

Southern BancShares (N.C.), Inc.

Consolidated Comparative Quarterly Report

Executive Offices
P.O. Box 729
116 East Main Street
Mount Olive, NC 28365
919.658.7022

Southern Bank Customer Care
855.275.7226

Shareholders Contact Center
800.821.0655 ext. 7074



www.southernbank.com

September 30, 2022



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

For the Quarter Ended
September 30,
2022 2021

Year to Date
September 30,
2022 2021

Percent
Change
YTD

SUMMARY BALANCE SHEET

ASSETS							
Cash, due from banks and overnight funds sold			\$	128,751	\$	291,287	-56%
Investments				1,569,929		1,598,235	-2%
Loans less allowance for loan loss of \$34,252 and \$28,923				2,718,120		2,364,584	15%
Other assets				209,907		165,958	26%
Total assets			\$	4,626,707	\$	4,420,064	5%

LIABILITIES

Deposits:							
Noninterest-bearing deposits			\$	1,515,486	\$	1,368,410	11%
Interest-bearing deposits				2,601,395		2,401,138	8%
Total deposits				4,116,881		3,769,548	9%
Borrowings				226,514		141,145	60%
Other liabilities				20,031		58,919	-66%
Total liabilities				4,363,426		3,969,612	10%

SHAREHOLDERS' EQUITY

Preferred stock				1,768		1,802	-2%
Common stock				390		398	-2%
Surplus				27,043		27,043	0%
Retained earnings				460,744		429,286	7%
Accumulated other comprehensive income (loss)				(226,664)		(8,077)	NM
Total shareholders' equity				263,281		450,452	-42%
Total liabilities and shareholders' equity			\$	4,626,707	\$	4,420,064	5%

EARNINGS PERFORMANCE

Interest income	\$	36,146	\$	31,909	\$	102,459	\$	91,047	13%
Interest expense		2,497		1,664		5,048		3,943	28%
Net interest income		33,649		30,245		97,411		87,104	12%
Provision (recovery) for loan losses		1,485		321		4,919		(1,497)	429%
Noninterest income (loss)		36,176		8,810		13,102		80,463	-84%
Noninterest expense		24,015		22,665		71,438		66,401	8%
Income before income taxes		44,325		16,069		34,156		102,663	-67%
Income tax expense		8,873		3,228		5,612		22,276	-75%
Net income	\$	35,452	\$	12,841	\$	28,544	\$	80,387	-64%
Earnings per share	\$	451.09	\$	160.39	\$	360.28	\$	1,003.21	
Return on average assets		2.87%		1.17%		0.79%		2.57%	
Return on average equity		43.24%		11.25%		10.45%		24.65%	

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. For the quarters ended September 30, 2022 and 2021, unrealized gains on equity investments of \$29.9 million and \$577 thousand, respectively were included in noninterest income, and \$6.3 million and \$135 thousand, respectively in deferred tax expense were included in income tax expense related to the change in fair value of equity investments. For the nine months ended September 30, 2022 and 2021, unrealized gains (losses) on equity investments of (\$8.0) million and \$56.5 million, respectively were included in noninterest income, and (\$1.7) million and \$13.0 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 on net income is as follows:

	For the Quarter Ended		Year to Date					
	September 30,		September 30,					
	2022	2021	2022	2021				
Net income (loss) as reported	\$	35,452	\$	12,841	\$	28,544	\$	80,387
Plus (less): impact of ASU 2016-01		(23,652)		(442)		6,312		(43,525)
Net income excluding the impact of ASU 2016-01	\$	11,800	\$	12,399	\$	34,856	\$	36,862
Return on average assets excluding the impact of ASU 2016-01		0.97%		1.13%		0.96%		1.18%
Return on average equity excluding the impact of ASU 2016-01		14.49%		10.86%		12.76%		11.30%

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. The following table indicates the number of shares of each class and the amount paid to repurchase shares during the three- and nine-month periods ended September 30, 2022.

	For the Quarter Ended		Year to Date	
	September 30,		September 30,	
	# Shares	Amount paid	# Shares	Amount paid
Common	437	\$ 2,036	\$ 1,274	\$ 6,719
Series B preferred	2,888	37	3,621	49
Series C preferred	-	\$ -	\$ 1,210	\$ 19