

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

## Consolidated Comparative Quarterly Report

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March 31, 2020



# 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
	2020	2019	
<b>ASSETS</b>			
Cash, due from banks and overnight funds sold	\$ 193,398	\$ 233,342	-17%
Investments	939,326	706,754	33%
Loans less allowance for loan loss of \$23,649 and \$19,727	1,844,597	1,663,449	11%
Other assets	163,134	157,297	4%
Total assets	\$ 3,140,455	\$ 2,760,842	14%
<b>LIABILITIES</b>			
Noninterest-bearing deposits	\$ 843,196	\$ 754,980	12%
Interest-bearing deposits	1,731,748	1,598,500	8%
Total deposits	2,574,944	2,353,480	9%
Borrowings	176,314	60,808	190%
Other liabilities	39,697	35,108	13%
Total liabilities	2,790,955	2,449,396	14%
<b>SHAREHOLDERS' EQUITY</b>			
Preferred stock	1,807	1,812	0%
Common stock	405	406	0%
Surplus	47,043	47,043	0%
Retained earnings	286,071	271,301	5%
Accumulated other comprehensive income (loss)	14,174	(9,116)	-255%
Total shareholders' equity	349,500	311,446	12%
Total liabilities and shareholders' equity	3,140,455	\$ 2,760,842	14%
<b>EARNINGS PERFORMANCE</b>			
Interest income	\$ 28,010	\$ 26,419	6%
Interest expense	2,810	2,360	19%
Net interest income	25,200	24,059	5%
Provision (recovery) for loan losses	2,291	(472)	-585%
Noninterest income (loss)	(36,141)	11,970	-402%
Noninterest expense	21,032	20,022	5%
Income (loss) before income taxes	(34,264)	16,479	-308%
Income tax expense (benefit)	(8,130)	3,553	-329%
Net income (loss)	\$ (26,134)	\$ 12,926	-302%
Earnings (loss) per share	\$ (327.06)	\$ 154.08	
Return on average assets	-3.49%	1.95%	
Return on average equity	-28.68%	17.15%	

## 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, 2020 and 2019, unrealized gains (losses) on equity investments of (\$41.7) million and \$6.8 million, respectively were included in noninterest income, and (\$9.6) million and \$1.6 million, respectively in deferred tax expense (benefit) were included in income tax expense (benefit) related to the unrealized gains (losses). 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,	
	2020	2019
Net income (loss) as reported	\$ (26,134)	\$ 12,926
Plus (less): impact of ASU 2016-01	32,146	(5,241)
Net income excluding the impact of ASU 2016-01	\$ 6,012	\$ 7,685
Earnings per share	292.33	373.50
Return on average assets excluding the impact of ASU 2016-01	0.80%	1.16%
Return on average equity excluding the impact of ASU 2016-01	6.60%	10.19%