

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

## Consolidated Comparative Quarterly Report

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September 30, 2017



# Summary Balance Sheet

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

	For the Quarter Ended		Year to Date		Percent Change YTD
	2017	2016	2017	2016	
<b>ASSETS</b>					
Cash, due from banks and overnight funds sold			\$ 221,317	\$ 210,063	5%
Investments			629,017	703,371	-11%
Loans less allowance for loan loss of \$18,147 and \$13,468			1,616,413	1,460,872	11%
Other assets			136,852	118,885	15%
Total assets			\$ 2,603,599	\$ 2,493,191	4%

<b>LIABILITIES</b>					
Deposits:					
Noninterest-bearing deposits			\$ 680,717	\$ 639,135	7%
Interest-bearing deposits			1,510,661	1,448,461	4%
Total deposits			2,191,378	2,087,596	5%
Borrowings			110,268	108,284	2%
Other liabilities			27,338	40,824	-33%
Total other liabilities			137,606	149,108	-8%
Total liabilities			\$ 2,328,984	\$ 2,236,704	4%

<b>SHAREHOLDERS' EQUITY</b>					
Preferred stock			\$ 1,828	\$ 1,840	-1%
Common stock			406	409	-1%
Surplus			69,862	69,862	0%
Retained earnings			167,923	150,072	12%
Accumulated other comprehensive income			34,596	34,304	1%
Total shareholders' equity			274,615	256,487	7%
Total liabilities and shareholders' equity			\$ 2,603,599	\$ 2,493,191	4%

<b>EARNINGS PERFORMANCE</b>									
Interest income	\$	25,750	\$	23,351	\$	73,535	\$	68,046	8%
Interest expense		1,570		1,288		4,196		3,863	9%
Net interest income		24,180		22,063		69,339		64,183	8%
Provision (benefit) for loan losses		591		(264)		1,792		301	495%
Noninterest income		9,156		4,704		14,610		11,186	31%
Noninterest expense		17,561		18,013		53,839		58,277	-8%
Income before income taxes		15,184		9,018		28,318		16,791	69%
Income tax expense		5,267		3,230		9,723		5,955	63%
Net income	\$	9,917	\$	5,788	\$	18,595	\$	10,836	72%
Earnings per share	\$	115.16	\$	64.67	\$	208.42	\$	114.77	
Return on average assets		1.57%		0.96%		1.00%		0.61%	
Return on average equity		14.69%		9.28%		9.45%		5.99%	

## 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 September 30, 2017 and 2016 BancShares' pro-forma net income would have been as follows:

	For the Quarter Ended		Year to Date	
	2017	2016	2017	2016
Net income	\$ 9,917	\$ 5,788	\$ 18,595	\$ 10,836
Impact of ASU 2016-01	(2,128)	5,896	811	5,947
Pro-forma net income after ASU 2016-01	\$ 7,789	\$ 11,684	\$ 19,406	\$ 16,783