

Southern BancShares (N.C.), Inc.

Consolidated Comparative Quarterly Report

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September 30, 2023



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

For the Quarter Ended
September 30,
2023 2022

As of or Year to Date
September 30,
2023 2022

Percent
Change
YTD

SUMMARY BALANCE SHEET

ASSETS							
Cash, due from banks and overnight funds sold			\$	116,854	\$	128,751	-9%
Investments				1,538,783		1,569,929	-2%
Loans less allowance for credit loss of \$33,075 and \$34,252				3,016,708		2,718,120	11%
Other assets				204,689		209,907	-2%
Total assets			\$	4,877,034	\$	4,626,707	5%

LIABILITIES

Deposits:							
Noninterest-bearing deposits			\$	1,392,485	\$	1,515,486	-8%
Interest-bearing deposits				2,694,448		2,601,395	4%
Total deposits				4,086,933		4,116,881	-1%
Borrowings				386,092		226,514	70%
Other liabilities				24,993		20,031	25%
Total liabilities				4,498,018		4,363,426	3%

SHAREHOLDERS' EQUITY

Preferred stock				1,728		1,768	-2%
Common stock				388		390	-1%
Surplus				27,043		27,043	0%
Retained earnings				589,141		460,744	28%
Accumulated other comprehensive loss				(239,284)		(226,664)	6%
Total shareholders' equity				379,016		263,281	44%
Total liabilities and shareholders' equity			\$	4,877,034	\$	4,626,707	5%

EARNINGS PERFORMANCE

Interest income	\$	42,999	\$	36,146	\$	125,120	\$	102,459	22%
Interest expense		14,459		2,497		36,659		5,048	626%
Net interest income		28,540		33,649		88,461		97,411	-9%
Provision (recovery) for loan losses		(238)		1,485		344		4,919	-93%
Noninterest income		25,598		36,176		149,598		13,102	1042%
Noninterest expense		23,290		24,015		72,041		71,438	1%
Income before income taxes		31,086		44,325		165,674		34,156	385%
Income tax expense		6,687		8,873		34,277		5,612	511%
Net income	\$	24,399	\$	35,452	\$	131,397	\$	28,544	360%
Net income per share	\$	313.39	\$	451.09	\$	1,684.98	\$	360.28	
Return on average assets		2.01%		2.87%		3.66%		0.79%	
Return on average equity		23.79%		43.24%		48.59%		10.45%	

ADDITIONAL DISCLOSURE - ACCOUNTING FOR INVESTMENTS IN MARKETABLE EQUITY SECURITIES

Pursuant to Accounting Standards Update 2016-01: Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"), equity investments must be measured at fair value with changes in fair value recognized in net income. For the quarters ended September 30, 2023 and 2022, unrealized gains on equity investments of \$19.2 million and \$29.9 million, respectively were included in noninterest income, and \$3.9 million and \$6.3 million, 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, 2023 and 2022, unrealized gains (losses) on equity investments of \$130.0 million and \$(8.0) million, respectively were included in noninterest income, and \$27.2 million and \$(1.7) million, respectively in deferred tax expense (benefit) were included in income tax expense related to the change in fair value of equity investments. While ASU 2016-01 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,						
	2023	2022	2023	2022					
Net income (loss) as reported	\$	24,399	\$	35,452	\$	131,397	\$	28,544	
Plus (less): impact of ASU 2016-01		(15,329)		(23,652)		(102,804)		6,312	
Net income excluding the impact of ASU 2016-01	\$	9,070	\$	11,800	\$	28,593	\$	34,856	
Return on average assets excluding the impact of ASU 2016-01		0.75%		0.97%		0.80%		0.96%	
Return on average equity excluding the impact of ASU 2016-01		8.84%		14.49%		10.57%		12.76%	

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

On January 17, 2023, the Company's Board of Directors approved a stock repurchase program that expires on March 31, 2024 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, 2023.

	Quarter Ended		Year-to-Date	
	September 30, 2023		September 30, 2023	
	# Shares	Amount paid	# Shares	Amount paid
Common	848	\$ 4,572	1,047	\$ 5,575
Series B preferred	-	-	1,415	18
Series C preferred	-	-	85	1