

Southern BancShares (N.C.), Inc.

Consolidated Comparative Quarterly Report

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March 31, 2017



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
	2017	2016	
ASSETS			
Cash, due from banks and overnight funds sold	\$ 210,989	\$ 312,239	-32%
Investments	689,989	666,616	4%
Loans less allowance for loan loss of \$14,667 and \$16,951	1,518,639	1,347,797	13%
Other assets	113,817	128,572	-11%
Total assets	\$ 2,533,434	\$ 2,455,224	3%

LIABILITIES			
Deposits:			
Noninterest-bearing deposits	\$ 651,456	\$ 602,732	8%
Interest-bearing deposits	1,502,829	1,468,652	2%
Total deposits	2,154,285	2,071,384	4%
Borrowings	105,610	106,882	-1%
Other liabilities	19,172	36,477	-47%
Total other liabilities	124,782	143,359	-13%
Total liabilities	\$ 2,279,067	\$ 2,214,743	3%

SHAREHOLDERS' EQUITY			
Preferred stock	\$ 1,836	\$ 1,851	-1%
Common stock	407	409	0%
Surplus	69,862	69,862	0%
Retained earnings	153,146	141,922	8%
Accumulated other comprehensive income	29,116	26,437	10%
Total shareholders' equity	254,367	240,481	6%
Total liabilities and shareholders' equity	\$ 2,533,434	\$ 2,455,224	3%

EARNINGS PERFORMANCE			
Interest income	\$ 23,217	\$ 21,725	7%
Interest expense	1,265	1,273	-1%
Net interest income	21,952	20,452	7%
Provision for loan losses	595	(44)	1452%
Noninterest income	(71)	2,794	-103%
Noninterest expense	18,066	20,665	-13%
Income before income taxes	3,220	2,625	-23%
Income tax expense	1,068	1,031	4%
Net income	\$ 2,152	\$ 1,594	35%
Earnings per share	\$ 19.95	\$ 13.91	
Return on average assets	0.35%	0.27%	
Return on average equity	3.36%	2.74%	

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 will adopt the ASU during the first quarter of 2018 with a cumulative-effect adjustment from accumulated other comprehensive income to retained earnings as of the beginning of the year of adoption. If the ASU had been effective for the quarters ended March 31, 2017 and 2016 BancShares' pro-forma net income (loss) would have been as follows:

Net income	\$ 2,152	\$ 1,594
Impact of ASU 2016-01	(2,757)	(1,308)
Pro-forma net income (loss) after ASU 2016-01	\$ (605)	\$ 286