

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

## Consolidated Comparative Quarterly Report

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March 31, 2021



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

Year to Date  
March 31,  
2021 2020  
Percent  
Change  
YTD

**SUMMARY BALANCE SHEET**

<b>ASSETS</b>			
Cash, due from banks and overnight funds sold	\$ 244,477	\$ 193,398	26%
Investments	1,418,751	939,326	51%
Loans less allowance for loan loss of \$29,688 and \$23,649	2,268,431	1,844,597	23%
Other assets	167,688	163,134	3%
Total assets	\$ 4,099,347	\$ 3,140,455	31%

**LIABILITIES**

Deposits:			
Noninterest-bearing deposits	\$ 1,308,496	\$ 843,196	55%
Interest-bearing deposits	2,227,515	1,731,748	29%
Total deposits	3,536,011	2,574,944	37%
Borrowings	74,642	176,314	-58%
Other liabilities	59,216	39,697	49%
Total liabilities	3,669,869	2,790,955	31%

**SHAREHOLDERS' EQUITY**

Preferred stock	1,805	1,807	0%
Common stock	400	405	-1%
Surplus	27,043	47,043	-43%
Retained earnings	407,993	286,071	43%
Accumulated other comprehensive income (loss)	(7,763)	14,174	-155%
Total shareholders' equity	429,478	349,500	23%
Total liabilities and shareholders' equity	\$ 4,099,347	\$ 3,140,455	31%

**EARNINGS PERFORMANCE**

Interest income	\$ 29,938	\$ 27,651	8%
Interest expense	1,156	2,810	-59%
Net interest income	28,782	24,841	16%
Provision (recovery) for loan losses	(541)	2,291	-124%
Noninterest income (loss)	64,146	(35,832)	279%
Noninterest expense	21,623	20,982	3%
Income (loss) before income taxes	71,846	(34,264)	310%
Income tax expense (benefit)	16,056	(8,130)	297%
Net income (loss)	\$ 55,790	\$ (26,134)	313%
Earnings (loss) per share	\$ 695.81	\$ (327.06)	
Return on average assets	5.68%	-3.49%	
Return on average equity	55.11%	-28.68%	

**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, 2021 and 2020, unrealized gains (losses) on equity investments of \$56.6 million and (\$41.7) million, respectively were included in noninterest income, and \$13.0 million and (\$9.6) 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,		
	2021	2020	
Net income (loss) as reported	\$ 55,790	\$ (26,134)	
Plus (less): impact of ASU 2016-01	(43,606)	32,146	
Net income excluding the impact of ASU 2016-01	\$ 12,184	\$ 6,012	
Earnings per share	\$ 151.31	\$ 69.71	
Return on average assets excluding the impact of ASU 2016-01	1.24%	0.80%	
Return on average equity excluding the impact of ASU 2016-01	12.04%	6.60%	