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PRESS RELEASE

For Immediate Release

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Net Income Grows 16.2 Percent at South Atlantic Bancshares
2016 Marks Sixth Consecutive Year of Profitability

Myrtle Beach, South Carolina, January 31, 2017 – South Atlantic Bancshares, Inc. (OTCQX: SABK), parent of South Atlantic Bank, today reported net income of $2,603,928 or $0.66 per diluted share for the year ended December 31, 2016, compared to $2,240,816 or $0.57 per diluted share reported for the same period a year ago. These figures represent a 16.2 percent increase in net income.

Financial Highlights

- Year-end 2016 represents the company's sixth consecutive profitable year.
- Credit quality remains strong with no net charge-offs.
- Net interest margin improved from 3.80 percent in 2015 to 3.85 percent in 2016.
- Total loans grew 17.5 percent in 2016, from $314.0 million at December 31, 2015 to $369.0 million at December 31, 2016.
- Total deposits grew 13.3 percent, from $337.4 million reported at December 31, 2015, to $382.3 million at December 31, 2016.
- Total assets grew 11.1 percent, from $400.2 million at December 31, 2015, to $444.5 million at December 31, 2016.

"In 2016, South Atlantic Bank recorded its best yearly financial performance in the company's nine-year history," said K. Wayne Wicker, chairman of the board and chief executive officer. "Our strong showing is attributed to double digit growth in loans and deposits, along with increased mortgage and merchant services activity. Better economic conditions are fueling interest in expansion and new projects throughout the markets we serve, and all locations in our geographic footprint contributed to the bank's performance.

"Progress continues on the construction of our Charleston regional headquarters located in Mount Pleasant with completion expected in mid to late summer 2017. The new, two-story office building on Johnnie Dodds Boulevard will serve as our home base in the market and is evidence of our strong and enduring commitment to the Lowcountry. We're excited to expand our presence in this dynamic market with its diverse and thriving economy," Wicker said.

About South Atlantic Bank

South Atlantic Bank, the subsidiary bank of South Atlantic Bancshares, Inc. (OTCQX: SABK), is a $449.9 million financial institution that is locally owned, controlled, and operated. The bank is headquartered in Myrtle Beach, South Carolina, with additional offices in Murrells Inlet, Pawleys Island, Georgetown, North Myrtle Beach, and Mount Pleasant, South Carolina. South Atlantic Bank offers a wide variety of services for businesses and consumers, including South Atlantic Bank *go*Mobile, its mobile banking app. The bank also offers internet banking, no-fee ATM access, checking, CD, and money market accounts, merchant services, mortgage loans, remote deposit capture, and more. For more information, visit SouthAtlantic.bank.

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South Atlantic Bank
Selected Financial Highlights

	For the Twelve Months Ended **December 31, 2016**	For the Twelve Months Ended **December 31, 2015**	For the Twelve Months Ended **December 31, 2014**
Year-to-Date Balances (In Thousands)			
Total assets	$ 444,533	$ 400,218	$ 363,348
Investment securities	43,633	52,784	52,607
Loans, net of unearned income (total loans)	368,991	313,988	262,646
Deposits	382,263	337,362	326,594
Shareholders’ equity	37,440	35,645	32,242
Average Balances (In Thousands)			
Total assets	$ 430,655	$ 374,291	$ 341,288
Earning assets	399,829	348,172	318,590
Investment securities	41,914	51,238	67,306
Loans, net of unearned income	340,892	279,810	239,797
Deposits	382,537	335,849	308,929
Shareholders’ equity	37,554	33,961	26,925
Earnings Breakdown (In Thousands)			
Total interest income	$ 16,513	$ 14,137	$ 13,012
Total interest expense	1,432	1,161	1,188
Net interest income	15,081	12,976	11,825
Total noninterest income	3,005	2,633	1,705
Total noninterest expense	13,873	12,272	10,618
Provision for loan losses	615	230	475
Income before taxes	3,598	3,106	2,437
Taxes	995	865	433
Net income	2,604	2,241	2,004
Diluted earnings per share	0.66	0.57	0.51
Selected % Increases		***Year Over Year***	
Total assets	11.07%	10.15%	14.24%
Total interest earning assets	11.97%	10.27%	14.62%
Total loans	17.52%	19.55%	20.38%
Total deposits	13.31%	3.30%	14.39%
Interest income	16.81%	8.64%	15.24%
Interest expense	23.30%	(2.21)%	(9.40)%
Noninterest income	14.15%	54.37%	(14.54)%
Noninterest expense	13.04%	15.58%	15.99%
Net income	16.20%	11.81%	21.86%
Selected Ratios		***Year Over Year***	
Return on assets	0.60%	0.60%	0.59%
Return on equity	6.93%	6.60%	7.44%
Interest income to total average assets	4.13%	4.06%	3.81%
Interest expense to total average assets	0.36%	0.33%	0.35%
Net interest income to total average assets	3.77%	3.73%	3.46%
Loan loss reserve to total loans	0.96%	0.90%	1.00%
Nonperforming assets to total average assets	1.07%	1.13%	1.35%
Net charge-offs to total average assets	0.00%	0.00%	0.01%
Net interest margin	3.85%	3.80%	3.79%