

South Atlantic Bancshares, Inc.
630 29th Avenue North
Myrtle Beach, South Carolina 29577

Notice of Annual Meeting of Shareholders
To be held April 26, 2011

Dear Fellow Shareholders:

We cordially invite you to attend the 2011 Annual Meeting of Shareholders of South Atlantic Bancshares, Inc., the holding company of South Atlantic Bank. At the meeting, we will report on our performance in 2010 and answer your questions. We are excited about our accomplishments and look forward to discussing both our accomplishments and our 2011 plans with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that we will hold the meeting on April 26, 2011, at 5:30 p.m. at South Atlantic Bank, 630 29th Avenue North, Myrtle Beach, South Carolina 29577, for the following purposes:

1. To elect five members to our Board of Directors;
2. To transact any other business that may properly come before the meeting or any adjournment of the meeting.

Shareholders owning our common stock at the close of business on March 11, 2011, are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at our offices prior to the meeting. In addition to the specific matters to be acted upon, there also will be a report on our operations, and our directors and officers will be present to respond to your questions.

Please use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. Even if you plan to attend the meeting, we encourage you to complete and return the enclosed proxy or vote online as promptly as possible.

By Order of the Board of Directors



K. Wayne Wicker
Chairman and Chief Executive Officer

Myrtle Beach, South Carolina
March 18, 2011

South Atlantic Bancshares, Inc.
630 29th Avenue North
Myrtle Beach, South Carolina 29577

Proxy Statement

FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 26, 2011

Our Board of Directors is soliciting proxies for the 2011 Annual Meeting of Shareholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. We encourage you to read it carefully.

Voting Information

The Board set March 11, 2011, as the record date for the meeting. Shareholders owning our common stock at the close of business on that date are entitled to attend and vote at the meeting, with each share entitled to one vote. There were 2,715,192 shares of common stock outstanding on the record date. A majority of the outstanding shares of common stock represented at the meeting will constitute a quorum. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists.

Some of our shareholders hold their shares through a stockbroker, bank, or other nominee rather than directly in their own name. If you hold our shares in a stock brokerage account or by a bank or other nominee, you are considered the *beneficial owner* of shares held in street name, and these materials are being forwarded to you by your broker or nominee, which is considered the *shareholder of record* with respect to those shares. As the *beneficial owner*, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting. However, since you are not the *shareholder of record*, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the *shareholder of record* giving you the right to vote the shares. Your broker or nominee has enclosed or provided a voting instruction card for you to use to direct your broker or nominee how to vote these shares.

When you sign the proxy card, you appoint Richard N. Burch as your representative at the meeting. Mr. Burch will vote your proxy as you have instructed on the proxy card. If you submit a proxy but do not specify how you would like it to be voted, the shares will be voted in favor of all proposals set forth herein. However, if any other matters come before the meeting, Mr. Burch will vote your proxy on such matters in accordance with his judgment.

You may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by signing and delivering another proxy with a later date or by voting in person at the meeting.

Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proxies that brokers do not vote on some proposals but that they do vote on others are referred to as “broker non-votes” with respect to the proposals not voted upon. A broker non-vote does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. In addition, if a shareholder abstains from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.

We are paying for the costs of preparing and mailing the proxy materials and of reimbursing brokers and others for their expenses of forwarding copies of the proxy materials to our shareholders. Our officers and employees may assist in soliciting proxies but will not receive additional compensation for doing so. We are distributing this proxy statement on or about March 18, 2011.

These materials are also available for viewing online by going to the home page of our website, SouthAtlanticBank.com. Click on the link provided, and when you are prompted for your control number, enter the number that appears directly above your name on the proxy card. You will be able to view the documents and complete your proxy online. If you complete your proxy online, there is no need for you to return the paper proxy card to us. Proxies may be completed online until 5:00 p.m. EDT on April 25, 2011, which is the day before the Annual Meeting.

Proposal No. 1: Election of Directors

The Board of Directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the board members expire at each annual meeting. The current terms of the Class I directors will expire at the meeting. The terms of the Class II directors expire at the 2012 Annual Shareholders Meeting. The terms of the Class III directors will expire at the 2013 Annual Shareholders Meeting. Our directors and their classes are:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>
R. Scott Plyler Thomas C. Brittain Tony K. Cox Zeb M. Thomas, Jr.	Richard N. Burch James Carson Benton, Jr. Albert A. Springs, IV Jack L. Springs, Jr.	K. Wayne Wicker Martha S. Lewis Miles M. Herring

At the meeting, shareholders will elect four nominees as Class I directors to serve three year terms, and one nominee as a Class III director. The terms of the Class I directors will expire at the 2014 Annual Shareholders Meeting and the term of the Class III director will expire at the 2013 Annual Shareholders Meeting. The directors will be elected by a plurality of the votes cast at the meeting. This means that the five nominees receiving the highest number of votes will be elected.

The Board of Directors recommends that you elect R. Scott Plyler, Thomas C. Brittain, Tony K. Cox, and Zeb M. Thomas, Jr. as Class I directors and Martha S. Lewis as a Class III director.

If you submit a proxy but do not specify how you would like it to be voted, Mr. Burch will vote your proxy to elect Mr. Plyler, Mr. Brittain, Mr. Cox, Ms. Lewis, and Mr. Thomas. If any of these nominees is unable or fails to accept nomination or election (which we do not anticipate), Mr. Burch will vote instead for a replacement to be recommended by the Board of Directors, unless you specifically instruct otherwise in the proxy.

Set forth below is certain information about the nominees. Each of the nominees, except for Ms. Lewis, is also an organizer and director of our subsidiary, South Atlantic Bank. Ms. Lewis was appointed to the Board of Directors in 2010 to serve as a director of our company and our subsidiary, to complete the term of Class III director Robert S. Guyton following his resignation.

The Board unanimously recommends a vote FOR these nominees:

R. Scott Plyler is president of South Atlantic Bancshares, Inc., and South Atlantic Bank. He is the former market president of Carolina First Bank's South Carolina coastal region, which included 23 branches and 245 employees. His eighteen-year banking career includes service as a commercial lender with Anchor Bank and Wachovia Bank in Myrtle Beach, South Carolina. Mr. Plyler holds a B.S. degree in business administration from the University of South Carolina and has completed The Graduate School of Banking of the South at Louisiana State University and the South Carolina Bankers School held at the University of South Carolina. Mr. Plyler is the past chairman of the South Carolina Bankers School and the Coastal Carolina Sertoma Club. He is currently a board member of the South Carolina Bankers Association, the Ocean View Memorial Foundation, and the Myrtle Beach Regional Development Authority. He is a former board member of the South Carolina Young Bankers Association, Coastal Carolina Sertoma Club, and the South Strand United Way.

Thomas C. (Tommy) Brittain is a partner in the Brittain Law Firm. He is a graduate of Conway High School and attended Wofford College on a football scholarship. In 1975, he graduated *magna cum laude, Phi Beta Kappa*, from Wofford and entered the University of South Carolina School of Law, graduating in 1978. He clerked for Governor Robert E. McNair. Entering active duty in the United States Army in 1978, he served as a captain at Fort Hood, Texas, for four years. Mr. Brittain served as the chairman of the board of Wofford College (2003-2009), is a fellow of the American College of Trial Lawyers, is a member of the Fourth Circuit Judicial Conference, and was designated a "Super Lawyer" by *The New York Times* (2007-2010). He has been rated AV Preeminent (the highest ranking awarded from a lawyer's peers) for 15 years by Martindale-Hubbell Law Directory. In May 2010, he received an Honorary Doctorate of Humanities degree from Wofford College.

Tony K. Cox has been in the real estate business for 30 years in Myrtle Beach and is the chief real estate officer for Burroughs and Chapin Company in Myrtle Beach, South Carolina. He is a graduate of the University of South Carolina with a B. A. degree in Public Administration/Real Estate and the Harvard Graduate School of Design, Advanced Management Development Program. Mr. Cox is a Certified Commercial Investment Member

(CCIM) and a Graduate, Realtor® Institute (GRI). He is a former member of the advisory boards of the National Bank of South Carolina and Crescent Mortgage. Mr. Cox is the chairman of the South Carolina Real Estate Commission. He is a former member of the Board of Directors of the Myrtle Beach Area Chamber of Commerce, having served as chairman of the Membership Committee. He is the former chairman of the Horry County Planning Commission.

Martha S. Lewis is the co-founder and president of Atlantic Physical Therapy, an outpatient private practice and rehabilitation agency in Myrtle Beach, South Carolina. Since its founding in 1986, the company has expanded to four facilities in Myrtle Beach, North Myrtle Beach, Conway, and Carolina Forest. A North Carolina native, Ms. Lewis attended East Carolina University and received a B.S. degree in physical therapy from the Medical University of South Carolina. She is a member of the American Physical Therapy Association (APTA) and Orthopedic and Private Practice sections of the APTA. Ms. Lewis resides in Conway and serves on the boards of the Horry-Georgetown Technical College Foundation and the Coastal Samaritan Center.

Zeb M. Thomas, Jr. is the president of Dayton House in Myrtle Beach, South Carolina. He has been a hotelier for 40 years after growing up in his family business and working there part time since he was a child. He is a graduate of the University of South Carolina with a B. S. degree in economics. Mr. Thomas served as a board member of Myrtle Beach Area Hospitality Association, the Myrtle Beach Area Chamber of Commerce, and the City of Myrtle Beach Zoning Board of Adjustment. He also served a three-year term as governor for Best Western Hotels International. Mr. Thomas is a charter member of the Myrtle Beach Sertoma Club and was a charter member of the Chicora Rotary Club in Myrtle Beach. He currently serves as a South Carolina Constable assisting the Myrtle Beach and Horry County Police Departments. Mr. Thomas is a member of Trinity Episcopal Church.

Set forth below is information about each of our other directors. Each director is also an organizer and a director of South Atlantic Bank.

James Carson Benton, Jr. has been in the general contracting business for 28 years and is a third generation owner and co-owner/operator of C.L. Benton and Sons, Inc. A Myrtle Beach resident since 1958, Mr. Benton is a graduate of Clemson University with a B.S. degree in industrial education. He currently serves as chairman of the board of the Grand Strand Miracle League and is a former board member of the Ocean View Memorial Foundation. He is also a former member of the advisory boards of Anchor Bank and Carolina First Bank. He has also served as a board member of the Horry County Solid Waste Authority and the Myrtle Beach Area Chamber of Commerce.

Richard N. (Dick) Burch is the executive vice president, chief financial officer and secretary of South Atlantic Bancshares, Inc. and South Atlantic Bank. He is the former executive vice president and chief financial officer of Beach First National Bancshares, Inc. and Beach First National Bank in Myrtle Beach, South Carolina. Mr. Burch has worked in the banking industry for more than 27 years and was a bank examiner with the South Carolina Board of Financial Institutions for six years. A graduate of The Citadel with a B.S. degree in business administration, he has lived in the Myrtle Beach area for 18 years. He served three years as the president of the North South All-Star Football Game Committee. He is a past board member and chairman of the Myrtle Beach High School Booster Club and Chicora Rotary Club. Mr. Burch had previously served on several committees of the South Carolina Bankers Association and Jack Henry & Associates, Inc. and as a technical advisor for the development of various banking software applications. He is a deacon of Ocean View Baptist Church.

Miles M. Herring, a native of Myrtle Beach, is the franchisee/operator of Krispy Kreme Doughnuts in Myrtle Beach and Charleston, South Carolina and Wilmington, North Carolina. He is a graduate of the College of Charleston with a B.A. degree in political science and is a former member of Carolina First Bank's advisory board in Myrtle Beach, South Carolina. Mr. Herring is a member of the Franchise Advisory Council of Krispy Kreme Doughnut Corporation, and serves on the finance committee of the Belin United Methodist Church.

Albert A. Springs, IV has been in the insurance and real estate business for 23 years and is a partner of H.B. Springs Company in Myrtle Beach, South Carolina. A native of Myrtle Beach, he is a graduate of the University of South Carolina with a B.S. degree in business administration and received an M.B.A. degree from the University of Georgia in Risk Management and Real Estate. He serves on the Chapin Foundation Board of Advisors. Mr. Springs served on the Myrtle Beach advisory boards of Anchor Bank and Carolina First Bank. He also served on the board of the Myrtle Beach Education Foundation and Helping Hand. Mr. Springs is active in the First United Methodist Church of Myrtle Beach.

Jack L. (Jay) Springs, Jr. is co-owner and vice president for Century 21 Barefoot in North Myrtle Beach, South Carolina. He previously managed his family restaurant business in North Myrtle Beach, South Carolina. Mr.

Springs is a graduate of the University of South Carolina with a B. S. degree in hospitality, retail, and sports management. Mr. Springs has resided along the Grand Strand for 37 years with 20 of those years spent in Myrtle Beach. He served as president of the Myrtle Beach High School Booster Club and a member of the ministry committee for First Presbyterian Church. Mr. Springs is a former advisory board member of Horry County State Bank in North Myrtle Beach, South Carolina.

K. Wayne Wicker serves as chairman of the board and chief executive officer of South Atlantic Bancshares, Inc. and South Atlantic Bank. A veteran banker with more than twenty years' experience in the Myrtle Beach and South Carolina markets, he had most recently served as Nexity Bank's senior vice president for correspondent banking. Prior to joining Nexity Bank, he had held leadership positions with First Atlantic Bank as a commercial loan officer and Anchor Bank as a senior vice president and North Coast regional executive. He began his career with Citizens and Southern Bank of South Carolina. Mr. Wicker holds a B.S. degree in business administration from The Citadel and has completed the Graduate School Banking of the South at Louisiana State University and the South Carolina Bankers School held at the University of South Carolina. He is a member of the Chicora Rotary Club, the South Carolina Bankers Association, and the Horry-Georgetown Technical College Foundation. He is also a former board member of the South Carolina Young Bankers Association and the Myrtle Beach and North Myrtle Beach Chambers of Commerce. A former member of the South Carolina Air National Guard, Mr. Wicker is a Gulf War veteran.

Compensation of Directors

The directors received no compensation during 2010.

Beneficial Owners and Management

The following table shows how much common stock is owned by our directors and executive officers and by owners of more than 5% of the outstanding common stock, as of March 11, 2011. The mailing address for each of our directors and executive officers is our main office at P.O. Box 70130, Myrtle Beach, South Carolina 29572.

<u>Name</u>	<u>Number of Shares</u>		<u>Percentage of Beneficial Ownership⁽³⁾</u>
	<u>Owned⁽¹⁾</u>	<u>Right to Acquire⁽²⁾</u>	
James Carson Benton, Jr.	88,875	10,000	3.60%
Thomas C. Brittain	25,000	10,000	1.27%
Richard N. Burch	25,000	92,460	4.26%
Tony K. Cox	35,368	10,000	1.65%
Miles M. Herring	40,000	10,000	1.82%
Martha S. Lewis	7,500	—	*
R. Scott Plyler	26,200	92,460	4.31%
Albert A. Springs, IV	34,000	10,000	1.60%
Jack L. Springs, Jr.	25,000	10,000	1.27%
Zeb M. Thomas, Jr.	36,000	10,000	1.67%
K. Wayne Wicker	30,000	147,434	6.45%
Executive officers and directors as a group (11 persons)	372,943	402,354	28.18%

* Less than 1%

- (1) Includes shares for which the named person:
- has sole voting and investment power,
 - has shared voting and investment power with a spouse or other person, or
 - holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.
- Does not include shares that may be acquired by exercising stock options.
- (2) Includes shares that may be acquired within the next 60 days by exercising stock options but does not include any other stock options.
- (3) Determined by assuming the named person exercises all options which he or she has the right to acquire within 60 days, but that no other persons exercise any options.

OTHER MATTERS

The Board of Directors of South Atlantic Bancshares, Inc. knows of no other matters that may be brought before the Annual Meeting. If, however, any matters other than those described in the Notice of Annual Meeting of Shareholders should properly come before the meeting, votes will be cast pursuant to the proxies in accordance with the best judgment of the proxy holders.

If you cannot be present in person, you are requested to complete, sign, date and return the enclosed proxy promptly. An envelope has been provided for that purpose and is directed to First Shareholder Services, our transfer agent located in Raleigh, North Carolina. No postage is required if mailed in the United States. **If you prefer, you may also complete your proxy online by going to our website, SouthAtlanticBank.com and clicking on the link provided. When you are prompted for your control number, enter the number that appears directly above your name on the proxy card and follow the instructions. If you complete your proxy online, there is no need for you to return the paper proxy card to us. Proxies may be completed online until 5:00 p.m. EDT on April 25, 2011, which is the day before the Annual Meeting.**



By Order of the Board of Directors
Richard N. Burch, Secretary

March 18, 2011
Myrtle Beach, South Carolina

**SAMPLE CARD
REVOCABLE PROXY**

SOUTH ATLANTIC BANCSHARES, INC.

**SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF
SHAREHOLDERS
TO BE HELD ON TUESDAY, APRIL 26, 2011**

The undersigned hereby constitutes and appoints Richard N. Burch as his or her true and lawful agent and proxy with full power of substitution in each, to represent and vote, as indicated below, all of the shares of common stock of South Atlantic Bancshares, Inc., that the undersigned would be entitled to vote at the Annual Meeting of Shareholders of the Company to be held at South Atlantic Bank, 630 29th Avenue North, Myrtle Beach, South Carolina 29577, on Tuesday, April 26, 2011, at 5:30 p.m. local time, and at any adjournment, upon the matters described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. This proxy is directed to vote on the matters described in the Notice of Annual Meeting of Shareholders and Proxy Statement as follows:

PROPOSAL 1: To elect the four (4) persons listed below to serve as Class I Directors, and one (1) person listed below to complete the remaining years of the term of the Class III Director.

NOMINEES: **Class I Directors** (Term expiring 2014)

Thomas C. Brittain Tony K. Cox R. Scott Plyler Zeb M. Thomas, Jr.

Class III Director (Term expiring 2013)

Martha S. Lewis

FOR all nominees listed below (except as marked to the contrary) **WITHHOLD AUTHORITY** to vote for all nominees

INSTRUCTION: To withhold authority to vote for any individual nominee(s), write that nominee's name(s) in the space provided below.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted "FOR" the proposal to elect the five identified Directors to serve on the Board of Directors as shown above.

PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THIS PROXY CARD IN THE ENCLOSED ENVELOPE OR FOLLOW THE INSTRUCTIONS ON THE REVERSE TO APPOINT YOUR PROXY VIA THE INTERNET.

