

Southern BancShares (N.C.), Inc.

Consolidated Comparative Quarterly Report

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www.southernbank.com

March 31, 2019



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
	2019	2018	
ASSETS			
Cash, due from banks and overnight funds sold	\$ 233,342	\$ 167,597	39%
Investments	706,754	678,189	4%
Loans less allowance for loan loss of \$19,727 and \$19,291	1,663,449	1,625,469	2%
Other assets	157,297	148,841	6%
Total assets	\$ 2,760,842	\$ 2,620,096	5%
LIABILITIES			
Deposits:			
Noninterest-bearing deposits	\$ 754,980	\$ 687,327	10%
Interest-bearing deposits	1,598,500	1,559,079	3%
Total deposits	2,353,480	2,246,406	5%
Borrowings	60,808	74,396	-18%
Other liabilities	35,108	17,373	102%
Total other liabilities	95,916	91,769	5%
Total liabilities	2,449,396	2,338,175	5%
SHAREHOLDERS' EQUITY			
Preferred stock	1,812	1,823	-1%
Common stock	406	406	0%
Surplus	47,043	54,862	-14%
Retained earnings	271,301	241,800	12%
Accumulated other comprehensive loss	(9,116)	(16,970)	-46%
Total shareholders' equity	311,446	281,921	10%
Total liabilities and shareholders' equity	\$ 2,760,842	\$ 2,620,096	5%
EARNINGS PERFORMANCE			
Interest income	\$ 26,419	\$ 24,495	8%
Interest expense	2,360	1,399	69%
Net interest income	24,059	23,096	4%
Provision (recovery) for loan losses	(472)	909	-152%
Noninterest income	11,972	9,071	32%
Noninterest expense	20,024	17,786	13%
Income before income taxes	16,479	13,472	22%
Income tax expense	3,553	3,054	16%
Net income	\$ 12,926	\$ 10,418	24%
Earnings per share	\$ 154.08	\$ 128.26	
Return on average assets	1.95%	1.64%	
Return on average equity	17.15%	16.65%	

ADDITIONAL DISCLOSURE - ACCOUNTING FOR INVESTMENTS IN MARKETABLE EQUITY SECURITIES

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 quarters ended March 31, 2019 and 2018, unrealized gains on equity investments of \$6.8 million and \$4.5 million, respectively were included in noninterest income, and \$1.6 million and \$1.1 million, respectively in deferred taxes were 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,	
	2019	2018
Net income as reported	\$ 12,926	\$ 10,418
Less: impact of ASU 2016-01	(5,241)	(3,427)
Net income excluding the impact of ASU 2016-01	\$ 7,685	\$ 6,991
Return on average assets excluding the impact of ASU 2016-01	1.16%	1.10%
Return on average equity excluding the impact of ASU 2016-01	10.19%	11.17%