

Southern BancShares (N.C.), Inc.

Consolidated Comparative Quarterly Report

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March 31, 2023



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

Year to Date
March 31,
2023 2022
Percent
Change
YTD

SUMMARY BALANCE SHEET

ASSETS				
Cash, due from banks and overnight funds sold	\$	192,254	\$ 207,225	-7%
Investments		1,620,839	1,844,946	-12%
Loans less allowance for credit loss of \$32,198 and \$29,876		2,849,633	2,410,245	18%
Other assets		207,208	175,488	18%
Total assets	\$	4,869,934	\$ 4,637,904	5%

LIABILITIES

Deposits:				
Noninterest-bearing deposits	\$	1,403,925	\$ 1,464,327	-4%
Interest-bearing deposits		2,660,829	2,664,019	0%
Total deposits		4,064,754	4,128,346	-2%
Borrowings		358,451	134,828	166%
Other liabilities		92,261	21,997	319%
Total liabilities		4,515,466	4,285,171	5%

SHAREHOLDERS' EQUITY

Preferred stock		1,736	1,782	-3%
Common stock		390	393	-1%
Surplus		27,043	27,043	0%
Retained earnings		507,593	420,036	21%
Accumulated other comprehensive loss		(182,294)	(96,521)	89%
Total shareholders' equity		354,468	352,733	0%
Total liabilities and shareholders' equity	\$	4,869,934	\$ 4,637,904	5%

EARNINGS PERFORMANCE

Interest income	\$	39,258	\$ 32,399	21%
Interest expense		9,441	1,169	708%
Net interest income		29,817	31,230	-5%
Provision (recovery) for loan losses		(280)	494	-157%
Noninterest income (loss)		52,792	(27,326)	-293%
Noninterest expense		24,576	23,654	4%
Income (loss) before income taxes		58,313	(20,244)	-388%
Income tax expense (benefit)		12,107	(4,864)	-349%
Net income (loss)		46,206	(15,380)	-400%
Earnings (loss) per share	\$	591.34	\$ (195.36)	
Return on average assets		3.93%	-1.32%	
Return on average equity		61.71%	-14.02%	

ADDITIONAL DISCLOSURE - ACCOUNTING FOR INVESTMENTS IN MARKETABLE EQUITY SECURITIES

Pursuant to Accounting Standards Update 2016-01: Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"), equity investments must be measured at fair value with changes in fair value recognized in net income. For the quarters ended March 31, 2023 and 2022, unrealized gains (losses) on equity investments of \$46.4 million and \$(34.3) million, respectively were included in noninterest income, and \$9.7 million and \$(7.2) million, respectively in deferred tax expense (benefit) were included in income tax expense related to the change in fair value of equity investments. While ASU 2016-01 has no impact on book value per common share, the impact on net income is as follows:

	Year to Date March 31,	
	2023	2022
Net income (loss) as reported	\$ 46,206	\$ (15,380)
Plus (less): impact of ASU 2016-01	(36,661)	27,083
Net income excluding the impact of ASU 2016-01	\$ 9,545	\$ 11,703
Return on average assets excluding the impact of ASU 2016-01	0.81%	1.01%
Return on average equity excluding the impact of ASU 2016-01	12.75%	10.67%

ADDITIONAL DISCLOSURE - REPURCHASE OF THE COMPANY'S COMMON AND PREFERRED STOCK

On January 18, 2022, the Company's Board of Directors approved a stock repurchase program that expired on March 31, 2023 and authorized the repurchase of up to 4,000 shares of the Company's outstanding common stock. The repurchase program stipulates that the aggregate dollar amount paid during any consecutive twelve-month period to repurchase shares of common stock, through open market and privately negotiated transactions, and shares of preferred stock, through privately negotiated transactions, shall not equal or exceed 3% of the Company's consolidated shareholders' equity. The following table indicates the number of shares of each class and the amount paid to repurchase shares during the three-month period ended March 31, 2023. A similar stock repurchase program was approved in January 2023 and became effective April 1, 2023.

	For the Quarter Ended March 31,	
	# Shares	Amount paid
Common	49	\$ 236
Series B preferred	-	-
Series C preferred	-	-