

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

## Consolidated Comparative Quarterly Report

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September 30, 2021



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

	For the Quarter Ended		Year to Date		Percent
	September 30,		September 30,		Change
	2021	2020	2021	2020	YTD

### SUMMARY BALANCE SHEET

ASSETS							
Cash, due from banks and overnight funds sold			\$	\$291,287	\$	300,876	-3%
Investments				1,601,178		966,097	66%
Loans less allowance for loan loss of \$28,923 and \$27,650				2,361,641		2,267,173	4%
Other assets				165,958		169,633	-2%
Total assets			\$	4,420,064	\$	3,703,779	19%

### LIABILITIES

Deposits:							
Noninterest-bearing deposits			\$	1,368,410	\$	1,155,907	18%
Interest-bearing deposits				2,401,138		1,983,209	21%
Total deposits				3,769,548		3,139,116	20%
Borrowings				141,897		184,666	-23%
Other liabilities				58,167		37,797	54%
Total liabilities				3,969,612		3,361,579	18%

### SHAREHOLDERS' EQUITY

Preferred stock				1,802		1,805	0%
Common stock				398		401	-1%
Surplus				27,043		27,043	0%
Retained earnings				429,286		301,598	42%
Accumulated other comprehensive income (loss)				(8,077)		11,353	-171%
Total shareholders' equity				450,452		342,200	32%
Total liabilities and shareholders' equity			\$	4,420,064	\$	3,703,779	19%

### EARNINGS PERFORMANCE

Interest income	\$	31,909	\$	30,054	\$	91,047	\$	87,212	4%
Interest expense		1,664		1,892		3,943		6,666	-41%
Net interest income		30,245		28,162		87,104		80,546	8%
Provision (recovery) for loan losses		321		443		(1,497)		6,091	-125%
Noninterest income (loss)		8,810		(9,434)		80,463		(23,693)	440%
Noninterest expense		22,665		21,836		66,401		62,173	7%
Income (loss) before income taxes		16,069		(3,551)		102,663		(10,299)	1097%
Income tax expense (benefit)		3,228		(1,221)		22,276		(3,327)	770%
Net income (loss)	\$	12,841	\$	(2,330)	\$	80,387	\$	(6,972)	1253%
Earnings (loss) per share	\$	160.39	\$	(29.91)	\$	1,003.21	\$	(92.63)	
Return on average assets		1.17%		-0.26%		2.57%		-0.28%	
Return on average equity		11.25%		-2.64%		24.65%		-2.64%	

### 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. For the quarters ended September 30, 2021 and 2020, unrealized gains (losses) on equity investments of \$577 thousand and (\$17.1 million), respectively were included in noninterest income, and \$135 thousand and (\$3.9 million), respectively in deferred tax expense (benefit) were included in income tax expense (benefit) related to the change in fair value of equity investments. For the nine months ended September 30, 2021 and 2020, unrealized gains (losses) on equity investments of \$56.5 million and (\$43.7 million), respectively were included in noninterest income, and \$12.9 million and (\$10.0 million), respectively in deferred tax expense (benefit) were included in income tax expense (benefit) related to the change in fair value of equity investments. While the ASU has no impact on the book value per common share, the impact to net income is as follows:

	For the Quarter Ended		Year to Date					
	September 30,		September 30,					
	2021	2020	2021	2020				
Net income (loss) as reported	\$	12,841	\$	(2,330)	\$	80,387	\$	(6,972)
Plus (less): impact of ASU 2016-01		(442)		13,157		(43,525)		33,711
Net income excluding the impact of ASU 2016-01	\$	12,399	\$	10,827	\$	36,862	\$	26,739
Return on average assets excluding the impact of ASU 2016-01		1.13%		1.20%		1.18%		1.08%
Return on average equity excluding the impact of ASU 2016-01		10.86%		12.27%		11.30%		10.13%