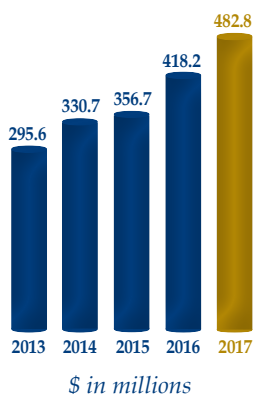


Total Assets (March 31)



## First Quarter Net Income Grows 38.1 Percent

The momentum keeps on rolling for South Atlantic Bancshares, Inc. with a robust first quarter performance coupled with continued achievements in growth and expansion.

The company reported net income of \$686,133 or \$0.17 per diluted share for the three months ended March 31, 2017, compared to \$496,913 or \$0.14 per diluted share reported for the same period a year ago. Net income increased 38.1 percent for the first quarter 2017 when compared to the same period a year ago.

Several factors contributed to the company's success during the first quarter. Total loans grew 22.7 percent, from \$329.9 million at March 31, 2016, to \$404.9 million at March 31, 2017, fueling a 14.4 percent increase in interest income. This success is due in large part to our calling officers' efforts in finding and developing quality loan opportunities. The high level of service quality throughout the loan process also delivers repeat loan business to the bank. All locations within our geographic footprint contributed to this robust performance. Credit quality during this period of loan growth remains strong, with no net charge-offs during the first quarter. Additionally, solid growth in volume in our mortgage loan and merchant services departments contributed to an 18.7 percent increase in noninterest income.

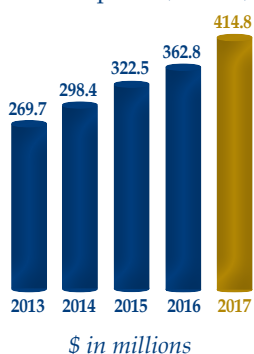
Momentum also can be seen in the 14.3 percent increase in total deposits achieved during a quarter that is not traditionally the strongest for deposit growth, given the seasonal nature of the tourism economy in our markets. Deposit growth demonstrates our customers are doing well as the economy gets stronger and is pleasing to have this early in the year.

Noninterest expense increased 11.6 percent for the first quarter 2017, which is in line with the bank's growth. While expense control can be challenging during periods of expansion, these expenses are an investment in the bank's future and are planned for as part of the budget. Interest expense also increased for the quarter, due to the effects of two recent Federal Reserve rate hikes and the bank's deposit growth.

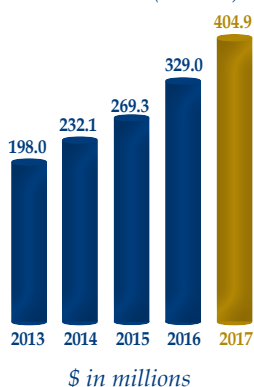
There is exciting news from our Charleston region as South Atlantic Bank will open a second office in late May on East Bay Street. The new full service location will be the bank's retail, commercial, and mortgage hub in the downtown market. Kurt Seguer, senior vice president and commercial relationship manager at our Mount Pleasant office, will head up banking operations on East Bay Street. Progress also continues at the construction site on Johnnie Dodds Boulevard with an anticipated July opening for this new facility. The Charleston region is similar to the Grand Strand in that it will take several branches to provide coverage for the entire area. Management will continue to study opportunities for additional locations in other parts of the region, following its successful plan for banking the Grand Strand. We are fortunate to have locations in two of the fastest growing areas of the country.

With the second quarter now underway, we hope you are pleased with our progress and excited about our future. As always, we appreciate your investment in the company and look forward to serving you.

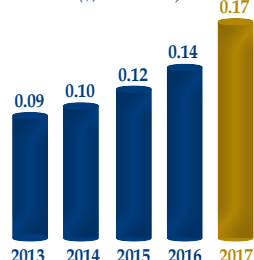
Total Deposits (March 31)



Total Loans (March 31)



Diluted Earnings per Share  
(\$, March 31)



## Inside this Issue

...Selected Financial Highlights...Bank Happenings...Sports Marketing...Promotions and Additions...

# Selected Financial Highlights

	For the Three Months Ended <b>March 31, 2017</b>	For the Three Months Ended <b>March 31, 2016</b>	For the Twelve Months Ended <b>December 31, 2016</b>
<b>Year End/Quarter End Balances (in thousands)</b>			
Total assets	\$ 482,811	\$ 418,159	\$ 444,533
Investment securities	43,341	41,572	43,633
Loans, net of unearned income (total loans)	404,850	329,890	368,991
Deposits	414,839	362,831	382,263
Shareholders' equity	57,183	36,499	37,440
<b>Average Balances (in thousands)</b>			
Total assets	\$ 453,870	\$ 397,820	\$ 430,655
Earning assets	427,557	371,181	399,829
Investment securities	43,904	44,709	41,914
Loans, net of unearned income	376,275	317,514	340,892
Deposits	393,743	339,263	382,537
Shareholders' equity	38,391	36,329	37,554
<b>Earnings Breakdown (in thousands)</b>			
Total interest income	\$ 4,479	\$ 3,914	\$ 16,513
Total interest expense	404	320	1,432
Net interest income	4,076	3,594	15,081
Total noninterest income	698	588	3,005
Total noninterest expense	3,734	3,346	13,873
Provision for loan losses	120	150	615
Income before taxes	920	687	3,598
Taxes	234	190	995
Net income	686	497	2,604
Diluted earnings per share	0.17	0.14	0.66
<b>Selected % Increases (March 2017 compared to March 2016. December 2016 compared to December 2015.)</b>			
Total assets	15.46	17.22	11.07
Total interest earning assets	17.32	16.43	11.97
Total loans	22.72	22.49	17.52
Total deposits	14.33	12.51	13.31
Interest income	14.44	16.20	16.81
Interest expense	26.13	20.49	23.30
Noninterest income	18.70	(14.55)	14.15
Noninterest expense	11.60	10.49	13.04
Net income	38.08	2.99	16.20
<b>Selected Ratios</b>			
Return on assets	0.61	0.50	0.60
Return on equity	7.25	5.50	6.93
Interest income to total average assets	4.00	3.96	4.13
Interest expense to total average assets	0.36	0.32	0.36
Net interest income to total average assets	3.64	3.63	3.77
Loan loss reserve to total loans	0.90	0.92	0.96
Nonperforming assets to total average assets	0.09	0.10	1.07
Net charge-offs to total average loans	0.00	0.00	0.00
Net interest margin	3.99	4.02	3.85

# Bank Happenings

It was a busy first quarter for South Atlantic Bank. Here are the highlights from three terrific months!

## Progress in Mount Pleasant

Construction moves ahead on the new Mount Pleasant office with brick work ongoing for the exterior and interior work well underway. A July opening is expected for the new facility. South Atlantic Bank will occupy the first floor and the second floor will be leased to tenants.

Watch for more news on our website and in subsequent issues of *Take Stock*.



930 Johnnie Dodds Boulevard.

## Successful American Red Cross Heroes Campaign

We're proud to be heroes!  
Employees donated more than \$1,800 to the 2017 American Red Cross Heroes Campaign in March. This amount is what it takes to help a local family of four in the event of a fire.

Funds were raised through the sale of Dress Down Days, where employees donate money to dress casually on Fridays, and other office competitions.

The campaign began as a grassroots effort where heroes volunteer to raise funds for the Red Cross. A hero can be an individual, school, business, or other group of people who get together to help this important cause.

This is the bank's sixth year to participate, and we are pleased to be a part of this campaign that helps members of our community when they need it the most.



**American  
Red Cross**

## Murrells Inlet 2020 Race for the Inlet

South Atlantic Bank was a presenting sponsor of the Race for the Inlet held on April 15. More than 500 people participated in the 8k and 5k races, including 18 bank employees and family members. Employee volunteers handed out water and giveaways at the finish line and cheered on the runners. Murrells Inlet 2020 is a community revitalization group committed to preserving and protecting the inlet and supporting local businesses.



Our employees manned the water station at the race finish line and they had a lot of takers! From left to right are: David Rhodes, Beth Branham, Elizabeth Harris, and Carrie Harris. Elizabeth is Carrie's daughter who volunteered to spend Saturday morning helping at the race.

## Elementary School Tours

The Myrtle Beach office hosted tours for the second graders from Myrtle Beach Elementary School in January. Employees explained banking terms and wowed them with the vault and its biometric access. The boardroom and cash and coin counters were also big hits. The students were familiar with banking through the "Savings with Mandy and Randy" curriculum the bank provides for elementary schools and intermediate schools. Each child received a South Atlantic piggy bank and then collected a quarter from the tellers before heading back to school.



Employee Carol Vaci shares a fun way to remember the faces on our currency, with the colorful "We Just Love Having Jumping Green Frogs" chart.

# Sports Marketing

Here in the South we're crazy for college sports, and it's no different at South Atlantic Bank. The bank is in the second year of a commitment to sponsor The Citadel's athletic programs and in the first year of a similar program with Coastal Carolina University. Benefits include scoreboard impressions, game program ads, announcements during the game and much more.



Sports audiences span age, race and gender, giving us the opportunity to reach large and diverse groups effectively and efficiently. By marketing the bank to a large fan base, we're creating brand awareness and loyalty. It's a great way to be a part of the excitement and support our local teams!



A scoreboard impression from a fall 2016 game at The Citadel.

# Website Redesign

Watch for South Atlantic Bank's redesigned website to debut during the second quarter. The revamped site has a clean look, streamlined features, and easy to navigate links. The mobile friendly design works well on all devices and will give you convenient access to your accounts and bank information wherever and whenever you need.



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# It's the People Who Make the Difference

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## Staff Additions and Promotions



**David Mann** has joined the bank as senior vice president and credit risk officer. David has more than 34 years' experience in the banking industry and most recently served as regional loan administrator for BB&T in Winston-Salem, North Carolina, and Alpharetta, Georgia. He is a graduate of East Carolina University with a B.S. degree in business administration.

**Danielle Martin-Ebert** has been promoted to banking officer. Danielle serves as a mortgage loan processor in the Murrells Inlet office. She joined the bank in February 2014 with more than 15 years of experience as a mortgage loan processor.



**Katie Petersen** has accepted the position of customer service representative in the Myrtle Beach office. Katie joined the bank in December as a teller in the Myrtle Beach office. She has customer service and teller experience with Wells Fargo as well as retail management and training experience. Katie graduated from Northwood University in Michigan with a B.S. degree in marketing and management.

**Cara Stokes** has joined the bank as a loan operations specialist in the Myrtle Beach office. Cara most recently worked at Bank of America in Myrtle Beach as a teller. She has four years experience as a loan processor at a California bank as well as retail management and sales experience.



**Melissa Clark** is the new float teller and customer service representative based at the Myrtle Beach office. Melissa has 30 years of accounting and bookkeeping experience. She most recently worked at Home Depot as a customer service specialist and previously worked for a cell phone business and insurance company. She has an associate degree in accounting and a bachelor of professional studies in accounting from Empire State College, Albany, New York.

**Daniel Zemsta** serves as a teller at the Myrtle Beach office. Daniel has five years of experience in the banking industry. He most recently was lead teller at Wells Fargo in North Myrtle Beach and also served as teller there. He is a graduate of Horry Georgetown Technical College with an associate degree in art, business and criminal justice.



*Editor's note: At South Atlantic Bank, we endeavor to provide opportunities for our employees to advance their careers through our job posting system. As positions become open, employees are encouraged to apply to fill these roles, which in turn creates more opportunity for other employees to move within the company. Additionally, it helps to create employees who are well-versed in all areas of the bank and who are always learning. Occasionally, new roles are created due to the bank's overall growth and expansion.*

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## Next Issue

...Mid-Year Financial Update...Plans for Charleston Events...10th Anniversary News...

**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](mailto: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](http://SouthAtlantic.bank).

[SouthAtlantic.bank](http://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

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

**Thomas C. Brittain**  
Attorney at Law  
Brittain Law Firm, P.A.

**Richard N. Burch**  
Executive Vice President  
and Chief Financial Officer  
South Atlantic Bank

**Tony K. Cox**  
Executive Vice President  
Real Estate  
Burroughs and Chapin Company

**Miles M. Herring**  
Franchisee and Operator  
Krispy Kreme Doughnuts

**Martha S. Lewis**  
Senior Physical Therapist  
NextStep Rehabilitation

**R. Scott Plyler**  
President  
South Atlantic Bank

**Albert A. Springs, IV**  
Co-Owner and President  
HB Springs Company

**Jack L. Springs, Jr.**  
Co-Owner/Broker  
Century 21 Barefoot Realty

**Michael C. Tawes, Sr.**  
Partner  
Valbridge Property Advisors/  
Atlantic Appraisers

**Zeb M. Thomas, Jr.**  
Retired Hotelier

**K. 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

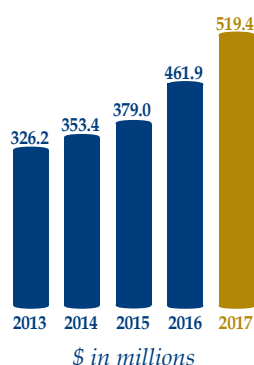
**Murrells Inlet**  
11019 Tournament Blvd.  
(P) 843.848.2000

**Pawleys Island**  
10970 Ocean Highway  
(P) 843.848.2049

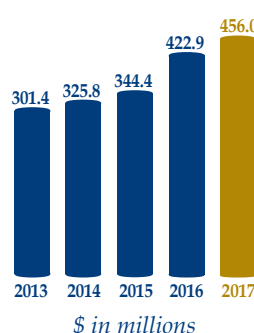
**Georgetown**  
1187 North Fraser Street  
(P) 843.436.6800

[SouthAtlantic.bank](http://SouthAtlantic.bank)

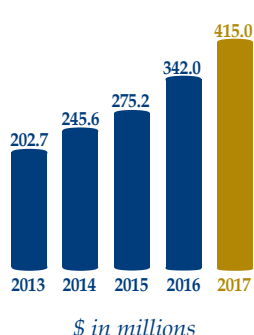
Total Assets (June 30)



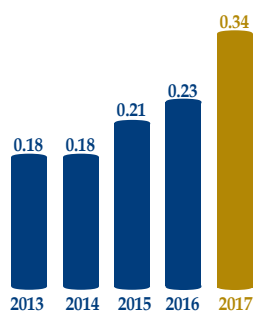
Total Deposits (June 30)



Total Loans (June 30)



Diluted Earnings per Share  
(\$, June 30)



## Mid-Year Financials Show Solid Gains

At the mid-point of our 10<sup>th</sup> Anniversary Year, South Atlantic Bancshares, Inc. continues to improve profitability for its shareholders while delivering quality banking services to its customers.

The Company reported net income of \$1,650,071 or \$0.34 per diluted share for the six months ended June 30, 2017, compared to \$1,129,668 or \$0.23 per diluted share reported for the same period a year ago. Net income for the three months ended June 30, 2017 was \$963,937 or \$0.17 per diluted share, compared to \$632,756 or \$0.11 for the same period a year ago. The net income figures represent a 46.1 percent increase for the six months ended June 30, 2017, and a 52.3 percent increase for the three months ended June 30, 2017, when compared to the same periods last year.

Double digit growth in the loan portfolio has been a primary driver behind the Company's financial success. Total loans grew more than 21 percent, from \$342.0 million at June 30, 2016 to \$415.0 million at June 30, 2017, fueling a 19.1 percent increase in net interest income. Additionally, the mortgage loan department, with robust growth in loan volume, closed loans, and fee income, contributed to a nearly 16 percent increase in noninterest income. Better economic conditions across the markets the Company serves have sparked business expansion and new projects, along with real estate sales of new and second home purchases. Our loan officers are working hard to capitalize on these positives to build and expand customer relationships.

During the second quarter, the Company reduced its impaired loan classification by three loans totaling \$2.9 million. This occurred through the sale of one loan totaling \$2.4 million, a payoff in full for one loan totaling \$401,499, and a principal reduction of one loan, reducing its balance to \$182,243 and removing it from impaired status. The Company's credit quality remains strong, with nonperforming assets to average total assets of just 0.03 percent for the six months ended June 30, 2017.

In the third quarter 2017, the Company will open two locations in the greater Charleston area. Construction is nearly complete on its regional headquarters in Mount Pleasant with the finishing touches underway now and a new office on East Bay Street is being readied for its debut. In preparation for the new locations, several talented bankers have been added to the team in the region and are busy learning South Atlantic Bank's core values and systems. We have a great group in place to open these offices. They will be ready to hit the ground running and establish the Company as a premier community bank in this market. A grand opening will be planned for early in the fourth quarter.

The Company also marked a milestone when it crossed the \$500 million mark in asset size for the first time in its history during the second quarter. Total assets grew 12.2 percent to \$519.3 million at June 30, 2017 from \$462.9 million at June 30, 2016, reflecting the Company's significant growth.

As we prepare for the year's second half, we hope you are pleased with the strides the Company has made. This success would not be possible without the support of our shareholders and we will continue to work hard for your investment.

## Inside this Issue

...Selected Financial Highlights...Charleston Region Update...Grand Strand Miracle Leagues Fundraiser...Eclipse Glasses

# Selected Financial Highlights

	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
<b>Quarter End Balances (In Thousands)</b>				
Total assets	\$ 519,339	\$ 462,869	\$ 519,339	\$ 462,869
Investment securities	45,174	33,402	45,174	33,402
Loans, net of unearned income (total loans)	414,987	342,001	414,987	342,001
Deposits	456,026	423,954	456,026	423,954
Shareholders' equity	58,799	37,981	58,799	37,981
<b>Average Balances (In Thousands)</b>				
Total assets	\$ 504,314	\$ 429,306	\$ 479,231	\$ 413,563
Earning assets	470,541	401,559	446,706	385,858
Investment securities	44,291	38,459	44,099	41,584
Loans, net of unearned income	410,916	338,397	393,692	327,955
Deposits	443,022	384,758	418,519	362,011
Shareholders' equity	58,174	37,191	48,337	36,760
<b>Earnings Breakdown (In Thousands)</b>				
Total interest income	\$ 5,027	\$ 4,064	\$ 9,506	\$ 7,979
Total interest expense	407	369	811	689
Net interest income	4,620	3,696	8,695	7,290
Total noninterest income	838	741	1,537	1,329
Total noninterest expense	3,957	3,408	7,691	6,754
Provision for loan losses	165	170	285	320
Income before taxes	1,336	858	2,256	1,545
Taxes	372	226	606	415
Net income	964	633	1,650	1,130
Diluted earnings per share	0.17	0.11	0.34	0.23
<b>Weighted average shares outstanding – diluted</b>	<b>5,649,749</b>	<b>5,649,749</b>	<b>4,899,383</b>	<b>4,899,383</b>
<b>Selected % Increases (Year over Year)</b>				
Total assets	12.20	22.17	12.20	22.17
Total interest earning assets	11.79	20.52	11.79	20.52
Total loans	21.34	24.29	21.34	24.29
Total deposits	7.56	23.09	7.56	23.09
Interest income	23.68	17.36	19.15	16.79
Interest expense	10.43	29.32	17.72	25.06
Noninterest income	13.16	14.33	15.61	(0.55)
Noninterest expense	16.09	11.36	13.87	10.93
Net income	52.34	18.31	46.07	11.04
<b>Selected Ratios</b>				
Return on assets	0.77	0.59	0.69	0.55
Return on equity	6.65	6.82	6.90	6.18
Interest income to total average assets	4.00	3.81	4.00	3.88
Interest expense to total average assets	0.32	0.35	0.34	0.33
Net interest income to total average assets	3.67	3.46	3.66	3.54
Loan loss reserve to total loans	0.75	0.93	0.75	0.93
Nonperforming assets to total average assets	0.02	0.12	0.03	0.13
Net charge-offs to total average loans	0.14	(0.01)	0.14	(0.01)
Net interest margin	4.01	3.82	4.00	3.93

# On the Banking Front

## Charleston Footprint Taking Shape

In addition to the regional headquarters in Mount Pleasant, the bank will soon open a new office at 480 East Bay Street in Charleston. The branch will first serve as a loan production office and will become full service later in 2017. We are excited to add a downtown location as part of our Charleston regional growth plan.

Kurt Seguer, senior vice president, serves as Charleston city executive. He joined South Atlantic Bank in October 2013 and has 20 years of banking experience. Steve Humphreys, a new senior vice president and commercial relationship officer, and Peter Insabella, vice president and mortgage loan officer, are also based at East Bay Street.

"We're excited to expand in the Charleston market. The opportunities here are important to our growth strategy. With the surge in bank mergers creating large, impersonal institutions, we offer customers a great alternative – the personalized service only a community bank can provide," said K. Wayne Wicker, chairman of the board and chief executive officer.



## Credit Card Skimmers a Growing Problem

*Be Alert at the Gas Pump and ATM*



*The skimmer fits over the legitimate card reader to capture data.*

Skimmers are also being placed on bank ATMs so use caution at ATMs as well. South Atlantic Bank ATMs are checked for skimmers and tampering as part of the daily branch security inspection.

A number of credit card skimmers have been found along the South Carolina coast in recent months, particularly at gas pumps. Before you swipe your card at a gas pump or in-store reader, inspect the reader and make sure it is securely attached. If it is loose or removable, don't use it and report it.

The skimmers function as false credit card portals attached to the front or top of the legitimate card scanner. Other skimmers may use cameras to capture your information so an easy step to avoid having your PIN stolen is to cover your hand typing in the PIN with your other hand. Thieves also use secondary keypads to cover the actual keypad. It's best to use the "credit card" option if possible to avoid entering your PIN.

## Heading out on Vacay? Here's a Tip!

Summertime's calling, but before you leave town, call us with a travel notification. Your debit card is monitored closely and watched for unusual activity such as out-of-state transactions. If you're traveling more than 50 miles from home, call your branch with the dates and locations of travel to prevent any problems.

Sometimes areas of the state or country are blocked from card use because of fraudulent activity. If we know your plans, we can prepare you for this. Notification can also be made through our website, but for road trips, it's helpful to call us so we know the states you'll be driving through to get to your destination.

For credit card travel notification, please call 1-800-944-2726.



# In the Community

## Bank Recognizes Local Heroes

The bank is the title sponsor of the WBTW News 13 Local Hero of the Month award. Each month, a South Atlantic banker will introduce the winner and present the award on the *News Now* show at 9 a.m. as part of the station's "Positively Carolina" programming.

The award recognizes exemplary citizens in the community for their support and involvement and is a perfect fit for a good corporate citizen like South Atlantic Bank. Viewers are asked to submit Local Hero nominations via the WBTW website.



*Caroline Hills, merchant services sales representative, presents the Local Hero award to Conway native David Floyd in June. Floyd was honored for his service as an active member of Special Operations Wounded Warriors (SOWW), a non-profit providing assistance to the wounded special operations community. Floyd was a U.S. Army Ranger in the lengthy Somalia firefight that was the basis for the movie **Blackhawk Down**.*

## See the Eclipse Through our Glasses!

On Monday, August 21, we will experience a total solar eclipse for the first time on the U.S. mainland since 1979. Areas from Pawleys Island to Charleston are in the "path of totality" and will see the sun disappear briefly behind the moon, turning daylight into twilight.

We have free eclipse glasses for our customers\*, so stop by an office and pick up a pair to protect your eyes while you watch. It's something you won't want to miss! To see what the effect will be like where you are, go to the simulator at Google and UC- Berkeley's site: [eclipsemega.movie](http://eclipsemega.movie) and type in your address.

*\*While supplies last.*



## Play Ball! Fall Games Just Around the Corner

We're proud to support the Grand Strand Miracle Leagues by sponsoring their Fall Baseball Opener on September 7<sup>th</sup>. The Miracle Leagues organization offers people with special needs the opportunity to play sports in a community-oriented safe and adapted environment.

Last year, our employees raised more than \$7,000 for the organization! To make a contribution, please visit your South Atlantic Bank office. For more information about the Grand Strand Miracle Leagues, visit [grandstrandmiracleleague.com](http://grandstrandmiracleleague.com).

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# It's the People Who Make the Difference

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## New Staff Members Announced

During a busy second quarter, the bank added personnel in the mortgage and credit risk areas, and rounded out the team to lead our expanded Charleston region.



*Crowe*

**Rob Crowe** is a new vice president and mortgage loan officer at our Myrtle Beach headquarters. He has five years of banking experience and most recently worked as a vice president and mortgage lender for Crescom Bank. He is a graduate of Coastal Carolina University with a B.A. degree in history.



*Humphreys*

**Derick Powers** has joined the bank as a vice president and portfolio manager, also in Myrtle Beach. Derick brings 18 years of banking experience to his new post. He most recently served BNC Bank as a vice president and commercial relationship manager. A graduate of Concord University with a degree in business administration, he also completed the North Carolina School of Banking Advanced Management Program at the University of North Carolina at Chapel Hill.

**Steve Humphreys** is a senior vice president and commercial relationship manager for the new East Bay Street office. He has 27 years of banking experience. Prior to joining South Atlantic Bank, he served United Community/Tidelands Bank as senior vice president and senior construction lender. He graduated from Denison University with a B.A. degree in history and geology.



*Kornahrens*

**LaRae Kornahrens** serves as vice president and merchant services sales representative, also at the East Bay Street office. She has more than 20 years of merchant services experience in the Charleston area, most recently as a builders services representative for David Weekley Homes. LaRae holds an A.S. degree in marketing and management from Trident Technical College.

**Hayden DeWitt** is assistant vice president and branch manager at our East Bay Street office. He has four years of banking experience and prior to joining South Atlantic Bank, served as a branch manager at United Community Bank in Mount Pleasant. He is a graduate of the University of South Carolina with a B.A. degree in criminology and criminal justice.



*Barbour*

**Jill Kajouras** serves as a customer service representative at East Bay Street. She most recently was a financial services representative at First Citizens Bank in Mount Pleasant. A graduate of Boston's Emerson College, she has experience in investment management and on the NYSE floor as a wire trader.

**Stephanie Barbour** is a teller at East Bay Street. Prior to joining the bank, she was a teller at First Citizens Bank & Trust. She is a graduate of Virginia College in Charleston with a certificate in medical billing and coding.



*Cooper*

**Julie Garrett** is an assistant vice president and loan assistant at the bank's new Mount Pleasant regional headquarters building. She has more than 10 years of banking experience. Prior to joining South Atlantic Bank, she served as a commercial loan assistant at Park Sterling Bank in Mount Pleasant. Julie graduated from the Roper School of Nursing.

**Ashley Cooper** will travel between the East Bay and Mount Pleasant locations as an assistant vice president and retail business development officer. Ashley previously worked with RBC Centura Bank in Florence as a private and executive banker and has six years of banking experience. She attended the College of Charleston.

**Brittany Coaxum** and **Elizabeth Gross** have been added to the teller staff at Mount Pleasant.

**Brittany** most recently worked for Verizon as a senior financial services representative and has six years experience in customer service. She has a B.A. degree in communications from Charleston Southern University.

Prior to joining South Atlantic Bank, **Elizabeth** served as a teller at Park Sterling Bank in Mount Pleasant. Elizabeth holds a B.A. degree in early childhood education from North Greenville University and has taught at the preschool and elementary school levels.



*Powers*



*Kornahrens*



*Kajouras*



*Garrett*



*Coaxum*



*Gross*

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## Next Issue

*Financial News...Charleston Region Grand Opening...Grand Strand Miracle Leagues Wrapup...*

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

**Barbara Marshall, Editor**  
**bmarshall@southatlantic.bank**

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## **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.

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

**Thomas C. Brittain**  
Attorney at Law  
Brittain Law Firm, P.A.

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Executive Vice President  
and Chief Financial Officer  
South Atlantic Bank

**Tony K. Cox**  
Executive Vice President  
Real Estate  
Burroughs and Chapin Company

**Miles M. Herring**  
Franchisee and Operator  
Krispy Kreme Doughnuts

**Martha S. Lewis**  
Senior Physical Therapist  
NextStep Rehabilitation

**R. Scott Plyler**  
President  
South Atlantic Bank

**Albert A. Springs, IV**  
Co-Owner and President  
HB Springs Company

**Jack L. Springs, Jr.**  
Co-Owner/Broker  
Century 21 Barefoot Realty

**Michael C. Tawes, Sr.**  
Partner  
Valbridge Property Advisors  
Atlantic Appraisals

**Zeb M. Thomas, Jr.**  
Retired Hotelier

**K. Wayne Wicker**  
Chairman and  
Chief Executive Officer  
South Atlantic Bank

## **Locations**

**Myrtle Beach (Headquarters)**  
630 29th Avenue North  
(P) 843.839.0100

**Charleston**  
480 East Bay Street  
(P) 843.414.5900

**Georgetown**  
1187 North Fraser Street  
(P) 843.436.6800

**Mount Pleasant**  
930 Johnnie Dodds Blvd.  
(P) 843.972.4300

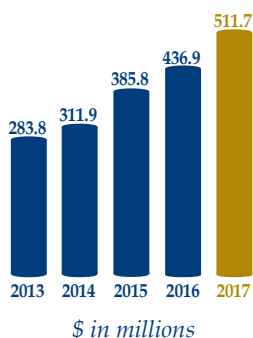
**Murrells Inlet**  
11019 Tournament Blvd.  
(P) 843.848.2000

**North Myrtle Beach**  
1801 Highway 17 South  
(P) 843.848.2260

**Pawleys Island**  
10970 Ocean Highway  
(P) 843.848.2049

**SouthAtlantic.bank**

Total Assets (September 30)



## Robust Financial Performance Continues in Third Quarter

South Atlantic Bancshares, Inc. (the Company) has again posted solid gains in net income for the quarter and year over year, accomplished while bringing its two-branch Charleston expansion to fruition.

Net income for the nine months ended September 30, 2017, was \$2,635,149 or \$0.52 per diluted share, compared to \$1,945,323 or \$0.38 per diluted share for the nine months ended September 30, 2016, representing a 36 percent improvement year over year.

Net income for the three months ended September 30, 2017, was \$985,078 or \$0.18 per diluted share, compared to the \$815,653 or \$0.15 per diluted share reported for the same period a year ago. These figures represent an increase in net income of 21 percent when compared to the third quarter a year ago.

Growth in the loan portfolio continued to fuel the Company's performance during the third quarter and throughout 2017. Total loans increased 21 percent, to \$425.6 million at September 30, 2017, from \$351.5 million at September 31, 2016. Credit quality remained strong with non-performing assets to average total assets of just 0.02 percent.

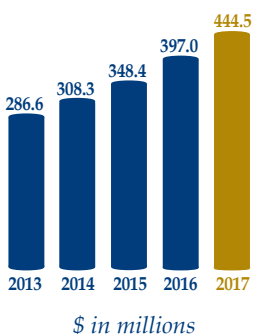
Also contributing to the Company's financials is the continued success of its mortgage operation, currently having its best year in the bank's 10-year history. Total mortgage production grew 20 percent for the nine months ended September 30, 2017 compared to the same period in 2016, while loans for new home purchases grew 32 percent in the same period.

Total deposits increased 12.0 percent, to \$444.5 million at September 30, 2017, from \$397.0 million at September 30, 2016. Deposit market share data recently released by the FDIC is further evidence of the bank's growth, especially in newer markets. The South Strand region consisting of Murrells Inlet, Pawleys Island, and Georgetown ranked second, moving up two places since last year. In the Charleston region, deposit market share nearly doubled since last year, on the strength of a single office. Market share along the Grand Strand also improved.

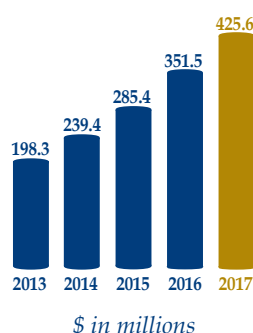
The Company's financial performance during the third quarter of 2017 is all the more exceptional because it took place during a period of major expansion. In the third quarter, we established two new locations in the Charleston market: a regional headquarters on Johnnie Dodds Boulevard in Mount Pleasant and an office on East Bay Street in downtown Charleston. We were able to absorb the overhead – the addition of twelve employees and facilities – and post double digit earnings growth at the same time. A major advertising campaign is supporting the new offices and the response from the community has been positive. We're pleased to report that both offices are off to a good start and have tremendous potential for the future.

As the year draws quickly to a close, we are proud of what we have accomplished in our short history and look forward to the work ahead as we further build our coastal franchise. As always, thank you for your support as we continue to work hard for your investment.

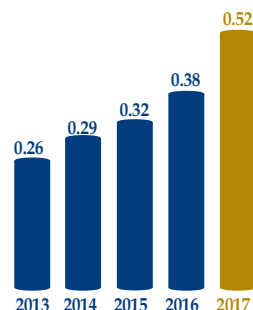
Total Deposits (September 30)



Total Loans (September 30)



Diluted Earnings per Share  
(\$, September 30)



## Inside this Issue

...Two Offices Now Open in Charleston Region...Selected Financial Highlights...SAFG Makes its Debut...Successful GSML Event...

# Selected Financial Highlights

	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
<b>Quarter End Balances (In Thousands)</b>				
Total assets	\$ 511,719	\$ 436,881	\$ 511,719	\$ 436,881
Investment securities	44,395	45,282	44,395	45,282
Loans, net of unearned income (total loans)	425,642	351,499	425,642	351,499
Deposits	444,494	396,985	444,494	396,985
Shareholders' equity	59,860	38,330	59,860	38,330
<b>Average Balances (In Thousands)</b>				
Total assets	\$ 524,132	\$ 455,675	\$ 494,363	\$ 427,703
Earning assets	490,421	422,539	461,384	394,244
Investment securities	45,137	40,648	44,449	41,269
Loans, net of unearned income	419,321	346,691	402,328	334,246
Deposits	459,606	416,033	432,365	380,149
Shareholders' equity	59,584	38,449	52,127	37,327
<b>Earnings Breakdown (In Thousands)</b>				
Total interest income	\$ 5,255	\$ 4,215	\$ 14,761	\$ 12,193
Total interest expense	410	378	1,220	1,066
Net interest income	4,846	3,837	13,541	11,127
Total noninterest income	836	1,002	2,372	2,331
Total noninterest expense	4,524	3,562	12,215	10,316
Provision for loan losses	165	175	450	495
Income before taxes	992	1,102	3,248	2,647
Taxes	7	286	613	702
Net income	985	816	2,635	1,945
Diluted earnings per share	0.18	0.15	0.52	0.38
<b>Weighted average shares outstanding – diluted</b>	<b>5,534,132</b>	<b>5,534,132</b>	<b>5,113,276</b>	<b>5,113,276</b>
<b>Selected % Increases (Year over Year)</b>				
Total assets	17.13	13.25	17.13	13.25
Total interest earning assets	17.97	13.51	17.97	13.51
Total loans	21.09	23.18	21.09	23.18
Total deposits	11.97	13.94	11.97	13.94
Interest income	24.69	17.51	21.06	17.04
Interest expense	8.47	22.07	14.44	23.99
Noninterest income	(16.61)	62.18	1.76	19.29
Noninterest expense	27.01	15.43	18.41	12.44
Net income	20.77	37.08	35.46	20.65
<b>Selected Ratios</b>				
Return on assets	0.75	0.71	0.71	0.61
Return on equity	6.56	8.44	6.76	6.96
Interest income to total average assets	3.98	3.68	3.99	3.81
Interest expense to total average assets	0.31	0.33	0.33	0.33
Net interest income to total average assets	3.67	3.35	3.66	3.48
Loan loss reserve to total loans	0.77	0.97	0.77	0.97
Nonperforming assets to total average assets	0.02	0.11	0.02	0.12
Net charge-offs to total average loans	0.13	(0.02)	0.14	(0.02)
Net interest margin	3.99	3.69	4.00	3.84

# News from the Charleston Region

## Full-Service Offices Now Open

South Atlantic Bank's new office in Mount Pleasant at 930 Johnnie Dodds Boulevard is officially open for business! The office serves as the bank's regional headquarters for the Lowcountry. The bank has operated in Mount Pleasant since 2013.



*The Mount Pleasant office is open for business.*

"Mount Pleasant has a flourishing local business community and booming growth. We're here to serve our neighbors with local decision making, convenience, and personal service. Our new facility visibly demonstrates our commitment to our customers and the community at large," said Ken Pickens, executive vice president and Charleston regional executive.

The new building resembles the bank's offices in the Myrtle Beach and Murrells Inlet markets, including pulley-operated ceiling fans, deep porticos, and louvered storm shutters. The full service office is on the first floor with space on the second floor for tenants.

## Investment Services Now Available Through South Atlantic Financial Group

South Atlantic Bancshares, Inc. announced a joint partnership agreement with Affluence Financial Group, a Charleston-based wealth management and financial services company, to form the South Atlantic Financial Group (SAFG).

"The addition of a wealth management component is a logical next step for South Atlantic Bank as we look to expand the services available to our customers. Affluence's success in holistic wealth management will not only benefit our customers, but will also provide a revenue stream. We are fortunate to have found an organization that readily fits our culture, and we're glad to have this group as part of the South Atlantic family," said K. Wayne Wicker, chairman of the board and chief executive officer.

Due to the formation of SAFG, South Atlantic Bank customers have access to an array of financial products and services including life and disability income insurance, annuities, and investment products. Financial service representatives Clark Ullom, Sidney Copleston, Jesse Lempesis and Alex Mitchum are a close-knit team that collaborates to solve the complex financial issues facing business owners, families and individuals. Using a holistic approach, they focus not only on asset growth, but also on asset protection and risk management.

Mitchum serves as a liaison with each of South Atlantic Bank's seven offices. He has his life and health insurance licenses in North Carolina, South Carolina and Georgia and is currently securities registered in South Carolina, holding 6 and 63 licenses. Watch for information on our website, coming soon!

Additionally, the bank's 480 East Bay Street location, which opened earlier this summer as a loan production office, is now full-service.

A print and television campaign is currently running to tout South Atlantic Bank's strength as a true community bank that is fully invested in its customers.

"Recent bank mergers have created the opportunity for South Atlantic Bank to fill a void by offering the personalized service only a community bank can provide. The Charleston market fits our geographic footprint and commitment to serve the South Carolina coast," said K. Wayne Wicker, chairman of the board and chief executive officer.

**We're Your Community Bank in the Lowcountry.**

At South Atlantic Bank, you'll work with experienced bankers who share your love of the Lowcountry...in a setting where technology is used to enhance customer relationships, not replace them...and decisions are made locally.

**NOW OPEN**  
930 JOHNNIE DODDS BOULEVARD • 843.972.4300  
480 EAST BAY STREET • 843.414.5900  
SouthAtlantic.bank

**South Atlantic Bank**  
People You Know & Trust.

**Ken Pickens**  
Executive Vice President  
Charleston Region  
843.972.4046  
NMLS #1470794

**Carl Henderson**  
Retail Banking  
Mount Pleasant  
843.972.4010  
NMLS #1471045

**Brian Mitchell**  
Commercial Banking  
Mount Pleasant  
843.972.4047  
NMLS #1470891

**Steve Thompson**  
Commercial Banking  
Charleston  
843.414.5902  
NMLS #4027279

**Kyle Sigler**  
City Executive  
Charleston  
843.414.5901  
NMLS #4027281

**Peter Insabelli**  
Managing Lender  
Charleston Region  
843.414.5903  
NMLS #4007757

**Eric Wicker**  
Commercial Banking  
Charleston Region  
843.972.4048  
NMLS #1470799

**Adrian Cooper**  
Retail Banking  
Mount Pleasant  
843.972.4122  
NMLS #1400841

**Peter Insabelli**  
Managing Lender  
Charleston Region  
843.414.5903  
NMLS #4007757

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*The six-ad series, three of which are shown above, showcases our bankers and local landmarks to introduce our community bank in the market. Television ads also feature prominently in the campaign.*



# Community News

## *It's Another Successful Campaign for the GSML!*

South Atlantic Bank sponsored the Grand Strand Miracle Leagues' Baseball and BBQ Fall Opener for the eighth consecutive year. This year, the bank donated \$5,224 to the organization.

The bank's employees raised money throughout the summer with Dress Down Fridays and collected donations from customers in all of our branches. Employees volunteered at the Fall Opener helping serve BBQ and assisting players on the field.

The event took place Thursday, September 7, at the James C. Benton Miracle League Field at the Pepper Geddings Recreation Center Complex. South Atlantic Bank's President Scott Plyler and Myrtle Beach Regional Executive Paul Peeples presented the \$5,224 check to Carson Benton, GSML chairman emeritus.



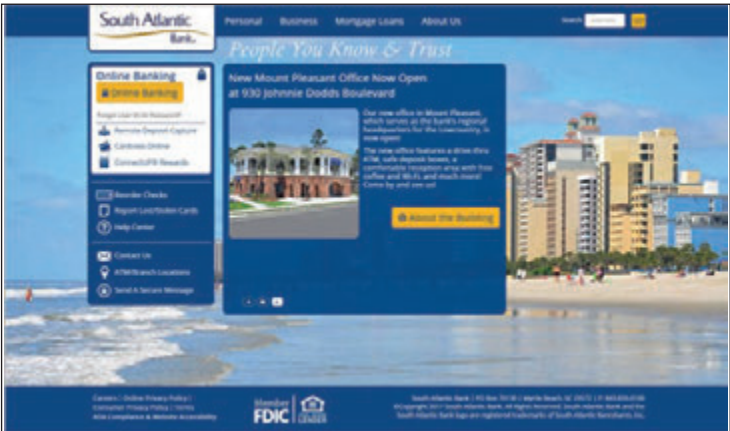
*Bank and GSML officials smile for a photo during the check presentation. The GSML was founded in 2001 to provide people with special needs the opportunity to play baseball. Over the years, soccer and golf have been added, along with an all access playground.*

## *New Website Up and Running*

After months of work and review, our redesigned website is going live! The revamped site has a clean look, streamlined features, and easy to navigate links.

The design is mobile friendly and works well on all devices. It gives users convenient access to their accounts and bank information with a modern layout of product and services information. The site has been updated to improve access for Americans with Disabilities Act (ADA) requirements for the hearing and sight impaired.

Be sure to check out the new site! Everything you need can be accessed through the homepage whenever and wherever you want.



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# It's the People Who Make the Difference

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## Additions and Commendations

**Karen A. Brown** joins the bank as a loan administration specialist and works from the Murrells Inlet office. She most recently served as office administrator for H&C Corporation in Murrells Inlet. She has more than 20 years' experience in the financial industry and was an accounting associate and loan assistant at the former Carolina First Bank.



**Barbie B. Love** joins the bank as a mortgage loan processor in the mortgage operations department in the Murrells Inlet office. She most recently served as loan processor and office manager for C&A Mortgage Services of Florence. She also has experience in the insurance industry and as a legal assistant. She attended Francis Marion University and Florence Darlington Technical College.

**Lynn B. Carmon** joins the bank as assistant vice president, loan assistant in the Pawley's Island office. Lynn has 17 years of banking experience in the Grand Strand area and most recently served as branch manager for BNC Bank in Murrells Inlet. In the community, she has been a United Way of Horry County volunteer for more than 20 years.



**Sophie Ing** joins the bank as a teller at the Myrtle Beach office. Sophie has 6 years of customer service experience and most recently served as human resource assistant and customer service representative for Home Depot. She is a graduate of Pennsylvania State University with an A.S. degree.

**John Channell** serves as vice president, portfolio manager. He has 10 years of banking experience and most recently served as senior portfolio manager at Park Sterling Bank in Charleston. He has a B.S. degree in economics from George Mason University and a M.B.A. degree from the University of North Carolina.



**Brandon Roach** joins the bank as banking officer and mortgage loan officer in the East Bay St. office. Brandon has four years of banking experience. He most recently served as branch officer for Palmetto Heritage Bank & Trust in Mount Pleasant and previously worked for Conway National Bank in North Myrtle Beach. He is a graduate of Coastal Carolina University with a degree in business management.

**Jeanette Bravo** is the new teller supervisor at the East Bay Street office. She most recently served as lead teller for J.P. Morgan Chase Bank in San Francisco and has three years of customer service experience. Jeanette attended Salt Lake Community College in Utah, majoring in business management and foreign languages. She is bilingual and speaks English and Spanish.



**Drew Johnson** was recently honored for his 10 years of service on the South Carolina Real Estate Appraisers Board. The board protects public interest by enforcing state law and ensuring that all licensees act in accordance with professional standards and ethics. Members are approved through Senate confirmation. Drew is a senior vice president and regional executive for the Waccamaw Neck.

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## Next Issue

*...Year End Wrap Up...Bank's 10th Anniversary...Marketing Plans...Staffing Moves...*

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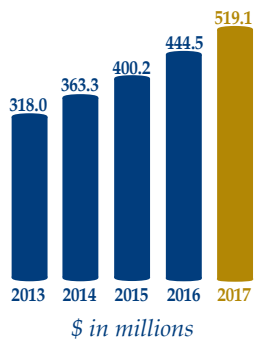
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[SouthAtlantic.bank](http://SouthAtlantic.bank)

Total Assets (December 31)



## A Record Year for South Atlantic Bancshares, Inc.

South Atlantic Bancshares, Inc. (the "Company") marked its tenth anniversary year with a number of achievements spanning financial performance, capital investment, and expansion.

Net income for the year ended December 31, 2017, was \$3,414,260 or \$0.62 per diluted share, compared to \$2,603,928 or \$0.47 per diluted share for the same period a year ago. These figures represent a 31.1 percent increase in net income year over year and the best performance in the Company's ten-year history.

The double digit increase in net income can be attributed to several factors – South Atlantic Bank's expanded geographic footprint which fueled growth in the commercial loan portfolio and a record year in production for the mortgage loan department. Branches in both new and established markets contributed to the Company's performance in 2017.

Total loans grew 18.4 percent, to \$436.8 million at December 31, 2017, from 369.0 million at December 31, 2016. A strong and stable economy has spurred business expansion and in turn fueled loan growth. With locations in some of the fastest-growing regions along the coast, our officers are well-positioned to take advantage of opportunities as they arise. During this period of loan growth, credit quality remains strong, with net charge-offs to total loans of just 0.01 in 2017.

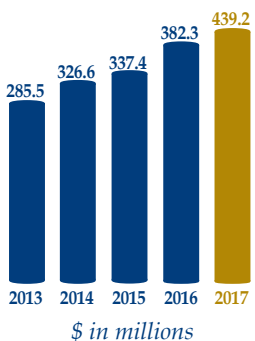
Noninterest expense grew 21 percent in 2017 due to costs associated with the bank's expansion into new markets. This figure is in line with our expectations as we build our coastal banking franchise. Our new locations are gaining traction in their markets and are already contributing to the bottom line.

The Company's strong showing is all the more significant due to the achievements made in 2017. During the first quarter, the Company completed a \$20 million capital raise through the sale of its common stock. This additional capital is earmarked to fund the Bank's growth goals and expansion going forward. In the third quarter, the Bank expanded its presence in Charleston, establishing a regional headquarters in Mount Pleasant and opening an office on East Bay Street, both of which have been well-received in the market. In the fourth quarter, the Company announced its agreement to acquire Atlantic Bancshares, Inc. (Atlantic), which will add banking offices in Hilton Head and Bluffton to the South Atlantic Bank footprint. Pending Atlantic shareholder and regulatory approval, the merger is expected to be completed by April 30, with conversion to the South Atlantic Bank brand to take place in early June.

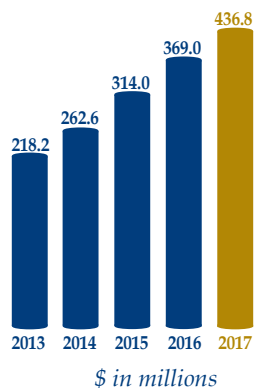
In late 2017, our board of directors declared a 10 percent stock dividend which was paid to shareholders on November 28, 2017. The stock dividend date was selected to commemorate the Bank's 10<sup>th</sup> anniversary and celebrate the progress in the past 10 years. The dividend provided shareholders with one new share for every ten shares held, with fractional shares rounded up to the next whole share, and was the third dividend declared in the Company's history.

Our directors, officers, and employees are looking forward to this next page in our bank's history. As always, we appreciate your support and will continue to work hard for your investment.

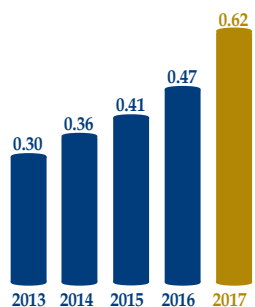
Total Deposits (December 31)



Total Loans (December 31)



Diluted Earnings per Share  
(\$, December 31)



## Inside this Issue

...Service Awards...Selected Financial Highlights...Holiday Spirit...Banking Help Center...

# Selected Financial Highlights

	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016	For the Twelve Months Ended December 31, 2015
<b>Year-End Balances (In Thousands)</b>			
Total assets	\$ 519,129	\$ 444,533	\$ 400,218
Investment securities	36,892	43,633	52,784
Loans, net of unearned income (total loans)	436,783	368,991	313,988
Deposits	439,226	382,263	337,362
Shareholders' equity	60,646	37,440	35,645
<b>Average Balances (In Thousands)</b>			
Total assets	\$ 500,131	\$ 430,655	\$ 374,291
Earning assets	469,144	399,829	348,172
Investment securities	44,378	41,914	51,238
Loans, net of unearned income	409,882	340,892	279,810
Deposits	434,262	382,537	335,849
Shareholders' equity	54,144	37,554	33,961
<b>Earnings Breakdown (In Thousands)</b>			
Total interest income	\$ 20,137	\$ 16,513	\$ 14,137
Total interest expense	1,692	1,432	1,161
Net interest income	18,444	15,081	12,976
Total noninterest income	3,114	3,005	2,633
Total noninterest expense	16,733	13,873	12,272
Provision for loan losses	915	615	230
Income before taxes	3,910	3,598	3,106
Taxes	496	995	865
Net income	3,414	2,604	2,241
Diluted earnings per share	0.62	0.47	0.41
<b>Selected % Increases</b>			
Total assets	16.78	11.07	10.15
Total interest earning assets	17.73	11.97	10.27
Total loans	18.37	17.52	19.55
Total deposits	14.90	13.31	3.30
Interest income	21.94	16.81	8.64
Interest expense	18.18	23.30	(2.21)
Noninterest income	3.61	14.15	54.37
Noninterest expense	20.62	13.04	15.58
Net income	31.12	16.20	11.81
<b>Selected Ratios</b>			
Return on assets	0.68	0.60	0.60
Return on equity	6.31	6.93	6.60
Interest income to total average assets	4.29	4.13	4.06
Interest expense to total average assets	0.36	0.36	0.33
Net interest income to total average assets	3.93	3.77	3.73
Loan loss reserve to total loans	0.86	0.96	0.90
Nonperforming assets to total average assets	0.05	1.07	1.13
Net charge-offs to total average assets	0.01	0.00	0.00
Net interest margin	4.02	3.86	3.80

# On the Banking Front

## 10th Anniversary Service Awards Announced

When the bank marked its 10th anniversary in November 2017, it provided the opportunity to recognize those employees who have been with South Atlantic Bank since the beginning. The following 11 employees received 10-year service awards in December:

Karen Atwood, Dick Burch, Yolonda Bryant, Candy Cherry, Anne Cote, Melissa Downs-High, Shirley Kulcsar, Scott Plyler, Mary Jo Rogers, Tiffany Suggs, and Wayne Wicker. Congratulations!



*This handsome service award, designed and produced by Prestige Custom Awards, was presented to all 10-year employees to celebrate the bank's anniversary.*

## The Tax Cuts and Jobs Act and Your Financial Plan

How will the new tax act affect you? To learn the impact it may have on your financial planning as a business owner or individual, contact the South Atlantic Financial Group representative, Alex Mitchum, at [Amitchum@southatlanticfinancialgroup.com](mailto:Amitchum@southatlanticfinancialgroup.com) or 843.996.4041.



*Securities, investment advisory and financial planning services offered through qualified registered representatives of MML Investors Services, LLC, Member SIPC.*

Investment products offered through South Atlantic Financial Group are: NOT A DEPOSIT • NOT FDIC-INSURED • NOT GUARANTEED BY A BANK • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY GO DOWN IN VALUE • ARE SUBJECT TO INVESTMENT RISKS INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

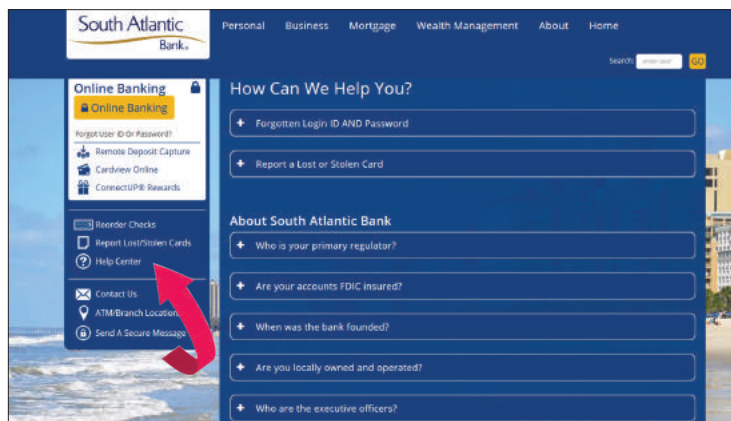
## Investing in our Employees

A new senior leadership role for the bank has been created to strengthen branch development and streamline sales and service processes. Through consistent training, we aim to enhance the professional skills of our staff and create energy and excitement around our products.

Michelle Coletta, previously branch manager at the Myrtle Beach office, has been promoted to senior vice president, retail sales manager. She is the liaison between branch staff and executive management and works closely with branch administration for continued focus on superior customer service.

## Help Center Always Available

For answers to your questions about Online Banking and a variety of other topics, visit the Help Center link on our website home page. Find timely information on how to reset passwords, report a stolen card, enroll in e-statements, use the goMobile app and Apple Pay, and much more. Visit [SouthAtlantic.bank](http://SouthAtlantic.bank) today!



*When customers click on the Help Center, they will find a well-organized list of questions and answers that will help them do their banking anytime they want or need.*

## Email address update

When the bank has news to share, we want you to be the first to know! Please provide us with your email address so you can receive timely announcements about our progress. Simply send an email to [investorrelations@southatlantic.bank](mailto:investorrelations@southatlantic.bank), and we'll add you to our email distribution for corporate announcements including earnings releases, updates, and other breaking news as it happens.



# Community News

## Sharing the Spirit

Our offices spread the holiday spirit throughout our communities in December. Employees took children out for a night of pizza, games, and Christmas shopping as part of the Myrtle Beach Chamber's gsSCene's *Subs for Santa* event. More than 150 children participated in this special evening.

The bank also made a donation to the City of Myrtle Beach Recreation Department to help supply gifts and snacks for their annual children's party. Our Murrells Inlet branch and mortgage operations staff teamed up to adopt two families for the holidays, and donated Christmas gifts for them.

The Myrtle Beach office held a drop-in for our neighbors and customers and had more than 40 guests come by for holiday cheer and to learn about our products and services.



*Tellers Melissa Clark (far left) and Sophie Ing (far right) pose with Subs for Santa guests including Mr. and Mrs. Claus.*

## Annual Report and Proxy Mailing Coming in March

Our 2017 Annual Report and proxy material will be mailed in mid-March. The package will feature our financial report, along with a full color overview of our progress in 2017.

2018  
**ANNUAL  
MEETING**

After you review the mailing, please take a moment to vote your shares online, by telephone, or via U.S. mail. Your participation is important!

The annual meeting of shareholders will take place on April 17 at 5:30 p.m. at the Myrtle Beach office.

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

**Barbara Marshall, Editor**  
[bmarshall@southatlantic.bank](mailto: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](http://SouthAtlantic.bank).

[SouthAtlantic.bank](http://SouthAtlantic.bank) > [About Us](#) > [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**

### **James Carson Benton, Jr.**

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

### **Thomas C. Brittain**

Attorney at Law  
Brittain Law Firm, P.A.

### **Richard N. Burch**

Executive Vice President  
and Chief Financial Officer  
South Atlantic Bank

### **Tony K. Cox**

Executive Vice President  
Real Estate  
Burroughs and Chapin Company

### **Miles M. Herring**

Franchisee and Operator  
Krispy Kreme Doughnuts

### **Martha S. Lewis**

Senior Physical Therapist  
NextStep Rehabilitation

### **R. Scott Plyler**

President  
South Atlantic Bank

### **Albert A. Springs, IV**

Co-Owner and President  
HB Springs Company

### **Jack L. Springs, Jr.**

Co-Owner/Broker  
Century 21 Barefoot Realty

### **Michael C. Tawes, Sr.**

Partner  
Valbridge Property Advisors  
Atlantic Appraisals

### **Zeb M. Thomas, Jr.**

Retired Hotelier

### **K. Wayne Wicker**

Chairman and  
Chief Executive Officer  
South Atlantic Bank

## **Locations**

### **Myrtle Beach (Headquarters)**

630 29th Avenue North  
(P) 843.839.0100

### **Charleston**

480 East Bay Street  
(P) 843.414.5900

### **Georgetown**

1187 North Fraser Street  
(P) 843.436.6800

### **Mount Pleasant**

930 Johnnie Dodds Blvd.  
(P) 843.972.4300

### **Murrells Inlet**

11019 Tournament Blvd.  
(P) 843.848.2000

### **North Myrtle Beach**

1801 Highway 17 South  
(P) 843.848.2260

### **Pawleys Island**

10970 Ocean Highway  
(P) 843.848.2049

[SouthAtlantic.bank](http://SouthAtlantic.bank)

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# It's the People Who Make the Difference

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## Staff Promotions and Additions



Burton

**Sue Burton**, mortgage operations manager, has been promoted to senior vice president. Sue joined the bank in 2013 and has 25 years experience in the mortgage industry.



Spitzer

**Donna Spitzer**, mortgage loan underwriter, has been promoted to vice president. Donna joined the bank in 2012 and has 17 years of mortgage experience.



Mazurkiewicz

**Leah Mazurkiewicz**, mortgage loan officer, has been promoted to vice president. She joined the bank as a teller in 2012 and served as a customer service representative and assistant branch manager in Murrells Inlet before moving to the mortgage department in 2015.



Riegel

**Kelly Riegel** is the new customer service representative at the Murrells Inlet office. Kelly began her career at the bank's Murrells Inlet office in 2016 as a part-time teller.



Byrd

**Kelly Byrd** has been promoted from customer service representative to banking officer and assistant branch manager in Murrells Inlet. She joined the bank in 2014 as a teller and customer service representative in the Pawleys Island office before transferring to Murrells Inlet in 2016.



Clendenin

**Jessica Clendenin** is the new banking officer and assistant branch manager in Mount Pleasant. Jessica started at the bank in 2015 as a customer representative in Mount Pleasant.



Coaxum

**Brittany Coaxum** has been promoted to teller supervisor in Mount Pleasant. Brittany joined the bank this past summer as a customer service representative.



Coletta

**Michelle Coletta** was promoted to senior vice president and is the bank's new retail sales manager. Michelle joined the bank in 2008 as vice president, retail business development officer and has served as manager of the Myrtle Beach office since 2013.



Van Wagner

**Alison Van Wagner** was named branch manager at the Myrtle Beach office. She came to the bank in January 2014 as a teller in the Murrells Inlet office. She also served as a customer service representative there before transferring to the Myrtle Beach office as assistant branch manager in January 2016. Alison was also named the **Spirit Award winner** for 2017. She was nominated by her fellow employees for the honor based on her commitment, attitude, and service.



Petersen

**Katie Petersen** has accepted the position of assistant branch manager in the Myrtle Beach office. Katie joined the bank in December 2016 as a teller in the Myrtle Beach office and served as a customer service representative there prior to her new role.



Hardwick

**April Hardwick** is a new loan processor at the Myrtle Beach office. April most recently served as loan operations supervisor for Horry County State Bank and has 19 years of experience in loan operations.



Vostatek

**Dee Vostatek** joined the bank as a customer service representative in Pawleys Island. She has more than 30 years of banking experience including branch management, loan operations and teller line. She most recently served as a retail manager for Home Saving Bank in St. Clairsville, Ohio.

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## Next Issue

...Merger Update...Retail Sales News...Selected Financial Highlights...Community Support...

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