



2024

ANNUAL REPORT

Southern BancShares (N.C.), Inc., is the holding company for Southern Bank and Trust Company

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LETTER TO SHAREHOLDERS

MARCH 24, 2025

Dear Shareholder,

As we reflect on 2024, we are pleased to report another solid and stable year for our company. The past few years have marked a gradual return to normalcy following the unprecedented economic interventions of the pandemic era, and we remain well-positioned to navigate this evolving landscape with resilience and strength.

The role of community banking has never been more important. As larger financial institutions become increasingly impersonal, we remain committed to being a responsive, trusted partner to the communities we serve. The relationships we foster with our customers and the personalized service we provide set us apart, allowing us to deliver meaningful solutions that go beyond transactions.

At the same time, we fully understand that digital innovation is essential to remaining relevant to our customers over the long-term. We recognize that technology enhances efficiency and convenience. However, we remain steadfast in our belief that the human element in banking is irreplaceable. Our approach ensures that customers receive the best of both worlds.

Financially, 2024 was another healthy year. The Company reported core earnings of \$40.9 million and total earnings, which includes the impact of the increase in the value of our equity securities portfolio, of \$157.8 million.

Our core institution performed well, and the returns from our long-held equity securities portfolio were extraordinary this year. These two fundamental components of our organization continue to generate meaningful value for our shareholders. We remain confident in the equity securities portfolio's long-term strategic benefit, as illustrated by the \$269 million in after-tax value created by the portfolio over the past five years. However as I have historically reminded our stakeholders, the accounting treatment for these investment securities introduces earnings volatility from year to year, and we recognize that the equity markets may not be as generous to us over the next five years. Given this potential volatility, we continue to manage our core institution with a disciplined approach to capital management and a conservative risk posture, which ensure we are able to weather downturns in the equity markets and continue to glean the long-term strategic benefits associated with this long-held portfolio.

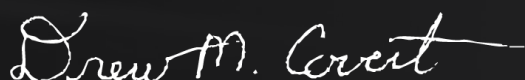
Looking ahead, we are energized by our competitive position and the opportunities before us. The strength of our balance sheet, our relationship-based approach, and our continued investment in both people and technology position us well for the future. While the economic environment may continue to present challenges, we remain confident in our ability to navigate whatever lies ahead with discipline and foresight.

Southern BancShares was recognized in February 2025 as the #1 Bank in America by Forbes magazine, an achievement that has been both exciting and energizing. This achievement speaks volumes about the caliber of our associates, the trust and loyalty of our customers, and the soundness of our community banking model. While we take pride in this recognition, we remain focused on the core values that have defined us for over a century—principled decision-making, strong relationships, and a long-term perspective.

We continue to express our deep appreciation for our associates, whose professionalism and dedication to our caring culture drives our success. Their efforts ensure that we maintain the high level of service that our customers expect. As the banking industry experiences ongoing shifts, our team's ability to adapt while staying true to our mission is a fundamental priority.

As always, we extend our sincere gratitude to our customers and shareholders. Your trust and support fuel our mission, and we are honored to serve you. With optimism and determination, we look forward to another year of success and serving our customers.

Sincerely,



Drew M. Covert

Chairman / Chief Executive Officer
Southern BancShares (N.C.), Inc. &
Southern Bank and Trust Company



2024 YEAR IN REVIEW

In 2024, Southern Bank made significant strides by entering new markets and planning further expansion into 2025. Throughout the year, several markets were also recognized for their work in the communities we serve.

We were honored to be selected by Inside Business as a Hampton Roads "Top Workplace" and received recognition from the Governor of Virginia. Additionally, we were named Community Bank of the Year by the North Carolina Rural Center at their Annual Rural Summit, acknowledging our exceptional service to North Carolina's small businesses and our impactful partnership with the Rural Center's Loan Participation Program, through which we have facilitated \$5.2 million in loans since 2022. Our commitment to community service was further recognized at the Rocky Mount Area Chamber of Commerce Small Business Celebration, where we proudly received the People's Choice Award for Favorite Bank. As we look to the future, we remain committed to the deep roots built within our communities and enthusiastic about fostering ongoing growth in the areas we serve.

"Southern Bank is extremely honored to be recognized by the NC Rural Center as the Community Bank of the Year. This award has special meaning for our organization, as serving rural communities in eastern North Carolina represents such a rich part of our company's legacy."

- Taylor Harrell



*People's Choice Award,
Rocky Mount Chamber of Commerce*

*Community Bank
of the Year, North
Carolina Rural
Center*



OUR COMMUNITY IMPACT

At Southern Bank, we believe that a thriving community is the cornerstone of a prosperous future. We are deeply committed to fostering the well-being of the communities we serve, and this commitment is reflected in our robust community service initiatives. We actively encourage our employees to donate their time, energy, and talents to the betterment of their communities. Whether through membership in local civic, charitable, or religious organizations, our team members are dedicated to making a positive impact. Their involvement not only enriches the lives of those they help, but also strengthens the bonds within our community.

In 2024, our community impact consisted of:

\$1.2M

Donations & Sponsorships



Rise Against Hunger

Raleigh



Shred-a-thon

Hampton Roads



Ovarian Cancer Run

Wilmington



Project Christmas

Mt. Olive



School Supply Drive

Clinton



SPCA Witches & Whiskers

Norfolk

FINANCIAL SUMMARY

SOUTHERN BANCSHARES (N.C.), INC. AND SUBSIDIARY
(Dollars in thousands, except share data, per share data, and ratios)

December 31,

	2024	2023	2022	2021	2020
SUMMARY OF OPERATIONS					
Interest income	\$ 197,615	\$ 169,943	\$ 140,961	\$ 123,038	\$ 118,135
Interest expense	72,127	51,843	11,179	5,119	8,203
Net interest income	125,488	118,100	129,782	117,919	109,932
Provision (recovery) for credit losses	792	(163)	6,279	(815)	9,115
Net interest income after provision (recovery) for credit losses	124,696	118,263	123,503	118,734	100,817
Noninterest income	178,961	169,492	11,416	84,849	41,105
Noninterest expense	103,610	100,613	95,477	88,434	85,838
Income before income taxes	200,047	187,142	39,442	115,149	56,084
Income taxes	42,223	38,754	9,523	21,603	11,448
Net income, as reported	157,824	148,388	29,919	93,546	44,636
Less: net income (loss) related to marketable equity securities	116,948	110,928	(13,328)	45,371	8,881
Adjusted net income, non-GAAP	\$ 40,876	\$ 37,460	\$ 43,247	\$ 48,175	\$ 35,755

SELECTED YEAR-END BALANCES					
Total assets	\$ 5,385,584	\$ 4,987,939	\$ 4,726,557	\$ 4,590,980	\$ 3,835,865
Loans	3,248,926	3,108,987	2,850,367	2,439,549	2,299,629
Investment securities, cash and cash equivalents	1,964,771	1,723,219	1,693,146	1,987,233	1,380,288
Interest-earning assets	5,205,765	4,822,083	4,531,318	4,405,227	3,677,192
Deposits	4,443,927	4,137,764	4,125,982	3,919,183	3,315,800
Borrowings	271,824	364,718	297,054	152,544	78,974
Interest-bearing liabilities	3,370,883	3,095,793	2,977,410	2,685,595	2,216,038
Shareholders' equity	\$ 603,651	\$ 459,982	\$ 284,283	\$ 466,939	\$ 393,165
Common shares outstanding	75,943	76,778	78,043	79,357	80,085

SELECTED AVERAGE BALANCES					
Total assets	\$ 5,164,152	\$ 4,835,864	\$ 4,688,812	\$ 4,278,301	\$ 3,498,482
Loans	3,182,312	2,964,266	2,607,085	2,353,253	2,144,864
Investment securities, cash and cash equivalents	1,845,680	1,708,473	1,928,810	1,787,291	1,206,462
Interest-earning assets	5,008,769	4,658,729	4,509,570	4,111,790	3,328,057
Deposits	4,293,655	4,123,200	4,125,405	3,660,909	2,941,662
Borrowings	306,073	321,718	205,992	122,579	160,531
Interest-bearing liabilities	3,252,476	3,033,667	2,854,589	2,469,136	2,059,614
Shareholders' equity	\$ 532,756	\$ 369,010	\$ 340,881	\$ 439,113	\$ 355,433
Common shares outstanding	76,337	77,673	78,519	79,823	80,520

PROFITABILITY RATIOS (AVERAGES)					
Return on average total assets	3.04%	3.07%	0.64%	2.19%	1.28%
Return on average shareholders' equity	29.64%	40.21%	8.78%	21.30%	12.56%
Dividend payout ratio (1)	1.21%	1.31%	6.62%	1.71%	2.74%

LIQUIDITY AND CAPITAL RATIOS (AVERAGES)					
Loans to deposits	74.12%	71.89%	63.20%	64.28%	72.91%
Shareholders' equity to total assets	10.26%	7.63%	7.27%	10.26%	10.16%

PER SHARE OF COMMON STOCK					
Net income (2)	\$ 2,064.11	\$ 1,907.08	\$ 377.64	\$ 1,168.54	\$ 547.29
Cash dividends	25.00	25.00	25.00	20.00	15.00
Book value (3)	7,926.28	5,968.58	3,620.41	5,861.33	4,886.82

(1) Total common dividends paid for the year ended December 31 divided by net income available to common shareholders for the year ended December 31

(2) Net income less preferred dividends paid for the year ended December 31 divided by the average number of common shares outstanding for the year ended December 31

(3) Total shareholders' equity less preferred stock at December 31 divided by the number of common shares outstanding at December 31

Forvis Mazars, LLP
1003 Red Banks Road
Greenville, NC 27858
P 252.321.0505 | F 252.321.1527
forvismazars.us



Board of Directors
Southern BancShares (N.C.), Inc.
Mount Olive, North Carolina

Opinion

The accompanying condensed consolidated financial statements, which comprise the condensed consolidated balance sheets as of December 31, 2024 and 2023, and the related condensed consolidated statements of income for each of the years then ended, are derived from the audited consolidated financial statements of Southern BancShares (N.C.), Inc. and Subsidiary (the "Company") as of December 31, 2024 and 2023 and for each of the years then ended. We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 24, 2025.

In our opinion, the condensed consolidated financial statements referred to above of the Company as of December 31, 2024 and 2023 and for each of the years then ended are consistent, in all material respects, with the audited consolidated financial statements from which they have been derived.

Condensed Consolidated Financial Statements

The condensed consolidated financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the condensed consolidated financial statements and this auditor's report on the statements referred to above, therefore, is not a substitute for reading the audited consolidated financial statements of the Company and the auditor's report on them.

Responsibilities of Management for the Condensed Consolidated Financial Statements

Management is responsible for the preparation of the condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibilities for the Condensed Consolidated Financial Statements

Our responsibility is to express an opinion about whether the condensed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the condensed consolidated financial statements with the related information in the audited consolidated financial statements from which the condensed consolidated financial statements have been derived, and evaluating whether the condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Forvis Mazars, LLP

**Greenville, North Carolina
March 24, 2025**

CONDENSED CONSOLIDATED BALANCE SHEETS

SOUTHERN BANCSHARES (N.C.), INC. AND SUBSIDIARY
(Dollars in thousands, except share data, per share data, and ratios)

	December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 25,286	\$ 21,333
Interest-bearing deposits with banks	258,704	82,740
Certificates of deposit with banks	1,350	1,550
Total cash and cash equivalents	285,340	105,623
Investment in marketable equity securities at fair value (cost of \$32,098 and \$26,960, respectively)	466,104	315,951
Investment securities available for sale, at fair value (amortized cost of \$1,446,515 and \$1,526,805 respectively)	1,213,327	1,301,645
Loans held for sale	12,431	3,846
Loans	3,248,926	3,108,987
Less allowance for credit losses	(34,252)	(33,037)
Net loans	3,214,674	3,075,950
Premises and equipment, net	60,969	61,140
Operating lease right of use assets	2,847	3,173
Accrued interest receivable	17,803	16,780
Stock in Federal Home Loan Bank of Atlanta	10,931	14,852
Goodwill	26,649	26,649
Intangible assets	6,544	6,233
Bank owned life insurance	30,623	30,337
Other assets	37,342	25,760
Total assets	\$ 5,385,584	\$ 4,987,939
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 1,344,868	\$ 1,406,689
Interest-bearing	3,099,059	2,731,075
Total deposits	4,443,927	4,137,764
Short-term borrowings	162,497	225,495
Long-term borrowings	109,327	139,223
Operating lease liabilities	3,045	3,401
Other liabilities	63,137	22,074
Total liabilities	4,781,933	4,527,957
SHAREHOLDERS' EQUITY		
Preferred stock	1,706	1,727
Common stock, \$5 par value; 158,485 shares authorized; 75,943 and 76,778 shares issued and outstanding, respectively	380	384
Surplus	27,189	27,043
Retained earnings	752,130	601,687
Accumulated other comprehensive loss	(177,754)	(170,859)
Total shareholders' equity	603,651	459,982
Total liabilities and shareholders' equity	\$ 5,385,584	\$ 4,987,939

Note: The discussion and financial information included in this summary annual report provides overview information only. For more detailed information, please refer to the company's complete consolidated financial statements, which are being distributed to shareholders.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

SOUTHERN BANCSHARES (N.C.), INC. AND SUBSIDIARY
(Dollars in thousands, except share data, per share data, and ratios)

	Year Ended December 31,	
	2024	2023
INTEREST INCOME:		
Loans	\$ 158,675	\$ 134,550
Investment securities	31,661	31,445
Federal funds sold and deposits with banks	7,279	3,948
Total interest income	197,615	169,943
INTEREST EXPENSE:		
Deposits	59,170	38,947
Short-term borrowings	10,403	10,206
Long-term borrowings	2,554	2,690
Total interest expense	72,127	51,843
Net interest income	125,488	118,100
Provision (recovery) for credit losses	792	(163)
Net interest income after provision (recovery) for credit losses	124,696	118,263
NONINTEREST INCOME:		
Service charges on deposit accounts	8,195	7,927
Other service charges and fees	8,324	8,065
Realized gains (losses) on investments:		
Equity securities	-	2,196
Investment securities available for sale	(1)	(3,057)
Unrealized gains on equity securities	148,015	140,415
Gain on redemption of long-term borrowings	-	2,184
Gain on sale of loans	427	475
Loss on sale of other real estate owned, net of writedowns	-	(4)
Wealth management revenue	4,888	3,940
Other	9,113	7,351
Total noninterest income	178,961	169,492
NONINTEREST EXPENSE:		
Personnel	62,646	60,198
Data processing	11,529	9,907
Occupancy	7,135	7,188
Furniture and equipment	6,497	6,120
FDIC assessments	2,437	2,383
Professional fees	3,332	3,055
Amortization of intangibles	1,048	1,198
Other	8,986	10,564
Total noninterest expense	103,610	100,613
Income before income taxes	200,047	187,142
Income taxes	42,223	38,754
Net income	\$ 157,824	\$ 148,388
PER SHARE INFORMATION:		
Net income available to common shareholders per common share, basic and diluted	\$ 2,064.11	\$ 1,907.08
Cash dividends declared on common shares	25.00	25.00
Weighted average common shares outstanding	76,337	77,673

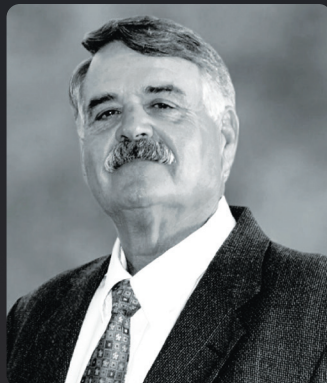
BOARD OF DIRECTORS

Board of Directors of Southern BancShares and Southern Bank



DREW M. COVERT

The Bank's and our
Chief Executive Officer
and Board Chairperson



JULIAN R. AYCOCK

President, Marr's, Inc. (farming
operations); Owner, Wayne
County JRA, LLC (trucking)



WILLIAM H. BRYAN

Executive Chairperson, Mount
Olive Pickle Company, Inc.
(manufacturer of pickle and
pepper products)



HOPE H. BRYANT

Vice Chairperson, First Citizens
BancShares, Inc.



JOEL K. BUTLER

Retired; formerly President,
Vidant Health Foundation;
(health care)



MICHAEL L. CHESTNUTT

Owner, Michael L. Chestnutt,
CPA, PLLC (public accounting)



OLIVIA B. HOLDING

President and Director,
Twin States Farming, Inc.;
President and Director, E&F
Properties, Inc.



G. ROUSE IVEY

Self-employed farmer



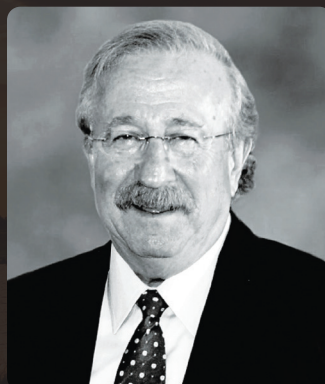
J. GREY MORGAN

Retired; formerly the Bank's
and our Chief Executive Officer
and Board Chairperson



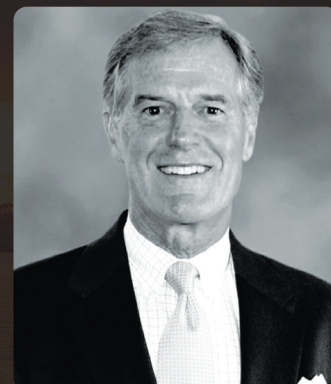
JOHN C. PEGRAM

Retired; formerly the Bank's
and our Chief Executive Officer
and Board Chairperson



THOMAS R. SALLENGER

Attorney; general partner,
Sallenger Law, LLP (law firm)



**MALCOLM R.
SULLIVAN, JR.**

Chief Executive Officer
Feelgoodz Holdings NC, Inc.

Director Emeritus — M.J. McSORLEY

formerly the Bank's and our President and Chief Executive Officer

LEADERSHIP

Leadership of Southern BancShares and Southern Bank



DREW M. COVERT
Chief Executive Officer



L. TAYLOR HARRELL, III
President



JERRY C. ALEXANDER
Executive Vice President



MICHAEL T. BRYANT
Executive Vice President



EDWARD I. COLTRAIN
Executive Vice President
and Chief Operating Officer



W. TRENT DUDLEY
Executive Vice President



SONDRA F. MCCORQUODALE
Executive Vice President
and Chief Digital Officer



VALERIE W. ROBERSON
Senior Vice President and
Director of Human Resources



DAVID L. SAULS, JR.
Executive Vice President
and Chief Financial Officer



T. ANDREW SCOTT
Senior Vice President



W. JASON WAUGHTEL
Executive Vice President



ROBERT E. WOOD
Executive Vice President
and Chief Credit Officer

BRANCH LOCATIONS

With nearly 60 branches strategically located throughout North Carolina and Virginia, Southern Bank is committed to being a convenient and accessible banking partner to our communities. Our extensive network of branches and ATMs ensures that you can easily find a location near you, ready to meet your financial needs. At Southern, we believe in the importance of personal, face-to-face interactions and are dedicated to providing exceptional service to our customers.

We are here to serve the community, fostering strong relationships and supporting local growth through our accessible and welcoming branches.





WHAT'S TO COME

As we look ahead, we remain steadfast in our commitment to the values that have defined us since our founding. Our focus on personalized service and community engagement will continue to guide us as we navigate the future.

We are excited to introduce new digital tools and services designed to meet the evolving needs of our clients, ensuring that you have the resources to grow and prosper in an everchanging world.

In early 2025, we launched a comprehensive rebrand, reflecting our evolution and commitment to innovation while staying true to our roots. This rebrand will coincide with the rollout of a new marketing and digital banking platform, enhancing the way we connect with and serve our clients.

These initiatives will provide you with more seamless and efficient banking experiences, tailored to your unique needs.

In 2026, we will celebrate our 125th anniversary, a milestone that underscores our long-standing dedication to the communities we serve. This anniversary is not just a reflection of our past, but a beacon for our future. We will continue to be rooted in the

community, providing the same neighborly compassion and financial expertise that have been our hallmark for over a century. Our tradition of service is a rock-solid foundation that empowers us to take forward-looking and responsible steps, ensuring that we remain a trusted partner for generations to come.



As we approach this significant anniversary, we are more committed than ever to supporting you and your business with innovative solutions and unwavering dedication. Together, we will build a future that honors our legacy while embracing the opportunities of tomorrow.



Southern Bank

Give us a call – many of our services
are available by phone 24 hours a day.

1.855.ASK.SBANK (1.855.275.7226)

