

# Southern BancShares (N.C.), Inc.

## Consolidated Comparative Quarterly Report

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March 31, 2018



# Summary Balance Sheet

Southern BancShares (N.C.), Inc. and Subsidiary  
 Financial Highlights (Unaudited)  
 (Dollars in thousands, except per share data)

	Year to Date March 31,		Percent Change YTD
	2018	2017	
<b>ASSETS</b>			
Cash, due from banks and overnight funds sold	\$ 167,587	\$ 210,989	-21%
Investments	678,189	689,989	-2%
Loans less allowance for loan loss of \$18,147 and \$13,468	1,625,469	1,518,639	7%
Other assets	148,841	115,852	28%
Total assets	\$ 2,620,096	\$ 2,535,469	3%

<b>LIABILITIES</b>			
Deposits:			
Noninterest-bearing deposits	\$ 687,327	\$ 651,456	6%
Interest-bearing deposits	1,559,079	1,502,829	4%
Total deposits	2,246,406	2,154,285	4%
Borrowings	74,396	105,610	-30%
Other liabilities	17,373	21,207	-18%
Total other liabilities	91,769	126,817	-28%
Total liabilities	2,338,175	2,281,102	3%

<b>SHAREHOLDERS' EQUITY</b>			
Preferred stock	1,823	1,836	-1%
Common stock	406	407	0%
Surplus	54,862	69,862	-21%
Retained earnings	241,800	153,146	58%
Accumulated other comprehensive income (loss)	(16,970)	29,116	-158%
Total shareholders' equity	281,921	254,367	11%
Total liabilities and shareholders' equity	\$ 2,620,096	\$ 2,535,469	3%

<b>EARNINGS PERFORMANCE</b>			
Interest income	\$ 24,495	\$ 23,217	6%
Interest expense	1,399	1,265	11%
Net interest income	23,096	21,952	5%
Provision for loan losses	909	595	53%
Noninterest income	9,071	(58)	15740%
Noninterest expense	17,786	18,079	-2%
Income before income taxes	13,472	3,220	318%
Income tax expense	3,054	1,068	186%
Net income	\$ 10,418	\$ 2,152	384%
Earnings per share	\$ 122.64	\$ 19.95	
Return on average assets	1.64%	0.35%	
Return on average equity	16.65%	3.36%	

**ADDITIONAL DISCLOSURE - NEW ACCOUNTING PRONOUNCEMENT**

In January 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-01: Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). One of the requirements of the ASU is that equity investments must be measured at fair value with changes in fair value recognized in net income. We adopted the ASU on January 1, 2018 and recorded a \$58.1 million cumulative-effect adjustment that increased retained earnings and decreased accumulated other comprehensive income. During the quarter ended March 31, 2018, unrealized gains on equity investments of \$4.5 million were included in noninterest income, and \$1.1 million in deferred taxes are included in income tax expense related to the unrealized gain. While the ASU has no impact on the book value per common share, the impact to net income is as follows:

	Year to Date March 31, 2017	
Net income as reported	\$ 10,418	
Less: impact of ASU 2016-01	(3,427)	
Net income excluding the impact of ASU 2016-01	\$ 6,991	