

Since 1901 
SouthernBank
Southern BancShares (N.C.), Inc

Consolidated Comparative
Quarterly Report

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September 30, 2024

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

	Quarter Ended		Year to Date		Percent Change YTD
	2024	2023	2024	2023	
SUMMARY BALANCE SHEET					
ASSETS					
Cash, due from banks and overnight funds sold			\$ 260,680	\$ 116,854	123%
Investments			1,688,353	1,538,783	10%
Loans less allowance for credit loss of \$33,685 and \$33,075			3,171,789	3,016,708	5%
Other assets			182,020	204,689	-11%
Total assets			\$ 5,302,842	\$ 4,877,034	9%
LIABILITIES					
Deposits:					
Noninterest-bearing deposits			\$ 1,350,755	\$ 1,392,485	-3%
Interest-bearing deposits			3,025,658	2,694,448	12%
Total deposits			4,376,413	4,086,933	7%
Borrowings			278,407	386,092	-28%
Other liabilities			65,636	24,993	163%
Total liabilities			4,720,456	4,498,018	5%
SHAREHOLDERS' EQUITY					
Preferred stock			1,711	1,728	-1%
Common stock			380	388	-2%
Surplus			27,189	27,043	1%
Retained earnings			697,268	589,141	18%
Accumulated other comprehensive loss			(144,162)	(239,284)	-40%
Total shareholders' equity			582,386	379,016	54%
Total liabilities and shareholders' equity			\$ 5,302,842	\$ 4,877,034	9%

EARNINGS PERFORMANCE					
Interest income	\$ 50,386	\$ 42,999	\$ 145,507	\$ 125,120	16%
Interest expense	19,068	14,459	53,894	36,659	47%
Net interest income	31,318	28,540	91,613	88,461	4%
Provision (recovery) for credit losses	(387)	(238)	270	344	-22%
Noninterest income	42,870	25,598	114,352	149,598	-24%
Noninterest expense	25,567	23,290	77,180	72,041	7%
Income before income taxes	49,008	31,086	128,515	165,674	-22%
Income tax expense	10,292	6,687	26,756	34,277	-22%
Net income	\$ 38,716	\$ 24,399	\$ 101,759	\$ 131,397	-23%
Net income per share	507.04	313.39	1,328.62	1,684.98	
Return on average assets	2.96%	2.01%	2.66%	3.66%	
Return on average equity	27.24%	23.79%	26.62%	48.59%	

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, 2024 and 2023, unrealized gains on equity investments of \$35.4 million and \$19.3 million, respectively were included in noninterest income, and \$7.4 million and \$4.0 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, 2024 and 2023, unrealized gains on equity investments of \$91.6 million and \$130.0 million, respectively were included in noninterest income, and \$19.2 million and \$27.1 million, respectively in deferred tax expense 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 and related earnings ratios is as follows:

	For the Quarter Ended		Year to Date	
	2024	2023	2024	2023
Net income as reported	\$ 38,716	\$ 24,399	\$ 101,759	\$ 131,397
Less impact of ASU 2016-01	(27,945)	(15,329)	(72,347)	(102,804)
Net income excluding the impact of ASU 2016-01	\$ 10,771	\$ 9,070	\$ 29,412	\$ 28,593
Return on average assets excluding the impact of securities accounted for under ASU 2016-01	0.89%	0.79%	0.83%	0.84%
Return on average equity excluding the impact of securities accounted for under ASU 2016-01	13.65%	13.47%	16.70%	19.79%

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

The following table indicates the shares of the Company's capital stock repurchased during the three- and nine-month periods ended September 30, 2024.

	Three months ended September 30, 2024		Nine months ended September 30, 2024	
	# Shares	Amount paid	# Shares	Amount paid
Common	374	\$ 2,269	776	\$ 4,490
Series B preferred	2,687	34	3,311	42
Series C preferred		-		-

On January 16, 2024, the Company's Board of Directors approved a stock repurchase program that expires on March 31, 2025 and authorizes the repurchase of up to 4,000 shares of the Company's outstanding common stock ("2024 Authorization"). The 2024 Authorization 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. As of September 30, 2024, pursuant to the 2024 Authorization, 441 shares of common stock have been repurchased for \$2.6 million and 2,687 shares of Class B preferred have been repurchased for \$34,000. No shares of Series C preferred have been repurchased pursuant to the 2024 Authorization.

During the first quarter of 2024, pursuant to a similar authorization approved by the Company's Board of Directors on January 17, 2023 that expired March 31, 2024 ("2023 Authorization"), 335 shares of common stock were repurchased for \$1.9 million, and 624 shares of Series B preferred were repurchased for \$8,000. No shares of Series C preferred were repurchased. Including shares purchased during 2024 and 2023, 1,551 shares of common stock were repurchased for \$8.5 million, 2,039 shares of Series B preferred were repurchased for \$25,000, and 96 shares of Series C preferred were repurchased for \$1,200 pursuant to the 2023 Authorization.