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FRB RICHMOND

Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, J. Grey Morgan
Name of the Holding Company Director and Official

Chairman of the Board, CEO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

03/28/2018
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- ☐ is included with the FR Y-6 report
- ☒ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID 1075694
C.I.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2017
Month / Day / Year

None
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Southern BancShares (N.C.), Inc.
Legal Title of Holding Company

116 East Main Street / {P Box 729
(Mailing Address of the Holding Company) Street / P.O. Box

Mount Olive	NC	28365
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Debra D. Barwick	Staff Accountant
Name	Title

919-658-7074
Area Code / Phone Number / Extension

919-658-7087
Area Code / FAX Number

debra.barwick@southernbank.com
E-mail Address

www.southernbank.com/about/southern-bancshares/
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? ..... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report ..... ☐
2. a letter justifying this request has been provided separately ... ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

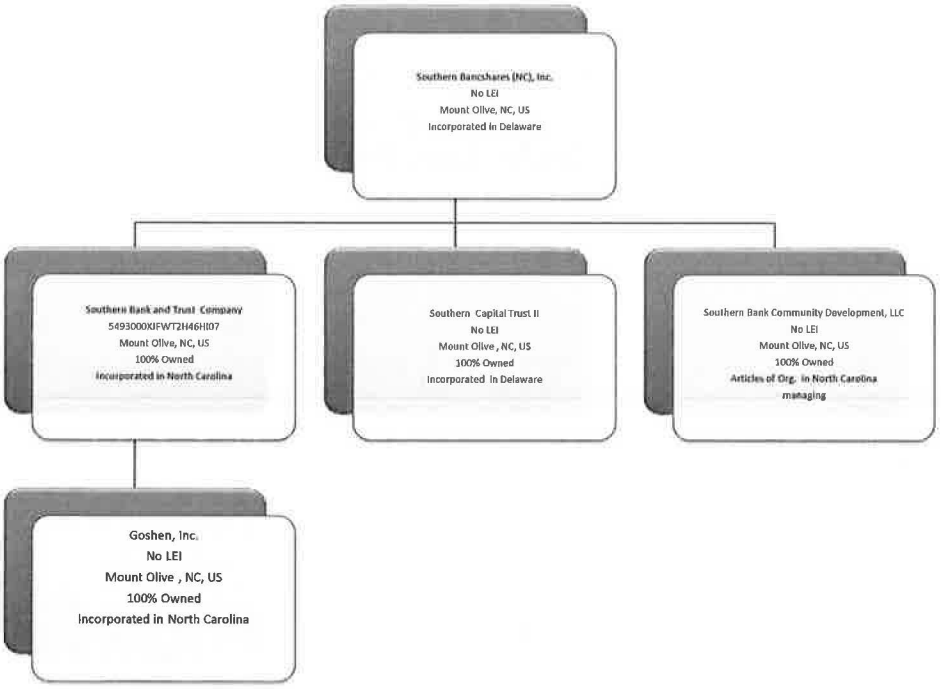
Form FR Y-6
Southern Bancshares (N.C.), Inc.
Mount Olive, North Carolina
Fiscal Year Ending December 31, 2017

Report Item

1b: **Annual Report to Shareholders**

Southern BancShares (N.C.), Inc. Annual Report for the year ending December 31, 2017 will be sent under separate cover upon completion of printing.

Organization Chart
Southern BancShares (N.C.), Inc.
December 31, 2017



Results: A list of branches for your depository institution: SOUTHERN BANK AND TRUST COMPANY (ID_RSSD: 717924).
This depository institution is held by SOUTHERN BANCSHARES (N.C.), INC. (1075694) of MOUNT OLIVE, NC.
The data are as of 12/31/2017. Data reflects information that was received and processed through 01/04/2018.

Reconciliation and Verification Steps

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions

OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	717924	SOUTHERN BANK AND TRUST COMPANY	100 NORTH CENTER STREET	MOUNT OLIVE	NC	28365	WAYNE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	469429	AHOSKIE BRANCH	506 E MAIN ST	AHOSKIE	NC	27910	HERTFORD	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	681726	AURORA BRANCH	298 N FIFTH ST	AURORA	NC	27806	BEAUFORT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	747024	AYDEN BRANCH	236 3RD ST	AYDEN	NC	28513	PITT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	620426	BAILEY BRANCH	6174 MAIN STREET	BAILEY	NC	27807	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	966928	BELHAVEN BRANCH	148 E. MAIN ST	BELHAVEN	NC	27810	BEAUFORT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	871125	BETHEL BRANCH	7458 MAIN STREET	BETHEL	NC	27812	PITT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281846	CLINTON BRANCH	1008 SUNSET AVE	CLINTON	NC	28328	SAMPSON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	962724	DEEP RUN BRANCH	3410 OLD HWY 11	DEEP RUN	NC	28525	LENOIR	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2672214	EDENTON QUEEN STREET BRANCH	101 W QUEEN ST	EDENTON	NC	27932	CHOWAN	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	869328	FAISON BRANCH	110 S. WEST CENTER ST	FAISON	NC	28341	DUPLIN	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2672250	FARMVILLE BRANCH	4217 EAST CHURCH STREET	FARMVILLE	NC	27828	PITT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	623025	FREMONT BRANCH	101 NORTH WILSON STREET	FREMONT	NC	27830	WAYNE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2672278	GARLAND BRANCH	83 SOUTH BLADEN AVENUE	GARLAND	NC	28441	SAMPSON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281930	GATESVILLE BRANCH	203 MAIN ST.	GATESVILLE	NC	27938	GATES	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	5027495	GOLDSBORO ASH STREET BRANCH	2501 EAST ASH STREET	GOLDSBORO	NC	27324	WAYNE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3579331	GOLDSBORO BRANCH	2301 WAYNE MEMORIAL DRIVE	GOLDSBORO	NC	27534	WAYNE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281864	GREENVILLE CHARLES BOULEVARD BRANCH	2310 SOUTH CHARLES BLVD	GREENVILLE	NC	27858	PITT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3779316	GREENVILLE MEDICAL PARK BRANCH	2275 STANTONSBURG ROAD	GREENVILLE	NC	27834	PITT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	4650805	JACKSON BRANCH	208 WEST JEFFERSON STREET	JACKSON	NC	27845	NORTHAMPTON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281873	KENANSVILLE BRANCH	416 SOUTH MAIN ST	KENANSVILLE	NC	28349	DUPLIN	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	622523	KENLY BRANCH	101 WEST SECOND STREET	KENLY	NC	27542	JOHNSTON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2672344	KILL DEVIL HILLS BRANCH	202 S CROATAN HWY	KILL DEVIL HILLS	NC	27948	DARE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	5112823	KITTY HAWK	4804 N CROATAN HWY	KITTY HAWK	NC	27949	DARE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	782427	LA GRANGE BRANCH	208 SOUTH CASWELL ST	LA GRANGE	NC	28551	LENOIR	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	407225	LEWISTON WOODVILLE BRANCH	127 MAIN ST	LEWISTON WOODVILLE	NC	27849	BERTIE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281903	MANTEO BRANCH	704 SOUTH HIGHWAY 64/264	MANTEO	NC	27954	DARE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	86929	MIDDLESEX BRANCH	11438 EAST FINCH AVENUE	MIDDLESEX	NC	27557	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	718426	NORTH BREAZEALE BRANCH	800 NORTH BREAZEALE AVE	MOUNT OLIVE	NC	28365	WAYNE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	591423	MURFREESBORO BRANCH	336 E MAIN ST	MURFREESBORO	NC	27855	HERTFORD	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2060848	NASHVILLE BARNES STREET BRANCH	209 S BARNES STREET	NASHVILLE	NC	27856	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	838221	PINE LEVEL BRANCH	109 PEEDIN AVENUE	PINE LEVEL	NC	27568	JOHNSTON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
Change	7/31/2017	Full Service	5145045	PINETOPS	102 EAST HAMLET STREET	PINETOPS	NC	27864	EDGECOMBE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	931225	PLYMOUTH BRANCH	612 WASHINGTON ST	PLYMOUTH	NC	27962	WASHINGTON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3676657	RED OAK BRANCH	8315 RED OAK BLVD	RED OAK	NC	27868	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2060866	ROANOKE RAPIDS BRANCH	1580 EAST TENTH ST	ROANOKE RAPIDS	NC	27870	HALIFAX	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	964821	ROBERSONVILLE BRANCH	111 N MAIN ST	ROBERSONVILLE	NC	27871	MARTIN	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281921	ROCKY MOUNT BENVENUE BRANCH	1405 BENVENUE RD	ROCKY MOUNT	NC	27804	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	672274	ROCKY MOUNT FRANKLIN STREET BRANCH	224 SOUTH FRANKLIN STREET	ROCKY MOUNT	NC	27804	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3649343	ROCKY MOUNT OAKWOOD BRANCH	107 SOUTH FAIRVIEW ROAD	ROCKY MOUNT	NC	27801	EDGECOMBE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2672111	ROCKY MOUNT WESTRIDGE BRANCH	3690 SUNSET AVE	ROCKY MOUNT	NC	27804	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2671990	SALEMBURG BRANCH	102 NORTH MAIN STREET	SALEMBURG	NC	28385	SAMPSON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	981127	SCOTLAND NECK BRANCH	810 SOUTH MAIN STREET	SCOTLAND NECK	NC	27874	HALIFAX	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3281891	SHARPSBURG BRANCH	3938 SOUTH HATHAWAY BOULEVARD	SHARPSBURG	NC	27878	NASH	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	253673	TARBORO BRANCH	422 MAIN STREET	TARBORO	NC	27886	EDGECOMBE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	903129	WARSAW BRANCH	114 NORTH PINE ST	WARSAW	NC	28398	DUPLIN	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3283194	WILSON - FOREST HILLS BRANCH	1701 FOREST HILLS ROAD WEST	WILSON	NC	27893	WILSON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	1462034	WILSON - NASH STREET BRANCH	2300 NASH STREET NORTH	WILSON	NC	27896	WILSON	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	904724	WINDSOR BRANCH	101 N KING ST	WINDSOR	NC	27983	BERTIE	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3555097	WINTERVILLE BRANCH	4259 WINTERVILLE PARKWAY	WINTERVILLE	NC	28590	PITT	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	347125	WINTON BRANCH	301 N MAIN ST	WINTON	NC	27986	HERTFORD	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2934275	CEDAR ROAD BRANCH	1217 CEDAR RD	CHESAPEAKE	VA	23322	CHESAPEAKE CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3624153	GREENBRIER PARKWAY BRANCH	1304 GREENBRIER PARKWAY	CHESAPEAKE	VA	23320	CHESAPEAKE CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3379864	WESTERN BRANCH	3343 WESTERN BRANCH BLVD	CHESAPEAKE	VA	23321	CHESAPEAKE CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	4335102	BOUSH STREET BRANCH	403 BOUSH STREET	NORFOLK	VA	23510	NORFOLK CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	

OK		Full Service	2641199	COLLEY AVENUE BRANCH	4815 COLLEY AVE	NORFOLK	VA	23508	NORFOLK CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3840104	SUFFOLK BRANCH	221 WESTERN AVENUE	SUFFOLK	VA	23434	SUFFOLK CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3886027	HILLTOP BRANCH	1756 LASKIN ROAD	VIRGINIA BEACH	VA	23454	VIRGINIA BEACH CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	2488086	KEMPSVILLE BRANCH	1870 KEMPSVILLE ROAD	VIRGINIA BEACH	VA	23464	VIRGINIA BEACH CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	3391428	LYNNHAVEN BRANCH	601 LYNNHAVEN PARKWAY	VIRGINIA BEACH	VA	23452	VIRGINIA BEACH CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	
OK		Full Service	902122	VIRGINIA BEACH BOULEVARD BRANCH	3720 VIRGINIA BEACH BLVD	VIRGINIA BEACH	VA	23452	VIRGINIA BEACH CITY	UNITED STATES	Not Required	Not Required	SOUTHERN BANK AND TRUST COMPANY	717924	

Form FR Y-6
Southern BancShares (N.C.), Inc.
Fiscal Year Ending December 31, 2017

REPORT ITEM 3 - SECURITIES HOLDERS
(1)(a)(b)(c) and (2)(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017					Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017.		
(1)(a) Name, City, State, County	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities			(2)(a) Name, City, State, County	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
		Shares Owned Common Stock					**Shares Owned Common Stock**
Carson Holding Brice		4,469	Individually	5.50%	None		
Smithfield, NC, US	US	156	Spouse	0.19%			
		104	Owned by Children	0.13%			
		968	Custodian for Child	1.19%			
		220	Personal Trust	0.27%			
		15	Trusts	0.02%			
		5,932	**Total**	**7.30%**			
							Shares Owned Series B Preferred
Claire Holding Bristow		2,399	Individually	2.95%	None		
Columbia, SC, US	US	807	Spouse	0.99%			
		1,163	Owned by Children	1.43%			
		2,441	Corporate	3.01%			
		220	Personal Trust	0.27%			
		7,030	**Total**	**8.66%**			
							Shares Owned Series C Preferred
					None		
Hope Holding Bryant		1,659	Individually	2.04%			
Raleigh, NC, US	US	34	Spouse	0.04%			
		56	Owned by Children	0.07%			
		35	Corporate	0.04%			
		2,012	Custodian for Child	2.48%			
		3,806	Trusts & Estates	4.69%			
		220	Personal Trust	0.27%			
		7,822	**Total**	**9.63%**			
Frank B. Holding		4,801	Trust	5.91%			
Smithfield, NC, US	US	**4,801**	**Total**	**5.91%**			
Frank B. Holding, Jr		567	Individually	0.70%			
Smithfield, NC, US	US	1,552	Spouse	1.91%			
		663	Owned by Children	0.82%			
		6,451	Custodian for Child	7.94%			
		220	Personal Trust	0.27%			
		4,328	Revocable Trust	5.33%			
		1,042	Spouse or Child Trust	1.28%			
		14,823	**Total**	**18.25%**			

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017					Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017.		
(1)(a) Name, City, State, County	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities			(2)(a) Name, City, State, County	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
		Shares Owned Common Stock Continued					
Olivia Britton Holding		35	Corporate	0.04%			
Smithfield, NC, US	US	4,827	Personal Trust	5.94%			
		183	Trust & Estates	0.23%			
		5,045	**Total**	**6.21%**			
Christine Long and Ruth O'Leary CO-TTEES		4,709	Personal Trust	5.80%			
Jacksonville, FL, US	US	**4,709**	**Total**	**5.80%**			
		Shares Owned Series B Preferred					
None							
		Shares Owned Series C Preferred					
Rachel Ann Barnes							
Conway, NC, US	US	2,117	Individually	5.74%			
		2,117	**Total**	**5.74%**			
James Robert Hendrix							
Tyner, NC, US	US	6,120	Individually	16.60%			
		6,120	**Total**	**16.60%**			
Elva W. Peele							
Winterville, NC, US	US	3,517	Individually	9.54%			
		3,517	**Total**	**9.54%**			
Henry N. Willey							
Wake Forest, NC, US	US	3,248	Individually	8.81%			
		3,248	**Total**	**8.81%**			

Form FR Y-6
Southern BancShares (N.C.) Inc.
Fiscal Year Ending December 31 , 2017

REPORT ITEM 4. - INSIDERS *(Directors, Officers, 10% Shareholders)*
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Southern BancShares, (N.C.), Inc.	(3)(a) Title or Position with Southern BancShares (N.C.), Inc.	(3)(b) Title or Positions Held with any Southern BancShares (N.C.), Inc. Subsidiary(s)	(3)(c) Title or Position Held with Other Business Companies	(4)(a) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc.	(4)(b) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc. Subsidiary(s)	(4)(c) Number of Shares and % of each Class of Voting Securities of Other Business Companies 25% or more Held
Julian R. Aycock Fremont, NC US	President, Marr's, Inc. (farming operation)	Director, Southern BancShares (N.C.), Inc.	Director, Loan Review Committee Member, Southern Bank and Company	Owner, Wayne County JRA LLC	Common; 50 shares or 0.06% of class	None	Wayne County JRA LLC 100% owned
William H. Bryan Mt. Olive, NC US	Executive Chairperson, Mount Olive Pickle Company, Inc. (manufacturer of pickles and pepper products)	Director, Executive Committee-Vice Chair, Southern Bancshares (N.C.), Inc.	Director, Executive Committee-Vice Chairman, Audit Committee-Chairman, Governance Committee, Funds Management Committee-Chair, Southern Bank and Trust Company	President, Director, James E. and Mary Z. Bryan Foundation, Inc.; Director, Vice President, Southern Bank Foundation	Common: 133 shares or 0.16% of class	None	None
Hope Holding Bryant Raleigh, NC US	Vice Chairman, First Citizens BancShares, Inc.; Corporate Sales Executive, First Citizens Bank & Trust Company	Director, 5% Principal Shareholder, Executive Committee Member, Southern BancShares (N.C.), Inc.	Director, Executive Committee Member, Governance Committee-Chairman, Southern Bank and Trust Company	Vice Chairman, First Citizens BancShares, Inc.; Corporate Sales Executive, First Citizens Bank and Trust Company; Director, Fidelity BancShares (N.C.), Inc.; Director, The Fidelity Bank; Director, Robert P. Holding Foundation; Director, Vice President, Twin States Farming, Inc.; Director, Vice President, E&F Properties, Inc.; Director, Vice President, First- Citizens Foundation; Secretary, Treasurer, Director, Ella Ann L and Frank B. Holding Foundation; Director, North State Foundation, Inc.; Partner, 5Crabs Member , North State Preferred Holding LLC Director, President, Southern Bank Foundation	Common: 7,822 shares or 9.63% of class Preferred Series B: 2,000 shares or 0.75% of class	None	None
Joel K. Butler Grimesland, NC US	Retired, formerly President Vidant Health Foundation Foundation (health care)	Director, Southern BancShares (N.C.), Inc.	Director, Southern Bank and Trust Company	None	Common: 3 shares or 0.00% of class	None	None

REPORT ITEM 4. - INSIDERS *(Directors, Officers, 10% Shareholders)*
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Southern BancShares, (N.C.), Inc.	(3)(a) Title or Position with Southern BancShares (N.C.), Inc.	(3)(b) Title or Positions Held with any Southern BancShares (N.C.), Inc. Subsidiary(s)	(3)(c) Title or Position Held with Other Business Companies	(4)(a) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc.	(4)(b) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc. Subsidiary(s)	(4)(c) Number of Shares and % of each Class of Voting Securities of Other Business Companies 25% or more Held
Michael L. Chestnutt Clinton, NC US	Managing Partner Black, Chestnutt and Johnson, PA (public accounting)	Director, Executive Committee Member, Southern BancShares (N.C.), Inc.	Director, Executive Committee Member, Audit Committee Member, Credit Risk Committee Member, CRA and Regulatory Committee- Chairman, Independent Committee, Southern Bank and Trust Company	None	Common: 41 shares or 0.05% of class	None	Black, Chestnutt and Johnson, P. A. 50% owned CPA Advisors, Inc. 33.3% owned Johche, LLC 50% owned Thorche, LLC 50% owned Gtche, LLC 33.3% owned
Drew M. Covert Mt. Olive, NC US	Not Applicable	President, Director, Executive Committee Member, Southern Bancshares (N.C.), Inc.	President, Director, Executive Committee Member, Credit Risk Committee Member, CRA and Compliance Committee Member, Funds Management Committee Member, Loan Review Committee Member of several other Committees, Southern Bank and Trust Company; Director, President, Goshen, Inc.; Manager, Tuscarora Property Holdings, LLC; Administrator, Southern Bank Community Development, LLC; Administrator, Southern Capital Trust II	Vise President, Southern Bank Foundation; Director, Vidant Health Foundation	Common: 100 shares or 0.12% of class Preferred C: 29 shares of 0.08% of class	None	None
Olivia B. Holding Raleigh, NC US	President and Director, Twin States Farming, Inc.; President and Director, E&F Properties, Inc. (property manager)	Director, 10% Principal Shareholder, Southern BancShares (N.C.), Inc.	Director, Southern Bank and Trust Company	President, Director, Twin States Farming, Inc.; President, Director, Ella Ann L and Frank B Holding Foundation; President and Director, E&F Properties, Inc.; Manager, Holding Properties, LLC; Manager, ECHB, LLC; Treasurer, Director, Robert P. Holding Foundation; Treasurer, Director, First-Citizens Foundation, Inc.; Member, City of Oaks Properties, LLC; Director, North State Foundation, Inc.; Director, Yadkin Valley Company; Director, Yadkin Valley Life Insurance Company; Manager, North State Preferred Holding, LLC;	Common 9,373 shares or 11.54% of class Preferred B 946 or 0.35% of class	None	City of Oaks Properties 100% owned Twin States Farming 47.55% owned Fidelity BancShares (N.C.), Inc. 28.97% Common owned

REPORT ITEM 4. - INSIDERS *(Directors, Officers, 10% Shareholders)*
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Southern BancShares, (N.C.), Inc.	(3)(a) Title or Position with Southern BancShares (N.C.), Inc.	(3)(b) Title or Positions Held with any Southern BancShares (N.C.), Inc. Subsidiary(s)	(3)(c) Title or Position Held with Other Business Companies	(4)(a) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc.	(4)(b) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc. Subsidiary(s)	(4)(c) Number of Shares and % of each Class of Voting Securities of Other Business Companies 25% or more Held
Michael S. Ives Virginia Beach, VA US	Attorney, Wilcox & Savage, PC (law firm); formerly, President and Chief Executive Officer of Heritage Bankshares and Heritage Bank, Norfolk, Virginia	Director, Southern BancShares (N.C.), Inc.	Director, Southern Bank and Trust Company	None	Common 100 shares or 0.12% of class	None	None
G. Rouse Ivey Mount Olive, NC US	Self-employed farmer	Director, Executive Committee Member, Southern BancShares (N.C.), Inc.	Director, Executive Committee Member, Audit Committee Member, Governance Committee Member, Credit Risk Committee Member, Independent Committee Member, Member of several other Committees, Southern Bank and Trust Company	None	Common: 68 shares or .08% of class	None	None
M. J. McSorley Rocky Mount, NC US	Not Applicable	Vice Chairperson-Board of Directors, Executive Committee Member, Southern BancShares (N.C.), Inc.	Vice Chairman-Board of Directors, Executive Committee Member, Deferred Fee Plan Committee Member, CRA and Compliance Committee Member, Funds Management Committee Member, Loan Review Committee Member, Member of several other Committees, Southern Bank and Trust Company	None	Common: 204 shares or .25% of class Preferred Series B: 6,547 shares or 2.45% of class Preferred Series C: 25 shares or 0.07% of class	None	None
J. Grey Morgan Mount Olive, NC US	Not Applicable	Chairman of the Board, Chief Executive Officer, Executive Committee-Chairperson, Southern BancShares (N.C.) Inc.	Chairman of the Board, Chief Executive Officer, Executive Committee Member-Chair, Credit Risk Committee Member, Deferred Fee Plan Committee-Chairperson, CRA and Compliance Committee Member, Funds Management Committee Member, Loan Review Committee Member, Member of several other Committees, Southern Bank and Trust Company; Director, Vice President, Goshen, Inc. Manager, Tuscarora Property Holdings, LLC	Director, Vice President Southern Bank Foundation; Owner, Grey Morgan (farming operation)	Common: 3 shares or .00% of class	None	Grey Morgan (farming operation) 100% Owned

REPORT ITEM 4. - INSIDERS *(Directors, Officers, 10% Shareholders)*
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

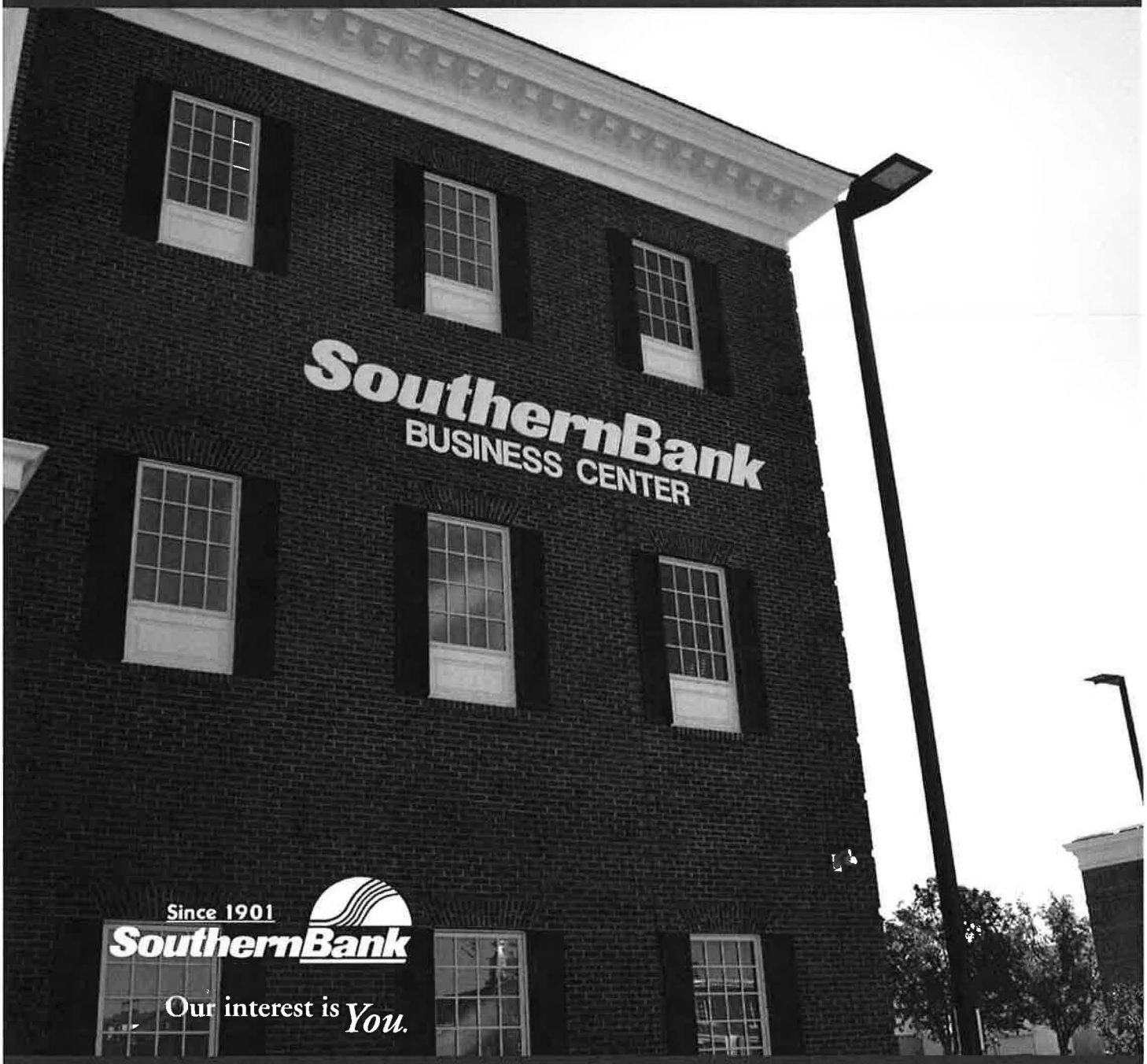
(1) Name, City, State, Country	(2) Principal Occupation if other than with Southern BancShares, (N.C.), Inc.	(3)(a) Title or Position with Southern BancShares (N.C.), Inc.	(3)(b) Title or Positions Held with any Southern BancShares (N.C.), Inc. Subsidiary(s)	(3)(c) Title or Position Held with Other Business Companies	(4)(a) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc.	(4)(b) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc. Subsidiary(s)	(4)(c) Number of Shares and % of each Class of Voting Securities of Other Business Companies 25% or more Held
John C. Pegram, Jr. Chapel Hill, NC US	Not Applicable	Director, Executive Committee Member, Southern BancShares (N.C.), Inc.	Director, Executive Committee Member, Credit Risk Committee Member, Deferred Fee Plan Committee Member, Consultant, Southern Bank and Trust Company	None	Common: 10 shares or 0.01% of class	None	None
Thomas R. Sallenger Wilson, NC US	Attorney; general partner, Sallenger & Brown, LLP (law firm)	Director, Southern BancShares (N.C.), Inc.	Director, Executive Committee Member, CRA and Compliance Committee Member, Southern Bank and Trust Company	None	Common: 27 shares or 0.03% of class	None	Sallenger & Brown, LLP 60% owned
Malcolm R. Sullivan, Jr. Goldsboro, NC US	Business Consultant; formerly President, PDNC, LLC, an affiliate of Cheney Brothers, Inc. (Food Service Distribution)	Director, Executive Committee Member, Southern BancShares (N.C.), Inc.	Director, Executive Committee Member, Audit Committee Member, Governance Committee Member, Independent Committee Member, Southern Bank and Trust Company	None	Common 1 share or 0.00% of class	None	None
Jerry C. Alexander Ahoskie, NC US	Not Applicable	Executive Vice President, Southern BancShares (N.C.), Inc.	Executive Vice President, Regional Executive, Member of several Committees, Southern Bank and Trust Company; Assistant Vice President, Assistant Secretary, Goshen, Inc.	None	None	None	None
Michael T. Bryant Rocky Mount, NC US	Not Applicable	Executive Vice President, Southern BancShares (N.C.), Inc.	Executive Vice President, Regional Executive, Member of several Committees, Southern Bank and Trust Company; Assistant Vice President, Assistant Secretary, Goshen, Inc.	None	None	None	None
Dan R. Ellis, Jr. Mount Olive, NC US	Not Applicable	Executive Vice President and Corporate Secretary, Southern BancShares (N.C.), Inc.	Executive Vice President, Chief Financial Officer, Corporate Secretary, Treasurer, Member of several Committees, Southern Bank and Trust Company; Treasurer, Assistant Vice-President, Director, Goshen, Inc.; Manager, Tuscarora Property Holdings, LLC	Investment Officer, Southern Bank Foundation	None	None	None

REPORT ITEM 4. - INSIDERS *(Directors, Officers, 10% Shareholders)*
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Southern BancShares, (N.C.), Inc.	(3)(a) Title or Position with Southern BancShares (N.C.), Inc.	(3)(b) Title or Positions Held with any Southern BancShares (N.C.), Inc. Subsidiary(s)	(3)(c) Title or Position Held with Other Business Companies	(4)(a) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc.	(4)(b) Number of Shares and % of each Class of Voting Securities of Southern BancShares (N.C.) Inc. Subsidiary(s)	(4)(c) Number of Shares and % of each Class of Voting Securities of Other Business Companies 25% or more Held
L. Taylor Harrell Suffolk, VA US	Not Applicable	Executive Vice President and Corporate Secretary, Southern BancShares (N.C.), Inc.	Executive Vice President, Regional Executive, Member of several Committees, Southern Bank and Trust Company; Assistant Vice President, Assistant Secretary, Goshen, Inc.; Manager, Tuscarora Property Holding, LLC	None	None	None	None
James R. Hendrix Tyner, NC/US	Not Applicable	10% Principal Shareholder, Southern BancShares (N.C.), Inc.	None	None	Preferred Series C: 6,120 shares or 16.60% of class	None	None
Frank B. Holding Jr. Raleigh, NC US	First Citizens Bancshares, Inc. and First Citizens Bank & Trust Company	10% Principal Shareholder, Southern BancShares (N.C.), Inc.	None	Chairman, CEO, First Citizens Bancshares, Inc. and First Citizens Bank & Trust Company; Director, Mount Olive Pickle Company; Director, Institute For Defense and Business; Director, North Carolina Chamber of Commerce; Director , Vice Chairman, Executive Vice President, Global Transpark Foundation, Inc.; Trustee, Blue Cross and Blue Shield of NC; Trustee, Wake Forest University; Member-Manager, HP Boat LLC; Member-Manager, Down East Holdings, LLC; Vice President, Director, Ella Ann L and Frank B. Holding Foundation; President , Director, First-Citizens Foundation, Inc.; Manager, Executive Officer, Clear Focus Holdings, LLC; Manager, Midlothian Real Estate Holdings, LLC; President and Director, Robert P. Holding Foundation, Inc.; Member, North State Preferred Holdings, LLC; Chairman, North Carolina Chamber Foundation	Common: 14,823 shares or 18.25% of class	None	HP Boat, LLC 25% owned; Down East Holdings, LLC 25% owned; Twin States Farming, Inc. 32.13%

ANNUAL REPORT 2017

SOUTHERN BANCSHARES (N.C.), INC.



AHOSKIE, AURORA, AYDEN,
BAILEY, BELHAVEN, BETHEL,
CHESAPEAKE, CLINTON,
DEEP RUN, EDENTON, FAISON,
FARMVILLE, FREMONT, GARLAND,
GATESVILLE, GOLDSBORO,
GREENVILLE, JACKSON,
KENANSVILLE, KENLY,
KILL DEVIL HILLS, KITTY HAWK,
LA GRANGE, LEWISTON, MANTEO,
MIDDLESEX, MOUNT OLIVE,
MURFREESBORO, NASHVILLE,
NORFOLK, PINE LEVEL, PINETOPS,
PLYMOUTH, RED OAK,
ROANOKE RAPIDS,
ROBERSONVILLE, ROCKY MOUNT,
SALEMBURG, SCOTLAND
NECK, SHARPSBURG, SUFFOLK,
TARBORO, VIRGINIA BEACH,
WARSAW, WILSON, WINDSOR,
WINTERVILLE, WINTON

Mission

Founded in 1901, Southern Bank is a customer-focused community bank serving eastern North Carolina and southeastern Virginia. Our mission is to be the bank of preference for consumers and businesses in the markets that we serve.

Genuine concern for the customer is our top priority, striving to create and deliver superior value in the financial services we provide by exceeding the expectations of our customers.

We are dedicated to the communities we serve, both in spirit and support. We provide a progressive and rewarding working environment for our employees that encourages the investment of their time, energy, and talents to the betterment of their communities.

We embrace sound banking philosophies that incorporate dedication to relationships, strong business values, and financial integrity while advocating the maintenance of quality assets and reasonable return on shareholder investment.

Southern Bank is a wholly owned subsidiary of Southern BancShares (N.C.), Inc.

Since 1901

SouthernBank

Our interest is *You.*

Letter to Shareholders

March 30, 2018

Southern BancShares (N.C.), Inc. and Southern Bank and Trust Company enjoyed another successful and prosperous year in 2017. The year saw our company continue the positive trends in growth, prosperity and performance it established in the preceding six-year period; a period that has served to transform our company through a very dynamic period in our industry. As such, it gives us great pleasure to report that our company's financial position remains strong and its outlook bright.

The year saw Southern Bank continue to mark new milestones for market expansion, growth, profitability, longevity, and relationships. The core values and guiding principles upon which our company was founded continue to serve us well, enabling sustained growth in new relationships as well as expanding many client relationships.

Our company continued to invest in its infrastructure through enhancements to its branch network and operations facilities. Work was completed on a new business center in downtown Rocky Mount, which serves as the operational base for our Customer Care and Mortgage Operations Centers. Renovations were completed to the adjacent building to accommodate the relocation of our downtown branch operations from the nearby Franklin Street office. A grand opening ribbon cutting ceremony was held in September to commemorate the event.

The realignment initiative associated with our branch network continued in 2017. The year began with the relocation of our Southern Shores branch operations on the Outer Banks to a newly renovated facility in Kitty Hawk. Branch operations in our Clinton office were also relocated to a larger, more modern adjacent banking facility just across from its previous location. Additionally, Macclesfield branch operations were relocated to a newly renovated facility in nearby Pinetops and Grantham branch operations were consolidated into the Mount Olive branch network. These strategic enhancements to our branch network serve to enhance our capacity to maintain a strong, long-term presence in the rural communities of North Carolina that are such an integral part of our company's legacy and commitment to community banking.

In March 2017, an agreement was reached with the FDIC to terminate the loss share agreements that remained from the September 2011 FDIC assisted acquisition. Our company recorded a pre-tax charge of $4.1 million to 2017 earnings related to the termination of the loss share agreements. This brought closure to all activity related to the FDIC assisted acquisition, which proved to be a very favorable decision for Southern.

The economic environment across the collective market footprint further improved through 2017, with continued improvements in real estate and job markets, as well as increased activity within small business sectors. Interest rates continued a gradual increase during the year, with the Federal Reserve increasing the target rate for Federal Funds three times which subsequently led our company to incrementally increase the Prime lending rate by 25 basis points each time, for a total increase of 75 basis points during 2017.

The rising rate environment and strong loan demand combined with our balance sheet structure continue to relieve pressure on our interest rate margins. Our high level of core deposit relationships also provides a funding cost structure that compares favorably to our industry peers.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "2017 Tax Act"). The 2017 Tax Act includes a number of changes to existing U.S. tax laws that impact our company, most notably a reduction of the U.S. corporate income tax rate from 35 percent to 21 percent for tax years beginning after December 31, 2017. The Tax Act also resulted in the revaluation of our net deferred tax liabilities reducing current year income tax expense by $10.3 million. This $10.3 million reduction in income tax expense combined with net income before this adjustment of $23.6 million resulted in total net income of $33.9 million in 2017. Our performance in 2017 has resulted in an increase in book value per common share from $2,579 to $3,079 during the year.

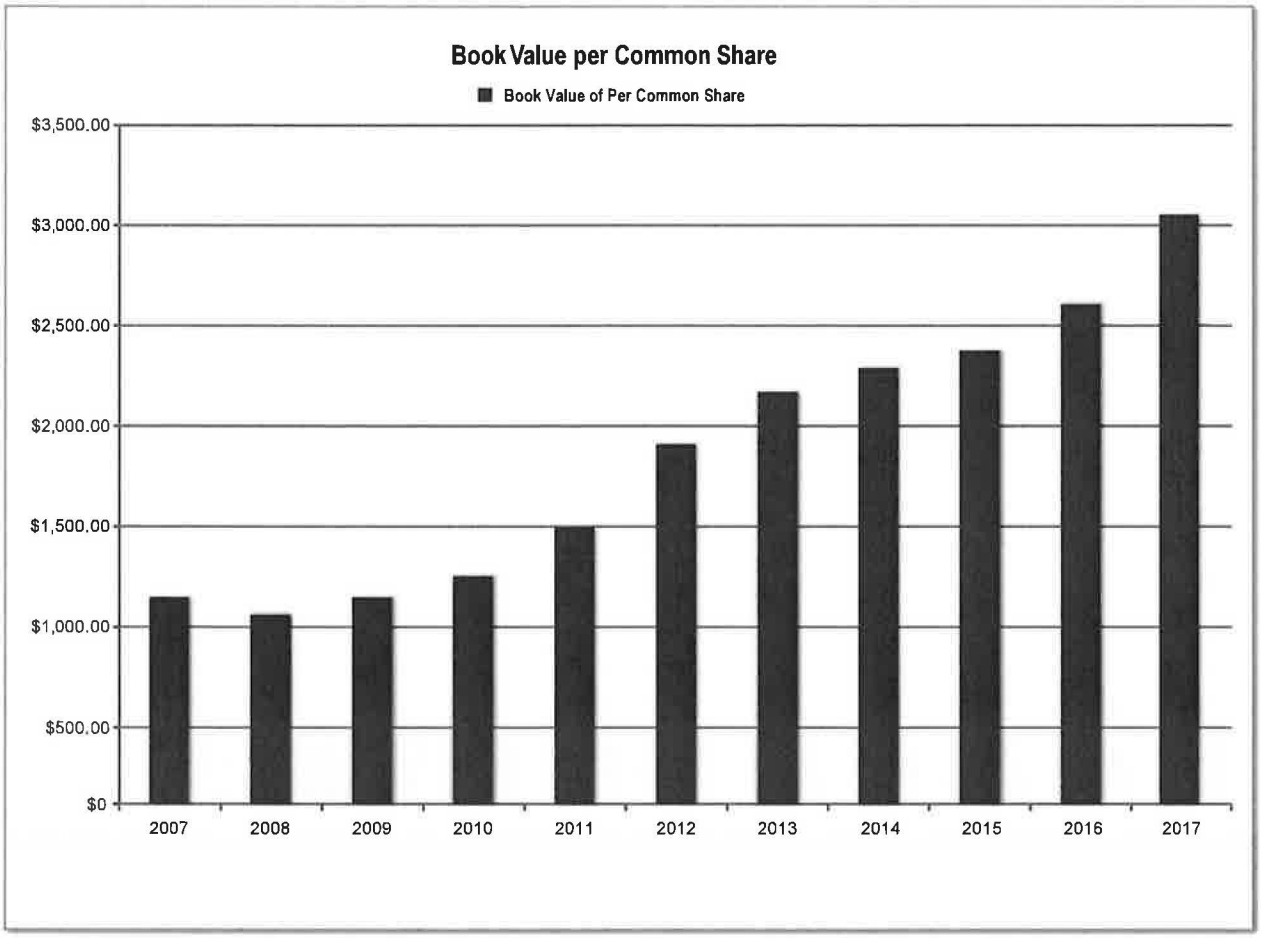
The bank experienced continued organic growth in new relationships, particularly with loans in our emerging markets in both states. Total loans and deposits of Southern Bancshares at December 31, 2017 were $1.63 billion and $2.25 billion, respectively. This represents a 9.51 percent increase in loans outstanding and a 5.91 percent increase in deposits, which is consistent with our long-term strategic plan.

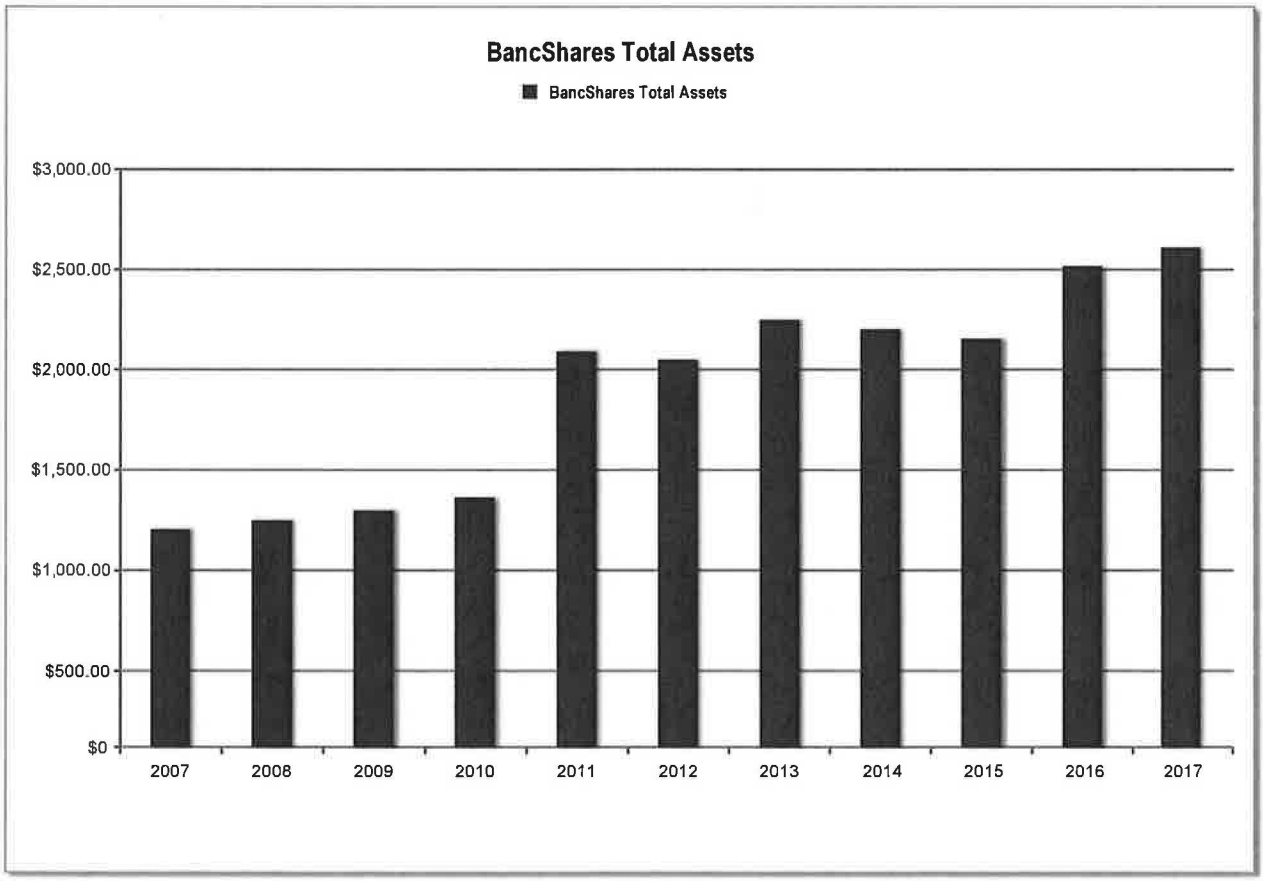
In 2018, our net income will be impacted by changes in the market value of our investments in equity securities. Currently changes in the market value of these investments, net of tax are primarily recorded directly to shareholders' equity until the investments are sold and the gain or loss is recognized through net income. Based on a change in the accounting guidance that takes effect on January 1, 2018, these changes in market value will now be recorded through current net income. Had this accounting guidance been in place for 2017, there would have been no impact on our ending shareholders' equity or book value per common share, but our company would have recorded an additional $4.1 million in net income. While there is no impact to the overall economics of our company there will be a change in how we report future shifts in the market value of these equity securities, which may cause volatility in our future reported earnings.

In closing, we would like to thank our shareholders, employees and customers for all that they do for our company. Maintaining our passion for serving our customers and communities will continue to be our guiding compass as we turn our focus to 2018 with a very optimistic look towards the future. Thank you, as always, for your loyalty and confidence in our organization.

J. Grey Morgan

J. Grey Morgan
Chairman of the Board and
Chief Executive Officer


Book Value per Common Share
Book Value of Per Common Share
$3,500.00
$3,000.00
$2,500.00
$2,000.00
$1,500.00
$1,000.00
$500.00
$0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017


BancShares Total Assets
BancShares Total Assets
$3,000.00
$2,500.00
$2,000.00
$1,500.00
$1,000.00
$500.00
$0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017

2017 Financial Report

Financial Summary and Selected Financial Data

(Dollars in Thousands, Except Per Share Data and Ratios)

	December 31,				
	2017	2016	2015	2014	2013
SUMMARY OF OPERATIONS					
Interest income	$ 98,384	$ 91,369	$ 80,068	$ 89,927	$ 94,275
Interest expense	5,756	5,147	5,605	6,519	9,791
Net interest income	92,628	86,222	74,463	83,408	84,484
Provision (recovery) for loan losses	2,323	3,770	(2,162)	5,162	(2,105)
Net interest income after provision (recovery) for loan losses	90,305	82,452	76,625	78,246	86,589
Noninterest income	18,361	12,867	6,500	2,129	1,693
Noninterest expense	73,503	74,575	70,531	70,970	70,422
Income before income taxes	35,163	20,744	12,594	9,405	17,860
Income taxes	1,273	7,385	4,738	3,124	3,255
Net income	$ 33,890	$ 13,359	$ 7,856	$ 6,281	$ 14,605
SELECTED YEAR-END BALANCES					
Total assets	$2,655,308	$2,513,372	$2,155,893	$2,226,921	$2,248,059
Loans	1,630,655	1,489,052	1,150,837	1,104,901	1,174,134
Investment securities, cash and cash equivalents	880,399	914,210	916,880	1,012,785	936,993
Interest-earning assets	2,490,135	2,385,663	2,043,040	2,087,319	2,086,134
Deposits	2,246,030	2,120,703	1,802,251	1,874,681	1,899,251
Long-term borrowings	30,836	40,836	40,836	30,836	40,836
Interest-bearing liabilities	1,638,250	1,591,276	1,420,397	1,522,420	1,589,451
Shareholders' equity	294,763	255,404	216,431	210,989	202,396
Common shares outstanding	81,223	81,704	81,788	81,788	81,788
SELECTED AVERAGE BALANCES					
Total assets	$2,572,327	$2,452,797	$2,231,202	$2,217,721	$2,185,503
Loans	1,580,978	1,400,589	1,118,638	1,145,299	1,166,463
Investment securities, cash and cash equivalents	878,662	943,087	1,015,733	939,762	857,563
Interest-earning assets	2,436,981	2,315,734	2,108,636	2,066,631	1,976,651
Deposits	2,168,826	2,066,519	1,877,939	1,874,170	1,840,557
Long-term borrowings	30,836	40,836	40,836	30,836	45,338
Interest-bearing liabilities	1,610,557	1,559,586	1,981,879	1,979,101	1,555,660
Shareholders' equity	266,781	245,467	212,991	209,735	189,899
Common shares outstanding	81,394	81,774	81,788	81,788	76,146
PROFITABILITY RATIOS (AVERAGES)					
Return on average total assets	1.32%	0.54%	0.35%	0.28%	0.67%
Return on average shareholders' equity	12.70%	5.44%	3.69%	2.99%	7.69%
Dividend payout ratio (1)	6.83%	15.67%	15.35%	19.09%	7.46%
LIQUIDITY AND CAPITAL RATIOS (AVERAGES)					
Loans to deposits	72.90%	67.78%	59.57%	61.11%	63.38%
Shareholders' equity to total assets	10.37%	10.01%	9.55%	9.46%	8.69%
PER SHARE OF COMMON STOCK					
Net income (2)	$ 389.54	$ 139.37	$ 82.92	$ 63.74	$ 179.08
Cash dividends	1.60	1.60	1.60	1.60	1.60
Book value (3)	3,079.38	2,579.37	2,344.61	2,278.07	2,172.86

(1) Total common and preferred dividends paid for the year ended December 31 divided by net income attributable to Southern BancShares (N.C.), Inc. for the year ended December 31

(2) Net income attributable to Southern BancShares (N.C.), Inc. less preferred dividends paid for the year ended December 31 divided by the average number of common shares outstanding for the year ended December 31

(3) Total shareholders' equity less Preferred B, C, D, E, and F stock components, less non-controlling interests at December 31 divided by the number of common shares outstanding at December 31

DHG
DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

To the Board of Directors and Shareholders
Southern BancShares (N.C.), Inc.
Mount Olive, North Carolina

The accompanying condensed consolidated financial statements, which comprise the condensed consolidated balance sheets as of December 31, 2017 and 2016, and the related condensed consolidated statements of income and comprehensive income for each of the years then ended are derived from the audited consolidated financial statements of Southern BancShares (N.C.), Inc. and subsidiaries as of December 31, 2017 and 2016 and for each of the years then ended. We expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 26, 2018.

The condensed consolidated financial statements do not contain the disclosures required by accounting principles generally accepted in the United States of America. Reading the condensed consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Southern BancShares (N.C.), Inc. and subsidiaries.

Management's Responsibility for the Condensed Consolidated Financial Statements
Management is responsible for the preparation of the condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility
Our responsibility is to express an opinion about whether the condensed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the condensed consolidated financial statements with the related information in the audited consolidated financial statements from which the condensed consolidated financial statements have been derived, and evaluating whether the condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Opinion
In our opinion, the condensed consolidated financial statements referred to above of Southern BancShares (N.C.), Inc. and subsidiaries as of December 31, 2017 and 2016 and for each of the years then ended are consistent, in all material respects, with the audited consolidated financial statements from which they have been derived.

Dixon Hughes Goodman LLP

Raleigh, North Carolina
March 26, 2018

2017 Financial Report

Consolidated Balance Sheets

(Dollars in Thousands Except Share and Per Share Data)

	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 19,848	$ 18,534
Interest-bearing deposits with banks	157,604	42,236
Certificates of deposit with banks	31,782	77,418
Total cash and cash equivalents	209,234	138,188
Investment securities available for sale, at fair value (amortized cost of $598,869 and $713,233, respectively)	671,165	776,022
Loans held for sale	2,162	4,579
Loans and leases:		
Acquired loans	245,340	300,313
Non-acquired loans	1,385,315	1,188,739
Less allowance for loan and lease losses		
Acquired loans	(1,661)	(1,988)
Non-acquired loans	(16,764)	(14,803)
Net loans and leases	1,612,230	1,472,261
Premises and equipment, net	59,933	58,708
Accrued interest receivable	8,591	7,916
Stock in Federal Home Loan Bank of Atlanta	2,510	2,184
Other real estate owned:		
Covered under loss share agreements	-	95
Not covered under loss share agreements	783	1,705
FDIC receivable for loss share agreements	-	2,518
Goodwill	26,649	26,649
Intangible assets	6,113	7,440
Bank owned life insurance	26,458	5,830
Other assets	29,480	9,277
Total assets	$ 2,655,308	$ 2,513,372
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 695,830	$ 628,307
Interest-bearing	1,550,200	1,492,396
Total deposits	2,246,030	2,120,703
Short-term borrowings	57,214	58,044
Long-term borrowings	30,836	40,836
FDIC true-up liability for loss share agreements	-	15,373
Other liabilities	26,465	23,012
Total liabilities	2,360,545	2,257,968
SHAREHOLDERS' EQUITY		
Preferred stock	1,828	1,840
Common stock, $5 par value; 158,485 shares authorized; 81,223 and 81,704 shares issued and outstanding at December 31, 2017 and 2016, respectively	406	409
Surplus	69,862	69,862
Retained earnings	173,821	151,923
Accumulated other comprehensive income	48,846	31,370
Total shareholders' equity	294,763	255,404
Total liabilities and shareholders' equity	$ 2,655,308	$ 2,513,372

Note: This discussion and financial information included in this summary annual report provides overview information only. For more detailed information, please refer to the company's annual report, which is being distributed to shareholders.

2017 Financial Report

Consolidated Statements of Income and Comprehensive Income

(Dollars in Thousands Except Share and Per Share Data)

	Year ended December 31,	
	2017	2016
INTEREST INCOME		
Loans and leases	$ 81,676	$ 76,533
Investment securities	14,550	13,077
Federal funds sold and deposits in other banks	2,158	1,759
Total interest income	98,384	91,369
INTEREST EXPENSE		
Deposits	2,738	2,425
Short-term borrowings	152	171
Long-term borrowings	2,866	2,551
Total interest expense	5,756	5,147
Net interest income	92,628	86,222
Provision for loan and lease losses	2,323	3,770
Net interest income after provision for loan and lease losses	90,305	82,452
NONINTEREST INCOME		
Service charges on deposit accounts	8,270	8,034
Other service charges and fees	4,711	4,378
Investment securities gains, net	3,205	2,203
Gain on sale of loans	899	739
Amortization on FDIC receivable for loss share agreements	(293)	(3,337)
Other FDIC receivable for loss share agreements expense	(4,112)	(1,089)
Gain (loss) on sale and writedowns of other real estate owned	402	(2,792)
Investment services revenue	1,575	1,272
Other	3,704	3,459
Total noninterest income	18,361	12,867
NONINTEREST EXPENSE		
Personnel	41,150	39,801
Data processing	7,278	5,984
Occupancy	6,458	6,826
Furniture and equipment	5,622	5,057
FDIC assessments	978	1,248
Professional fees	2,619	2,406
Amortization of intangibles and mortgages servicing rights	1,975	2,158
Merger related expenses	55	3,028
Other	7,368	8,067
Total noninterest expense	73,503	74,575
Income before income taxes	35,163	20,744
Income taxes	1,273	7,385
Net income	33,890	13,359
OTHER COMPREHENSIVE INCOME		
Unrealized gains on investment securities available for sale:		
Unrealized gains arising during period on investment securities available for sale	12,712	14,577
Tax effect	(4,683)	(5,373)
Reclassification adjustment from security transactions	(3,205)	(2,203)
Tax effect	1,172	1,128
Net of tax amount	5,996	8,129
Pension obligation	3,255	(1,455)
Tax effect	(1,190)	532
Reclassification adjustment for benefit plan items	1,036	1,193
Tax effect	(379)	(522)
Net of tax amount	2,722	(252)
Total other comprehensive income	8,718	7,877
Comprehensive income	$ 42,608	$ 21,236
PER SHARE INFORMATION		
Net income available to common shareholders per common share, basic and diluted	$ 389.54	$ 139.37
Cash dividends declared on common shares	1.60	1.60
Weighted average common shares outstanding	81,394	81,774

Directors and Officers

Southern BancShares (N.C.), Inc. and Southern Bank and Trust Company

General Board of Directors

J. GREY MORGAN, Chairman
Mount Olive, NC
The Bank's and our Chief Executive Officer
and Board Chairperson

JULIAN R. AYCOCK
Fremont, NC
President, Marr's, Inc., (farming operations)

WILLIAM H. BRYAN
Mount Olive, NC
Executive Chairperson, Mount Olive Pickle Company, Inc.
(manufacturer of pickle and pepper products)

HOPE H. BRYANT
Raleigh, NC
Vice Chairman, First Citizens BancShares, Inc.; Corporate
Sales Executive, First-Citizens Bank & Trust Company

JOEL K. BUTLER
Grimesland, NC
Retired; formerly President, Vidant Health Foundation;
(health care)

MICHAEL L. CHESTNUTT
Clinton, NC
Managing Partner, Black Chestnutt and Johnson, PA
(public accounting)

DREW M. COVERT
Mount Olive, NC
The Bank's and our President

OLIVIA B. HOLDING
Raleigh, NC
President and Director, Twin States Farming, Inc.;
President and Director, E&F Properties, Inc.

MICHAEL S. IVES
Virginia Beach, VA
Attorney, Wilcox & Savage, PC, (law firm)
formerly, President and Chief Executive Officer of
Heritage Bankshares and Heritage Bank, Norfolk,
Virginia

G. ROUSE IVEY
Mount Olive, NC
Self-employed farmer

M.J. McSORLEY
Rocky Mount, NC
Vice Chairperson and formerly the Bank's
and our President and Chief Executive Officer

JOHN C. PEGRAM, JR.
Chapel Hill, NC
Retired; formerly the Bank's and our Chairman and
Chief Executive Officer

THOMAS R. SALLENGER
Wilson, NC
Attorney; general partner, Sallenger & Brown, LLP
(law firm)

MALCOLM R. SULLIVAN, JR.
Goldsboro, NC
Business Consultant; formerly President, PDNC, LLC
an affiliate of Cheney Brothers, Inc.

Directors Emeriti

BYNUM R. BROWN
Murfreesboro, NC
President, Bynum R. Brown Agency, Inc.
President, Brown Manor, Inc.
Secretary-Treasurer, Roanoke Valley Nursing Home, Inc.

FRANK B. HOLDING
Smithfield, NC
Former Vice Chairman of the Board of Southern Bank
and Trust Company, Former Executive Vice Chairman of
the Board, First-Citizens Bank & Trust Company
and First Citizens BancShares, Inc.

W.A. POTTS
Mount Olive, NC
Retired Veterinarian

Executive Officers of Southern BancShares
and Southern Bank and Trust Company

J. GREY MORGAN
Chairman of the Board
and Chief Executive Officer

DREW M. COVERT
President

JERRY C. ALEXANDER
Executive Vice President

MICHAEL T. BRYANT
Executive Vice President

EDWARD I. COLTRAIN
Executive Vice President

DAN R. ELLIS, JR.
Executive Vice President and Corporate Secretary

L. TAYLOR HARRELL
Executive Vice President

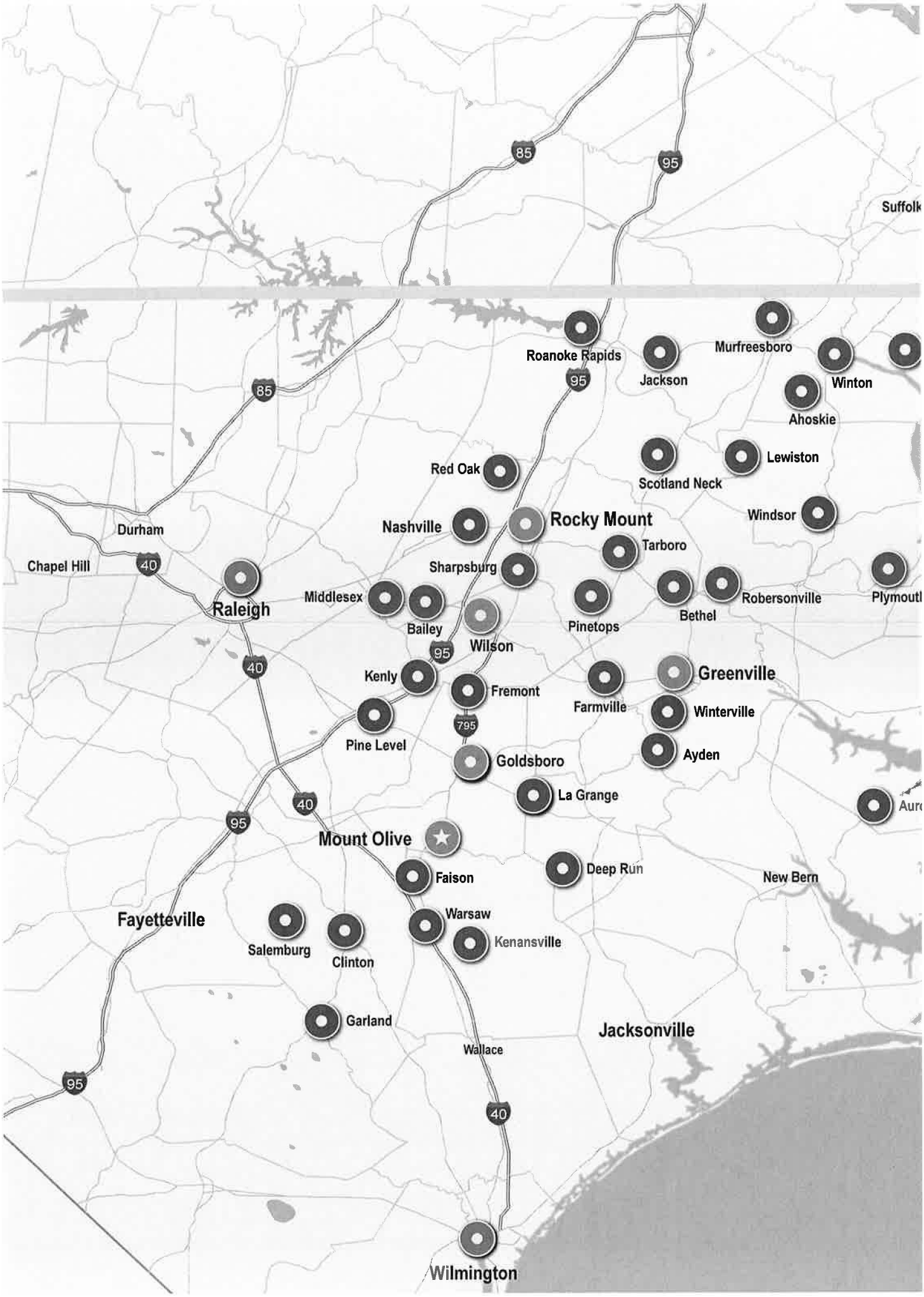
Regional Executives of Southern Bank and Trust Company

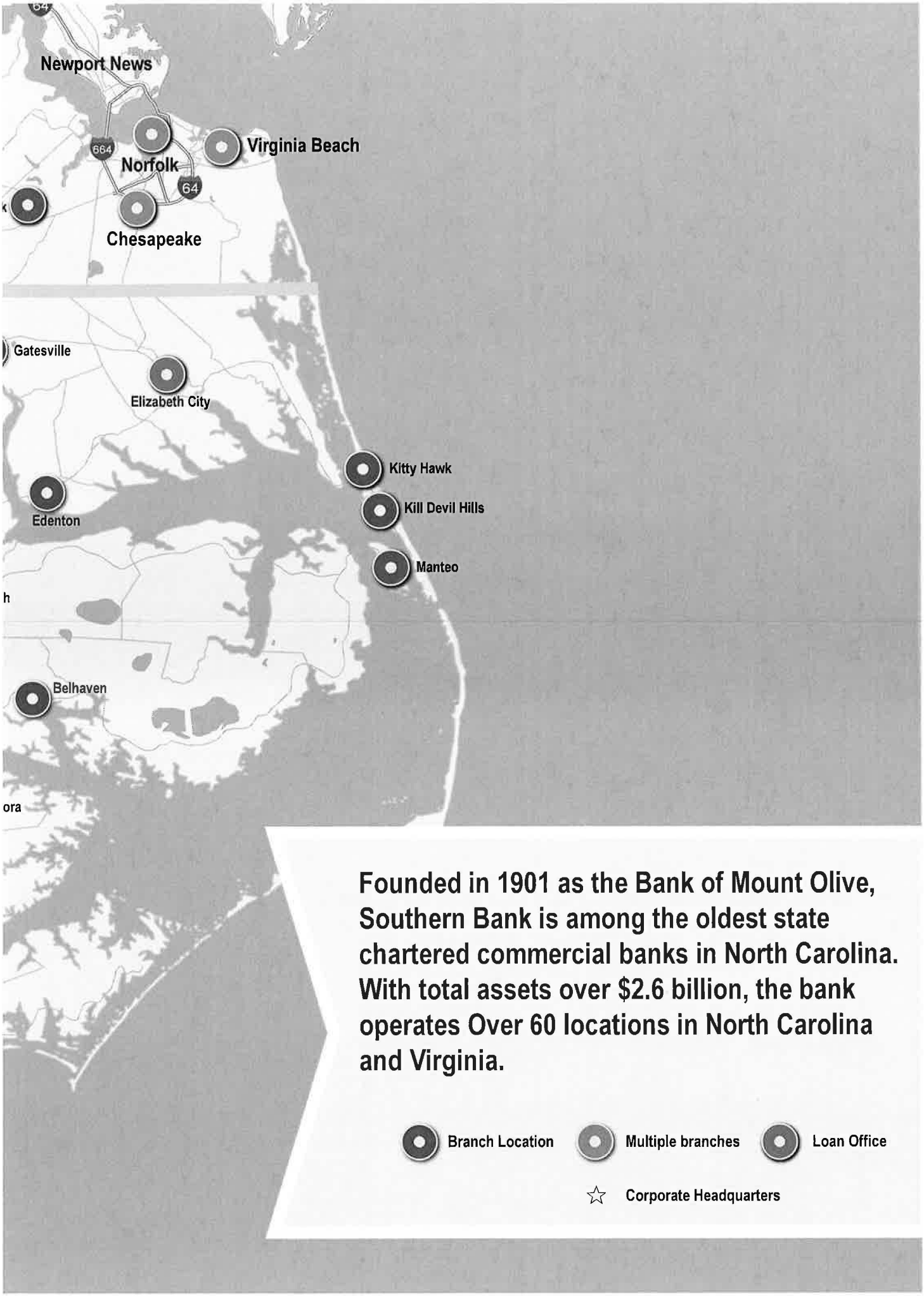
GREGORY A. SHACKELFORD
Senior Vice President
South Region

JERRY C. ALEXANDER
Executive Vice President
Northeast Region

MICHAEL T. BRYANT
Executive Vice President
West Region

L. TAYLOR HARRELL
Executive Vice President
Hampton Roads Region


85
95
Suffolk
Roanoke Rapids
Jackson
Murfreesboro
Winton
Ahoskie
Lewiston
Scotland Neck
Red Oak
Windsor
Nashville
Rocky Mount
Tarboro
Durham
Chapel Hill
40
Sharpsburg
Raleigh
Middlesex
Bailey
Wilson
Pinetops
Bethel
Robersonville
Plymouth
Kenly
Fremont
Farmville
Greenville
Winterville
Pine Level
795
Goldsboro
Ayden
La Grange
Mount Olive
Faison
Deep Run
New Bern
Fayetteville
Salemburg
Clinton
Warsaw
Kenansville
Garland
Jacksonville
Wallace
Wilmington



Founded in 1901 as the Bank of Mount Olive, Southern Bank is among the oldest state chartered commercial banks in North Carolina. With total assets over $2.6 billion, the bank operates Over 60 locations in North Carolina and Virginia.

Branch Location

Multiple branches

Loan Office

☆ Corporate Headquarters

Ahoskie
506 E. Main St.
Ahoskie, NC 27910
252.332.5149

Aurora
298 N. Fifth St.
Aurora, NC 27806
252.322.4046

Ayden
236 3rd St.
Ayden, NC 28513
252.746.6138

Bailey
6174 Main St.
Bailey, NC 27807
252.235.4071

Belhaven
148 E. Main St.
Belhaven, NC 27810
252.943.2184

Bethel
7458 Main St.
Bethel, NC 27812
252.825.0031

Chesapeake - Cedar
1217 Cedar Rd.
Chesapeake, VA 23322
757.549.8787

Chesapeake - Greenbrier
1304 Greenbrier Pkwy.
Chesapeake, VA 23320
757.436.0192

Chesapeake - Western
3343 Western Branch Blvd.
Chesapeake, VA 23321
757.638.9383

Clinton
1008 Sunset Ave.
Clinton, NC 28328
910.592.9005

Deep Run
3410 Old Hwy 11
Deep Run, NC 28525
252.568.4141

Edenton
101 W. Queen St.
Edenton, NC 27932
252.482.8466

Faison
110 S. West Center St.
Faison, NC 28341
910.267.4351

Farmville
4217 E. Church St.
Farmville, NC 27828
252.753.2161

Fremont
101 North Wilson St.
Fremont, NC 27830
919.242.6011

Garland
83 S. Bladen Ave.
Garland, NC 28441
910.529.3651

Gatesville
203 Main St.
Gatesville, NC 27983
252.357.0190

Goldsboro - Ash
2501 E. Ash St.
Goldsboro, NC 27534
919.734.2909

Goldsboro - Wayne
2301 Wayne Memorial Dr.
Goldsboro, NC 27534
919.735.1207

Greenville - Charles
2310 S. Charles Blvd.
Greenville, NC 27858
252.353.8600

Greenville - Medical Park
2275 Stantonsburg Rd.
Greenville, NC 27834
252.551.3033

Jackson
208 West Jefferson St.
Jackson, NC 27845
252.534.1156

Kenansville
416 S. Main St.
Kenansville, NC 28349
910.296.0210

Kenly
101 West Second St.
Kenly, NC 27542
919.284.7000

Kill Devil Hills
202 S. Croatan Hwy.
Kill Devil Hills, NC 27948
252.449.4499

Kitty Hawk
4804 N Croatan Hwy
Kitty Hawk, NC 27949
252.261.1326

La Grange
208 S. Caswell St.
La Grange, NC 28551
252.566.4020

Lewiston
127 Main St.
Lewiston-Woodville, NC 27849
252.348.2561

Manteo
704 S. Hwy. 64\264
Manteo, NC 27954
252.475.3688

Middlesex
11438 East Finch Ave.
Middlesex, NC 27557
252.235.3144

Mount Olive - Breazeale
800 N. Breazeale Ave.
Mount Olive, NC 28365
919.658.7100

Mount Olive - Center
100 N. Center St.
Mount Olive, NC 28365
919.658.7000

Murfreesboro
336 E. Main St.
Murfreesboro, NC 27855
252.398.4174

Nashville
209 S. Barnes St.
Nashville, NC 27856
252.459.2117

Norfolk - Boush
403 Boush St.
Norfolk, VA 23510
757.446.6920

Norfolk - Colley
4815 Colley Ave.
Norfolk, VA 23508
757.648.1650

Pine Level
109 Peedin Ave.
Pine Level, NC 27568
919.965.5721

Pinetops
102 E. Hamlet St.
Pinetops, NC 27864
252.827.2111

Plymouth
612 Washington St.
Plymouth, NC 27962
252.793.1115

Red Oak
8315 Red Oak Blvd.
Red Oak, NC 27868
252.443.2138

Roanoke Rapids
1580 E. 10th St.
Roanoke Rapids, NC 27870
252.535.3043

Robersonville
111 N. Main St.
Robersonville, NC 27871
252.795.3041

Rocky Mount - Benvenue
1405 Benvenue Rd.
Rocky Mount, NC 27804
252.407.7777

Rocky Mount - Main
230 Sunset Ave.
Rocky Mount, NC 27804
252.977.2825

Rocky Mount - Oakwood
107 S. Fairview Rd.
Rocky Mount, NC 27801
252.443.1237

Rocky Mount - Westridge
3690 Sunset Ave.
Rocky Mount, NC 27804
252.443.7800

Salemburg
102 North Main St.
Salemburg, NC 28385
910.525.4149

Scotland Neck
810 S. Main St.
Scotland Neck, NC 27874
252.826.3181

Sharpsburg
3938 S.Hathaway Blvd.
Sharpsburg, NC 27878
252.977.9855

Suffolk
221 Western Ave.
Suffolk, VA 23434
757.923.4868

Tarboro
422 Main St.
Tarboro, NC 27886
252.823.2184

Virginia Beach - Boulevard
3720 Virginia Beach Blvd.
Virginia Beach, VA 23452
757.446.6970

Virginia Beach - Kempsville
1870 Kempsville Rd.
Virginia Beach, VA 23464
757.446.6950

Virginia Beach - Laskin Road
1756 Laskin Rd.
Virginia Beach, VA 23454
757.648.1670

Virginia Beach - Lynnhaven
601 Lynnhaven Pkwy
Virginia Beach, VA 23452
757.648.1690

Warsaw
114 N. Pine St.
Warsaw, NC 28398
910.293.7176

Wilson - Forest Hills
1701 Forest Hills Road West
Wilson, NC 27893
252.206.5510

Wilson - Nash
2300 Nash Street North
Wilson, NC 27896
252.206.5500

Windsor
101 N. King St.
Windsor, NC 27983
252.794.3011

Winterville
4259 Winterville Pkwy
Winterville, NC 28590
252.355.6189

Winton
301 N. Main Street
Winton, NC 27986
252.358.3111

Commercial Credit Offices

Elizabeth City
101 E. Ehringhaus St.
Elizabeth City, NC 27906
252.334.1619

Raleigh
3101 N. Glenwood Ave., Suite 203
Raleigh, NC 27612
919.788.1596

Wilmington
6752 Rockspring Rd, Suite 100
Wilmington, NC 28405
910.256.3657

Since 1901
SouthernBank

Our interest is *You.*

AHOSKIE, AURORA, AYDEN,
BAILEY, BELHAVEN, BETHEL,
CHESAPEAKE, CLINTON,
DEEP RUN, EDENTON, FAISON,
FARMVILLE, FREMONT, GARLAND,
GATESVILLE, GOLDSBORO,
GREENVILLE, JACKSON,
KENANSVILLE, KENLY,
KILL DEVIL HILLS, KITTY HAWK,
LA GRANGE, LEWISTON, MANTEO,
MIDDLESEX, MOUNT OLIVE,
MURFREESBORO, NASHVILLE,
NORFOLK, PINE LEVEL, PINETOPS,
PLYMOUTH, RED OAK,
ROANOKE RAPIDS,
ROBERSONVILLE, ROCKY MOUNT,
SALEMBURG, SCOTLAND
NECK, SHARPSBURG, SUFFOLK,
TARBORO, VIRGINIA BEACH,
WARSAW, WILSON, WINDSOR,
WINTERVILLE, WINTON

Southern BancShares (N.C.),
Inc.
Post Office Box 729
Mount Olive, NC 28365-0729

Shareholders Contact Center:
800.821.0655 ext. 7074

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