Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer

1 Issuer's name South Atlantic Bancshares, Inc.		2 Issuer's employer identification number (EIN) 26-0303361
3 Name of contact for additional information Richard Burch	4 Telephone No. of contact 843-839-4412	5 Email address of contact dburch@southatlantic.bank
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P O Box 70130		7 City, town, or post office, state, and Zip code of contact Myrtle Beach, SC 29572
8 Date of action 11/28/2017	9 Classification and description Common Stock - Stock Dividend	

10 CUSIP number 83636T 104	11 Serial number(s)	12 Ticker symbol SABK	13 Account number(s)

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 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.

15 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 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.

16 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 II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Section 305(a)

Section 307 (a)

18 Can any resulting loss be recognized? ▶ Not Applicable

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ 2017

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Dick Burch

Digitally signed by Dick Burch
DN: cn=Dick Burch, o=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 Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

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