## Department of the Treasury

## **Report of Organizational Actions Affecting Basis of Securities**

▶ See separate instructions.

OMB No. 1545-2224

Internal Revenue Service Part I Reporting Issuer 2 Issuer's employer identification number (EIN) Issuer's name South Atlantic Bancshares, Inc. 26-0303361 3 Name of contact for additional information 4 Telephone No. of contact 5 Email address of contact Richard Burch dburch@southatlantic.bank 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7 City, town, or post office, state, and Zip code of contact P O Box 70130 Myrtle Beach, SC 29572 9 Classification and description 8 Date of action 11/28/2017 Common Stock - Stock Dividend 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) SABK Organizational Action Attach additional statements if needed. See back of form for additional questions. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► A ten percent stock dividend was payable on November 28, 2017 to all shareholders of record as of November 13, 2017. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per 15 share or as a percentage of old basis ▶ The stock dividend provides shareholders with ten new shares for every 100 shares held, with fractional shares rounded up to the next whole share. Each shareholders basis would be reduced by ten percent. Example: Original purchase price of \$10.00 would result in a new basis of \$9.09 per share. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ With an original purchase price of \$10.00, after the ten percent dividend, the cost basis would now be \$9.09 or ten percent less than the original purchase price.

Part	Ш	Organizational Action (continu	ued)			
	st the	applicable Internal Revenue Code se	ction(s) and subsection(s) upon which	the tax treatmen	t is based I	<b>-</b>
Section						
Section	307 (	a)				
<b>18</b> C	an any	resulting loss be recognized? ► No	ot Applicable			
<b>19</b> P	rovide	any other information necessary to in	nplement the adjustment, such as the	reportable tax ye	ear <b>⊳</b> <u>2017</u>	
			examined this return, including accompan- tion of preparer (other than officer) is based			
Sign Here	Signa	<sub>ture</sub> Dick Burch	Digitally signed by Dick Burch DN: cn=Dick Burch, c=South Atlantic Bank, ou=South Atlantic Bank email=dburch@southatlanticbank.com, c=US Date: 2016.02.23 14:13:29 -05'00'	Date ►		
	Print	your name ► Richard N Burch		Title ►	CFO	
Paid Prepa	aror	Print/Type preparer's name	Preparer's signature	Date		Check if self-employed PTIN
		Firm's name ►		<u>'</u>		Firm's EIN ▶
Use Only		Firm's address ▶		<u> </u>		Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054