degree in psychology. While at school, she participated in several service organizations to develop leadership skills.



Loretta Jones is the new teller and back-up customer service representative at our Pawleys Island office. Loretta began her banking career more than 20 years ago in her home state of New Hampshire. She relocated to the Myrtle Beach area in 2008 and worked as an office manager before returning to the banking industry in 2010 with Carolina First. She most recently served TD Bank as a customer service representative. She attended St. Johnsbury College in Vermont.

Bank Named "Roaring Twenties" Winner

For the third time in the past four years, South Atlantic Bank has been named a "Roaring Twenties" winner by SC Biz News. This honor recognizes the state's 20 best-performing companies in small and large categories. To qualify, companies must have a physical presence in South Carolina and be a for-profit entity or a non-profit organization (government entities and charitable organizations including 501 (c) 3 companies are not eligible).

South Atlantic Bank was the only Grand Strand-based business and the only bank to be honored at the awards presentation in Columbia on October 28. The majority of companies hail from Columbia, Charleston, and Greenville.

SC Biz News produces several state-wide business publications including *SC Biz News*, *Charleston Regional Business Journal*, *Columbia Regional Business Report*, and *GSA Business*.



Next Issue

...Financial Update for 2015...Customer Appreciation Events...Promotions and Additions...Upcoming Events...

Miracle Leagues Fundraiser Sets Record!

Our fund drive for the Grand Strand Miracle Leagues' fall baseball opener was our most successful to date, raising more than \$5,700 for the organization.

The fall opener took place at the James C. Benton Miracle Leagues Field in Myrtle Beach on September 10. Opening ceremonies began at 6 p.m. as Rollin' Thunder presented the colors, Father Angelo Pappas of St. John the Baptist Greek Orthodox Church gave the invocation, and Savannah Thompson sang the National Anthem. After South Atlantic Bank's executive officers presented the "big check" for the campaign, it was time to play ball!

Two teams battled on the field and then enjoyed a barbecue supper. Volunteers from the community, South Atlantic Bank, and Coastal Carolina University came together to provide the players with a memorable evening of fall baseball!

The Miracle Leagues organization was founded in 2001 to provide people with special needs the opportunity to play baseball. The rules are simple: Everyone plays. Everyone crosses home plate. Everyone wins! The organization expanded in 2011 to include soccer, and in 2013 added the All-Star Park, an all access playground. New to the organization this year is a golf program. For more information, call 843.448.7712 or visit GrandStrandMiracleLeague.com



Above: Carson Benton, chairman of the Grand Strand Miracle Leagues, receives a check from South Atlantic Bank executive officers Wayne Wicker, Scott Plyler, and Dick Burch during the opening ceremonies. Bank employees raised money through several fundraisers, including the sale of "Dress Down Fridays," always a popular event.

At right, Savannah Thompson, a Miracle Leagues team member, sings the National Anthem before the start of the game.



Take Stock is published quarterly for the shareholders and friends of South Atlantic Bancshares, Inc. Send correspondence to:

Barbara Marshall, Editor
South Atlantic Bank
630 29th Avenue North
Myrtle Beach, SC 29577

bmarshall@southatlantic.bank

Address Changes and Additions

To update the U.S. mail and e-mail addresses that you have on file with us, please visit the Investor Relations section of our website, SouthAtlantic.bank.

SouthAtlantic.bank > Who We Are > Investor Relations

Click on the link for the form, follow the directions provided, and return the form to us. Your information will be updated upon receipt.

Mission Statement

To serve, in a fair, balanced, and superior manner, the interest of shareholders, customers, employees, and the public through adherence to high standards of financial soundness, exemplary customer service, employee professionalism, business ethics, corporate citizenship, and profitability.

Directors

Carson Benton

Co-Owner and Operator
C.L. Benton and Sons, Inc.

Tommy Brittain

Attorney at Law
Brittain Law Firm, P.A.

Dick Burch

Executive Vice President
and Chief Financial Officer
South Atlantic Bank

Tony Cox

Executive Vice President
Real Estate
Burroughs and Chapin Company

Miles Herring

Franchisee and Operator
Krispy Kreme Doughnuts

Martha Lewis

Senior Physical Therapist
NextStep Rehabilitation

Scott Plyler

President
South Atlantic Bank

Albert Springs

Co-Owner and President
HB Springs Company

Jay Springs

Co-Owner/Broker
Century 21 Barefoot Realty

Zeb Thomas, Jr.

President
The Dayton House

Wayne Wicker

Chairman and
Chief Executive Officer
South Atlantic Bank

Locations

Myrtle Beach

630 29th Avenue North
(P) 843.839.0100

North Myrtle Beach

1801 Highway 17 South
(P) 843.848.2260

Mount Pleasant

1127 Queensborough Blvd., Ste.105
(P) 843.972.4300

Murrells Inlet

11019 Tournament Blvd.
(P) 843.848.2000

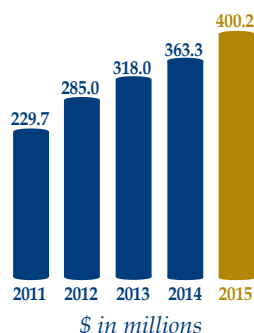
Pawleys Island

10970 Ocean Highway
(P) 843.848.2049

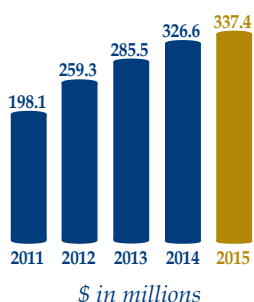
Georgetown

1187 North Fraser Street
(P) 843.436.6800

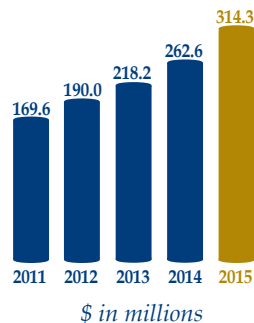
Total Assets (December 31)



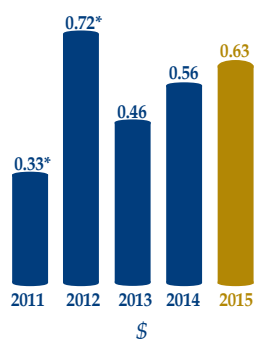
Total Deposits (December 31)



Total Loans (December 31)



Diluted Earnings per Share
(December 31)



*Pre-tax EPS. Company became fully taxable in 2013.

Continued Profitability, Achievements Mark Successful 2015 Campaign

In 2015, the company continued its trend of profitability while meeting several important goals, all of which will strengthen South Atlantic Bank for the future.

For the year ended December 31, 2015, the company reported net income of \$2,240,817 or \$0.63 per diluted share, compared to \$2,004,218 or \$0.56 per diluted share reported for the same period a year ago. These figures represent an increase of 11.8 percent in earnings year-over-year. Year-end 2015 marks the company's fifth consecutive profitable year.

Loan growth again contributed to the bank's overall financial performance as the portfolio exceeded the \$300 million mark for the first time in its history. Total loans grew 19.7 percent, to \$314.3 million at December 31, 2015, from \$262.6 million for the same period a year ago. We were able to achieve this level of growth in very competitive markets due to our calling officer efforts and professional service provided to customers.

Credit quality continues to be outstanding in all our markets, with net charge-offs to average total assets of 0.01 percent and no past dues for 2015. As an important barometer of a bank's overall health, credit quality is our first consideration as we work to grow the loan portfolio. We remain committed to controlled loan growth that does not sacrifice credit quality for increased volume.

During 2015, total deposits grew 3.3 percent to \$337.4 million at December 31, 2015, compared to \$326.6 million at December 31, 2014. Emphasis is on continually improving core deposits as we develop and expand customer relationships.

Additional lines of business including merchant services and mortgage loans also contributed to our 2015 results. Noninterest income grew 54.4 percent for the year ended December 31, 2015, compared to the same period a year ago.

In mid-December, the Federal Reserve boosted the Fed Funds rate by 25 basis points, marking the first rate increase since June 2006. Some of our variable rate loans are set to move with the Prime rate, so we may see some improvement in the net interest margin in 2016. At year end, the net interest margin was 3.80 percent. Additional moves by the Federal Reserve in 2016 will hinge upon global economic conditions which have been volatile of late.

It has also been a year of achievements for the bank apart from financial performance. We further developed our branch network with expansion to North Myrtle Beach and plans for a new and larger office in Mount Pleasant. In technology, we exchanged our dot com domain for the financially-oriented and security-driven dot bank domain, providing even greater safeguards for website commerce. We also continued to upgrade customer services including our goMobile banking app.

Additionally, we completed the private placement offering for our common stock, raising \$4.6 million to be used for general corporate purposes and to support the growth and capital position of the bank. We made company information more accessible to shareholders by listing our common stock (SABK) on the OTCQX® Marketplace. Lastly, a 10 percent stock dividend – the second in the company's history – was paid on December 29 to shareholders of record as of November 28. What a way to mark our eighth anniversary!

It certainly has been an active and rewarding year for South Atlantic Bank, and our activities have set the stage for a productive 2016. As always, we appreciate your support and look forward to being of service to you.

Inside this Issue

Selected Financial Highlights

| | For the Twelve Months Ended December 31, 2015 | For the Twelve Months Ended December 31, 2014 | For the Twelve Months Ended December 31, 2013 |
|--|---|---|---|
| Year End Balances (In Thousands) | | | |
| Total assets | \$ 400,218 | \$ 363,348 | \$ 318,057 |
| Investment securities | 52,784 | 52,607 | 73,727 |
| Loans, net of unearned income (total loans) | 314,255 | 262,646 | 218,174 |
| Deposits | 337,362 | 326,594 | 285,519 |
| Shareholders' equity | 35,645 | 32,242 | 24,141 |
| Average Balances (In Thousands) | | | |
| Total assets | \$ 374,291 | \$ 341,288 | \$ 307,746 |
| Earning assets | 382,350 | 318,590 | 281,908 |
| Investment securities | 51,238 | 67,306 | 69,880 |
| Loans, net of unearned income (total loans) | 313,988 | 239,797 | 199,817 |
| Deposits | 335,849 | 308,929 | 281,306 |
| Shareholders' equity | 33,961 | 26,925 | 24,904 |
| Earnings Breakdown (In Thousands) | | | |
| Total interest income | \$ 14,137 | \$ 13,012 | \$ 11,291 |
| Total interest expense | 1,161 | 1,188 | 1,311 |
| Net interest income | 12,976 | 11,825 | 9,980 |
| Total noninterest income | 2,633 | 1,705 | 1,996 |
| Total noninterest expense | 12,272 | 10,618 | 9,154 |
| Provision for loan losses | 230 | 475 | 730 |
| Income before taxes | 3,106 | 2,437 | 2,092 |
| Taxes | 865 | 433 | 447 |
| Net income | 2,241 | 2,004 | 1,645 |
| Diluted earnings per share | 0.63 | 0.56 | 0.46 |
| Selected % Increases | | | |
| | Year Over Year | | |
| Total assets | 10.15% | 14.24% | 11.60% |
| Total interest earning assets | 10.58% | 14.04% | 11.93% |
| Total loans | 19.65% | 20.38% | 14.84 % |
| Total deposits | 3.30% | 14.39% | 10.10% |
| Interest income | 8.64% | 15.24% | 12.89% |
| Interest expense | (2.21)% | (9.40)% | (19.09)% |
| Noninterest income | 54.37% | (14.54)% | (26.19)% |
| Noninterest expense | 15.58% | 15.99% | 13.54% |
| Net income | 11.81% | 21.90% | (35.08)%* |
| Selected Ratios | | | |
| | Year Over Year | | |
| Return on assets | 0.59% | 0.55% | 0.53% |
| Return on equity | 6.55% | 7.44% | 6.60% |
| Interest income to total average assets | 3.78% | 3.81% | 3.67% |
| Interest expense to total average assets | 0.31% | 0.35% | 0.43% |
| Net interest income to total average assets | 3.47% | 3.46% | 3.24% |
| Loan loss reserve to total loans | 0.90% | 1.00% | 1.10% |
| Nonperforming assets to total average assets | 0.11% | 0.13% | 0.24% |
| Net charge-offs to total average loans | 0.01% | 0.07% | 0.08% |
| Net interest margin | 3.80% | 3.79% | 3.56% |

*compared to 2012 net income which was not taxable. Company became fully taxable in 2013.

Announcing new Registrar/Transfer Agent

Effective February 10, Direct Transfer LLC of Morrisville, North Carolina will serve as the company's registrar and transfer agent, replacing Broadridge Issuer Solutions. A subsidiary of Issuer Direct, Direct Transfer focuses on corporate issuers such as South Atlantic Bancshares, offering an efficient, accurate, and secure approach to shareholder management. Direct Transfer has been providing shareholder services for nearly 30 years and is a market leader and innovator in this field. The firm works directly with several thousand companies worldwide.



As transfer agent, Direct Transfer will have responsibility for mailing our upcoming Annual Meeting materials to shareholders and for proxy tabulation.

Shareholders will receive a welcome letter in February with additional details.

Contact information:
South Atlantic Bancshares, Inc.
C/O Direct Transfer LLC
500 Perimeter Park Drive, Ste. D
Morrisville, NC 27560
transfer@issuerdirect.com
1.919.744.2722 (8 am-6 pm EST M-F)

Marketing Focus on Checking Accounts

Product promotion in the first quarter will focus on our business and consumer checking accounts. These products have been built to reward customers for their relationship with us through add-on services. The tie-in of additional services also helps the bank with customer retention.

The message to consumers is to "Step up to Premier Checking." Premier is our best checking account, providing everything customers need to do their banking, including free standard checks, free online banking and bill pay, a free MasterCard debit card, free ATM withdrawals, a discounted safe deposit box, free cashier's checks, and a savings account with no minimum balance requirement! For relationship customers who maintain certain balances, the normal monthly fee is waived. It's a lot of banking for the buck!

Businesses also benefit from the relationship concept. Our Business Analysis Checking and Business 500 Checking accounts provide many of the additional services mentioned above, and also can get a free Premier Checking account for their personal banking needs.

Businesses and consumers alike will find everything they need at South Atlantic Bank. If you're not already banking with us, we invite you to check us out. Visit your local branch or see us on the web at SouthAtlantic.bank today!



smsGuardian Text Alerts now FREE!

As card usage soars to an all-time high, consumers near and far have felt the pain that comes with compromised debit cards and fraudulent charges.

Debit card fraud can occur in many different ways, the most popular including physical theft of the card, a stolen PIN/card number by an observer from behind, identity theft, hacking, and falsifying or duplicating cards. Cardholders are vulnerable because funds for debit card purchases come directly from their checking accounts.

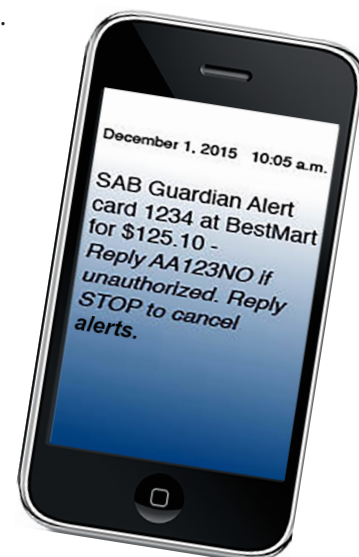
To help protect consumers from fraud, South Atlantic Bank now offers the *smsGuardian*® short message service free of charge to its debit cardholders. Tiffany Suggs, senior vice president and director of branch and deposit operations, said the service is a huge step in the right direction. "Banks are constantly working to prevent fraud. *smsGuardian* provides cardholders with instant information and easier access to their accounts, helping us stop thieves in their tracks," Suggs explained.

Here's how it works. The short message system sends a text to the mobile device registered with the customer's account any time specific card transactions that have a higher risk of fraud are made. Transactions on this list include fuel purchases; international, phone, online, and out of state transactions; any declined authorizations; purchases of more than \$100; and more than three purchases in a 24 hour time period. The text is sent within seconds of the card swipe and the customer needs to respond to the text only if he or she did not make the transaction in question.

"We decided to offer the service for free because it's in everyone's best interest to deter fraud before it happens. With *smsGuardian*, we've enlisted our customers in the fight. By carefully monitoring their accounts and using this text message service, consumers can help protect themselves," Suggs said.

The bank employs other safeguards for debit cards including a live, real-time monitoring system that watches for suspicious activity. In the event of fraud, South Atlantic Bank requires customers to provide notification of the suspect transactions within two business days. Customers will lose no more than \$50 if someone used their card and/or code without their permission. They will not be liable for any charges if the proper steps have been taken to safeguard the card.

At right: The cell phone screen displays a message for a transaction of more than \$100.00. If the customer did not make the transaction in question, all he or she needs to do is reply to designate it as unauthorized.



Take Stock is published quarterly for the shareholders and friends of South Atlantic Bancshares, Inc. Send correspondence to:

Barbara Marshall, Editor
South Atlantic Bank
630 29th Avenue North
Myrtle Beach, SC 29577

bmarshall@southatlantic.bank

Address Changes and Additions

To update the U.S. mail and e-mail addresses that you have on file with us, please visit the Investor Relations section of our website, SouthAtlantic.bank.

SouthAtlantic.bank > Who We Are > Investor Relations

Click on the link for the form, follow the directions provided, and return the form to us. Your information will be updated upon receipt.

Mission Statement

To serve, in a fair, balanced, and superior manner, the interest of shareholders, customers, employees, and the public through adherence to high standards of financial soundness, exemplary customer service, employee professionalism, business ethics, corporate citizenship, and profitability.

Directors

Carson Benton

Co-Owner and Operator
C.L. Benton and Sons, Inc.

Tommy Brittain

Attorney at Law
Brittain Law Firm, P.A.

Dick Burch

Executive Vice President
and Chief Financial Officer
South Atlantic Bank

Tony Cox

Executive Vice President
Real Estate
Burroughs and Chapin Company

Miles Herring

Franchisee and Operator
Krispy Kreme Doughnuts

Martha Lewis

Senior Physical Therapist
NextStep Rehabilitation

Scott Plyler

President
South Atlantic Bank

Albert Springs

Co-Owner and President
HB Springs Company

Jay Springs

Co-Owner/Broker
Century 21 Barefoot Realty

Zeb Thomas, Jr.

Retired Hotelier

Wayne Wicker

Chairman and
Chief Executive Officer
South Atlantic Bank

Locations

Myrtle Beach

630 29th Avenue North
(P) 843.839.0100

North Myrtle Beach

1801 Highway 17 South
(P) 843.848.2260

Mount Pleasant

1127 Queensborough Blvd., Ste.105
(P) 843.972.4300

Murrells Inlet

11019 Tournament Blvd.
(P) 843.848.2000

Pawleys Island

10970 Ocean Highway
(P) 843.848.2049

Georgetown

1187 North Fraser Street
(P) 843.436.6800



SouthAtlantic.bank



Customer Appreciation Days!

Four of our Grand Strand offices celebrated their customers with lunchtime cookouts or barbecues during the fall 2015. These special events are a great way for us to thank our customers for their business.



Above: A beautiful October afternoon helped create a record turnout at Murrells Inlet. Bank staff visited with more than 200 guests at the cookout.

Below, left: Another gorgeous October day and another successful South Atlantic Bank event in North Myrtle Beach. Below, right: Even rain couldn't dampen the fun at Georgetown! We simply moved the party inside where everyone could enjoy it.



Above: More great weather and another strong turnout at our Myrtle Beach office in early November.

It's the People Who Make the Difference

Staff Promotions, Additions, and Commendations

Brian Michel and **Kurt Seguer** were both promoted to the rank of senior vice president at our Mount Pleasant office. Brian and Kurt joined South Atlantic Bank in October 2013 and helped launch our presence in the market.



Brian has 17 years of banking experience, all in Mount Pleasant and Charleston. Prior to joining South Atlantic Bank, he served Tideland Bank as a vice president for mortgage banking. He is a Charleston native and a graduate of Wofford College with a B.A. degree in accounting.

Kurt also has 17 years of experience and began his career with Boston Financial Data Services. He joined Tideland Bank in 2005 as a commercial banker. He holds a B.A. degree in writing and communication from the University of Massachusetts at Dartmouth and an M.B.A. degree from Regis University in Colorado. He completed the South Carolina Bankers Association School of Banking and is now attending the Graduate School of Banking at Louisiana State University. A native of New Bedford, Massachusetts, Kurt has resided in Ladson for the past 10 years.



Senior financial accountant **Kathy Doane** was promoted to assistant vice president in the accounting department. She has more than 21 years of community banking experience and joined South Atlantic Bank in February 2008. She is a graduate of the American Institute of Banking where she received the highest grade honor in each of her classes. A native of Canonsburg, Pennsylvania, Kathy has lived in Murrells Inlet for 23 years.

Tiffany Suggs, senior vice president and director of branch and deposit operations, recently earned a Certified Regulatory Compliance Manager (CRCM) designation. She received the certification after completing a 10-week course and passing a four-hour examination that covered regulations for credit, deposits, bank operations, BSA/AML/ OFAC, CRA, and privacy. Tiffany is a North Myrtle Beach native who now resides in Conway.



Jessica Clendenin is the new teller and customer service representative at our Mount Pleasant office. She has three years of experience in the banking industry as a vault teller and personal banker with Tennessee-based Legends Bank. A graduate of John A. Gupton College, Jessica is a native of Clarksville, Tennessee who recently relocated to Mount Pleasant.

Mortgage loan processor **Danielle Martin-Ebert** received the bank's 2015 Spirit Award. The honor is bestowed annually to the employee who best exemplifies team work and quality service. Staff members are nominated by their peers for the award. Danielle joined the bank in February 2014 and has 18 years of mortgage experience. A native of Flemington, New Jersey, she has resided in Myrtle Beach for eight years.



Next Issue

...Financial Update for First Quarter 2016...Promotions and Additions...Race for the Inlet...Elementary School Tours...Upcoming Events...