

# South Atlantic Bank

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## *PRESS RELEASE*

### **For Immediate Release**

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### **Earnings Grow 38.1 Percent at South Atlantic Bancshares, Inc.**

Myrtle Beach, South Carolina, April 18, 2017 – South Atlantic Bancshares, Inc. (the “Company”) (OTCQX: SABK), parent of South Atlantic Bank, today 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 from March 31, 2016 to March 31, 2017.

#### *Financial Highlights*

- The first quarter 2017 was the Company’s 25<sup>th</sup> consecutive profitable quarter. The streak dates back to the first quarter 2011.
- Credit quality remains strong with no net charge-offs and nonperforming assets to average total assets of just 0.09 percent as of March 31, 2017.
- Noninterest income grew 18.7 percent for the first quarter.
- The net interest margin improved to 3.99 percent as of March 31, 2017.
- Total loans grew 22.7 percent, from \$329.9 million at March 31, 2016 to \$404.9 million at March 31, 2017.
- Total deposits grew 14.3 percent, from \$362.8 million at March 31, 2016 to \$414.8 million at March 31, 2017.
- Total assets grew 15.5 percent, from \$418.2 million at March 31, 2016 to \$482.8 million at March 31, 2017.

“The year is off to a good start for South Atlantic Bank,” said K. Wayne Wicker, chairman of the board and chief executive officer of the Company. “Double digit growth in the loan portfolio, combined with solid gains in mortgage loan and merchant fee income, fueled the 38 percent increase in net income. All branches in our geographic footprint contributed to this outstanding performance,” Wicker said.

In other news, South Atlantic Bank recently received FDIC approval for its seventh full-service location and second in the Charleston market. The new office will open on East Bay Street in late May 2017. Construction continues on the building that will serve as the company’s regional headquarters on Johnnie Dodds Boulevard in Mount Pleasant, with completion expected in July of this year. Additionally, the Company completed a \$20 million capital raise on March 29, 2017, with the sale of 1.63 million common shares at \$12.25 per share, bringing the total number of common shares outstanding as of March 31, 2017 to 5,463,976.

#### **About South Atlantic Bank**

South Atlantic Bank, the subsidiary bank of South Atlantic Bancshares, Inc. (OTCQX: SABK), is a \$488.8 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 goMobile, 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](http://SouthAtlantic.bank).

**(M O R E)**

**Cautionary Statement Regarding Forward-Looking Statements**

This press release contains, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements preceded by, followed by, or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook" or similar expressions. These statements are based upon the current beliefs and expectations of the Company's management team and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control). Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Company or any person that the future events, plans, or expectations contemplated by the Company will be achieved. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

Information contained herein, other than information at December 31, 2016, and for the twelve months then ended, is unaudited. All financial data should be read in conjunction with the notes to the consolidated financial statements of the Company and South Atlantic Bank as of and for the fiscal year ended December 31, 2016, as contained in the Company's 2016 Annual Report located on the Company's website.

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**South Atlantic Bancshares, Inc.**  
**Selected Financial Highlights**

	For the Three Months Ended <u>March 31, 2017</u>	For the Three Months Ended <u>March 31, 2016</u>	For the Twelve Months Ended <u>December 31, 2016</u>
<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</b> <span style="float: right;"><i>(March 2017 compared to March 2016) (December 2016 compared to December 2015)</i></span>			
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 (year-to-date)</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