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Southern Bank Announces Realignment Plan for North Carolina Branches

Mount Olive, N.C. – Southern Bank and Trust Company, a wholly owned subsidiary of Southern BancShares (N.C.), Inc., announced today a realignment plan for branch operations in North Carolina. The announcement was made by J. Grey Morgan, Chairman and Chief Executive Officer of Southern Bank, and Drew Covert, President and Chief Operating Officer of Southern Bank.

According to Morgan, the realignment plan involves the consolidation of twelve offices in the bank's legacy markets in North Carolina and is designed to allow the bank to maintain a stable, profitably sustainable branch network under the new regulatory, economic and operating environment confronting the industry. The branches scheduled for closure and consolidation into other Southern Bank offices include Askewville, Aulander, Battleboro, Dudley, Hamilton, Lucama, Norlina, Pikeville, Pollocksville, Roxobel, Sims and Woodland. When the realignment plan is completed on May 30, 2014, Southern Bank will have 65 branch locations serving North Carolina and Virginia.

"Practically every business in the country has found it necessary to make cost saving changes in their operations over the past three years and the banking industry is no exception," said Morgan. "One of our main objectives in this realignment initiative is to continue serving the rural and low-to-moderate income areas surrounding our communities as efficiently as possible, while enhancing our ability to provide dependable banking services to our communities both now and in the long term. This realignment plan achieves that objective. With the exception of two outlier branches, we will continue to serve the counties where we are presently located with minimal service disruption or inconvenience to our customers."

According to Covert, the bank's realignment plan of its branch operations is also in response to customers' gradual migration to online and other self-service banking channels over the past decade. "We want our customers to understand that this is about adapting our service and branch delivery channels to fit their banking needs and habits," said Covert. "Our ultimate objective is to maintain a profitably sustainable branch network for the future, without inhibiting our ability to serve the banking needs of our customers and communities. Our customers can rest assured that Southern Bank remains a very strong bank and is among the safest, soundest banking institutions in the country. We are here to stay, grow, and prosper and remain very excited about our future."

Covert added that the realignment plan would be a gradual process during the first half of 2014 and should be completed by June. Customers of branches scheduled for realignment will begin receiving mailed notices with details regarding the consolidation process beginning the third week of January. Notices will also be posted prominently in branch locations scheduled for consolidation. The consolidation process will not affect any customer deposits or account numbers. Customers can continue to use their checks, credit, debit and ATM cards and will still have online access to their accounts.

Founded in 1901, Southern Bank has total assets approaching \$2.4 billion and provides a broad range of financial services to individuals, businesses, professionals and the medical community through a branch and ATM network spanning eastern North Carolina and southeastern Virginia. Southern Bank has received the five-star "Superior" ranking - the highest possible ranking - by independent bank rating firm Bauer Financial Inc. of Coral Gables, Fla. (Bauerfinancial.com). Member FDIC.