

Southern BancShares (N.C.), Inc.

Consolidated Comparative Quarterly Report

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March 31, 2022



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

Year to Date
March 31,
2022 2021
Percent
Change
YTD

SUMMARY BALANCE SHEET

ASSETS				
Cash, due from banks and overnight funds sold	\$	207,225	\$ 244,477	-15%
Investments		1,844,946	1,415,527	30%
Loans less allowance for loan loss of \$29,876 and \$29,688		2,410,245	2,271,655	6%
Other assets		175,488	167,688	5%
Total assets	\$	4,637,904	\$ 4,099,347	13%

LIABILITIES

Deposits:				
Noninterest-bearing deposits	\$	1,464,327	\$ 1,308,496	12%
Interest-bearing deposits		2,664,019	2,227,515	20%
Total deposits		4,128,346	3,536,011	17%
Borrowings		134,828	74,642	81%
Other liabilities		21,997	59,216	-63%
Total liabilities		4,285,171	3,669,869	17%

SHAREHOLDERS' EQUITY

Preferred stock		1,782	1,805	-1%
Common stock		393	400	-2%
Surplus		27,043	27,043	0%
Retained earnings		420,036	407,993	3%
Accumulated other comprehensive loss		(96,521)	(7,763)	1143%
Total shareholders' equity		352,733	429,478	-18%
Total liabilities and shareholders' equity	\$	4,637,904	\$ 4,099,347	13%

EARNINGS PERFORMANCE

Interest income	\$	32,399	\$ 29,938	8%
Interest expense		1,169	1,156	1%
Net interest income		31,230	28,782	9%
Provision (recovery) for loan losses		494	(541)	191%
Noninterest income (loss)		(27,326)	64,146	-143%
Noninterest expense		23,654	21,623	9%
Income (loss) before income taxes		(20,244)	71,846	-128%
Income tax expense (benefit)		(4,864)	16,056	-130%
Net income (loss)	\$	(15,380)	\$ 55,790	-128%
Earnings (loss) per share	\$	(195.36)	\$ 695.81	
Return on average assets		-1.31%	5.68%	
Return on average equity		-14.02%	55.11%	

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"). 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. During the quarters ended March 31, 2022 and 2021, unrealized gains (losses) on equity investments of (\$34.3) million and \$56.6 million, respectively were included in noninterest income, and (\$7.2) million and \$13.0 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 on net income is as follows:

	Year to Date March 31,		
	2022	2021	
Net income (loss) as reported	\$	(15,380)	\$ 55,790
Plus (less): impact of ASU 2016-01		27,083	(43,606)
Net income excluding the impact of ASU 2016-01	\$	11,703	\$ 12,184
Earnings per share	\$	147.19	\$ 151.31
Return on average assets excluding the impact of ASU 2016-01		1.00%	1.24%
Return on average equity excluding the impact of ASU 2016-01		10.67%	12.04%

ADDITIONAL DISCLOSURE - REPURCHASE OF THE COMPANY'S COMMON AND PREFERRED STOCK

On January 18, 2022, the Company's Board of Directors approved a stock repurchase program that expires on March 31, 2023 and authorizes the repurchase of up to 4,000 shares of the Company's outstanding common stock. The repurchase program stipulates that the aggregate dollar amount paid during any consecutive twelve-month period to repurchase shares of common stock, through open market and privately negotiated transactions, and shares of preferred stock, through privately negotiated transactions, shall not equal or exceed 3% of the Company's consolidated shareholders' equity. Pursuant to the terms of the repurchase program, the Company paid \$4.6 million to repurchase 829 shares of common stock, \$12,000 to repurchase 733 shares of series B preferred stock, and \$19,000 to repurchase 1,210 shares of series C preferred stock during the quarter ended March 31, 2022.