

# **THE SOUTH** **FINANCIAL** | **GROUP**

## **Quarterly Financial Data Supplement (Unaudited)** **Third Quarter 2007**

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See disclosure of explanation of TSFG's use of certain Non-GAAP financial measures in the earnings release.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**THIRD QUARTER 2007 FINANCIAL SUMMARY**

**Quarterly EPS**

- Net income of \$25.8 million, or \$0.35 per diluted share
- Operating earnings of \$26.5 million, or \$0.36 per diluted share
- Average diluted shares down 791,339 shares or 1.1% versus the prior quarter

**Revenue**

- Total revenue, defined as net interest income plus noninterest income, of \$127.5 million
  - Non-operating items: \$287,000 net gain on securities
- Operating revenues of \$128.8 million, essentially unchanged versus the prior quarter
- Tax-equivalent net interest income of \$98.3 million, up \$236,000 or 1.0% linked-quarter annualized
  - Net interest margin of 3.12%, stable with the prior quarter
  - Average earning assets of \$12.5 billion, down 1.6% linked-quarter annualized
- Operating noninterest income of \$30.5 million, down \$259,000 or 3.3% linked-quarter annualized
  - Lower mortgage banking income as loan origination volumes slowed

**Average Balance Sheet Growth**

- Average loans, up 3.2% linked-quarter annualized
- Average securities, down \$133.5 million since prior quarter; down \$520.8 million since September 30, 2006
- Average customer funding, defined as total deposits less brokered deposits plus customer sweeps, down 4.2% linked-quarter annualized
- Average wholesale borrowings, including brokered deposits and excluding customer sweeps, up 3.5% linked-quarter annualized

**Noninterest Expenses and Operating Efficiency**

- Noninterest expenses of \$79.6 million
  - Non-operating items: \$1.3 million loss on early extinguishment of debt
- Operating noninterest expenses of \$78.3 million, down \$1.9 million or 2.4% versus the prior quarter
  - Decrease of \$2.5 million or 3.1% from prior year
- Cash operating efficiency ratio of 59.3%, an improvement from 60.6% for the prior quarter

**Credit Quality**

- Provision for credit losses of \$10.5 million
- Net loan charge-offs of \$16.8 million, or 0.66% annualized as a % of average loans held for investment
  - Includes \$7.7 million related to the NC development loans
  - Excluding the NC development loans, net loan charge-offs of 0.36%
- Nonperforming assets of \$58.9 million or 0.58% of loans held for investment and foreclosed property
  - Includes \$9.4 million related to the NC loans
  - Excluding the NC development loans, nonperforming asset ratio of 0.49%
- Allowance for credit losses of \$120.4 million or 1.18% of loans held for investment

**Capital**

- Tangible equity to tangible asset ratio of 6.47%, up from 6.22% at June 30, 2007
- Tangible equity per share of \$11.90, up from \$11.35 at June 30, 2007
- Repurchased 850,000 shares 3Q07 and 3.0 million shares for 2007 YTD
- Called approximately \$70 million of trust preferred securities; approximately \$100 million YTD
- Issued approximately \$50 million of trust preferred securities; approximately \$125 million YTD
- After-tax unrealized loss on available for sale securities decreased \$20.8 million
- Tier 1 capital ratio of 9.89%, down from 10.12% at June 30, 2007

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(dollars in thousands, except share data) (unaudited)

|   | Three Months Ended |                  |                  |                  |                  |
|---|--------------------|------------------|------------------|------------------|------------------|
|   | <u>9/30/07</u>     | <u>6/30/07</u>   | <u>3/31/07</u>   | <u>12/31/06</u>  | <u>9/30/06</u>   |
| <b>Interest Income</b>                                |                    |                  |                  |                  |                  |
| Interest and fees on loans                            | \$ 195,393         | \$ 191,961       | \$ 186,628       | \$ 187,385       | \$ 184,476       |
| Interest and dividends on securities:                 |                    |                  |                  |                  |                  |
| Taxable   | 25,390             | 26,879           | 28,825           | 29,876           | 30,779           |
| Exempt from federal income taxes                      | <u>2,856</u>       | <u>2,888</u>     | <u>3,048</u>     | <u>3,125</u>     | <u>3,140</u>     |
| Total interest and dividends on securities            | 28,246             | 29,767           | 31,873           | 33,001           | 33,919           |
| Interest on short-term investments                    | <u>100</u>         | <u>97</u>        | <u>141</u>       | <u>144</u>       | <u>196</u>       |
| Total interest income                                 | <u>223,739</u>     | <u>221,825</u>   | <u>218,642</u>   | <u>220,530</u>   | <u>218,591</u>   |
| <b>Interest Expense</b>                               |                    |                  |                  |                  |                  |
| Interest on deposits                                  | 94,497             | 92,066           | 88,479           | 82,716           | 77,393           |
| Interest on borrowed funds                            | <u>32,468</u>      | <u>33,238</u>    | <u>35,625</u>    | <u>41,160</u>    | <u>42,515</u>    |
| Total interest expense                                | <u>126,965</u>     | <u>125,304</u>   | <u>124,104</u>   | <u>123,876</u>   | <u>119,908</u>   |
| <b>Net Interest Income</b>                            | 96,774             | 96,521           | 94,538           | 96,654           | 98,683           |
| <b>Provision for Credit Losses</b>                    | <u>10,504</u>      | <u>17,125</u>    | <u>9,013</u>     | <u>8,838</u>     | <u>6,553</u>     |
| Net interest income after provision for credit losses | 86,270             | 79,396           | 85,525           | 87,816           | 92,130           |
| <b>Noninterest Income</b>                             | 30,773             | 28,508           | 27,824           | 30,257           | 35,082           |
| <b>Noninterest Expenses</b>                           | <u>79,595</u>      | <u>80,976</u>    | <u>82,331</u>    | <u>91,022</u>    | <u>80,798</u>    |
| Income before income taxes                            | 37,448             | 26,928           | 31,018           | 27,051           | 46,414           |
| Income tax expense                                    | <u>11,609</u>      | <u>8,998</u>     | <u>10,500</u>    | <u>3,500</u>     | <u>14,249</u>    |
| <b>Net Income</b>                                     | <u>\$ 25,839</u>   | <u>\$ 17,930</u> | <u>\$ 20,518</u> | <u>\$ 23,551</u> | <u>\$ 32,165</u> |
| <br>  |                    |                  |                  |                  |                  |
| <b>Average common shares outstanding, basic</b>       | 73,146,211         | 74,050,115       | 74,736,832       | 75,161,032       | 75,003,605       |
| <b>Average common shares outstanding, diluted</b>     | 73,605,752         | 74,397,091       | 75,244,968       | 75,701,120       | 75,590,748       |
| <b>Net income per common share, basic</b>             | \$ 0.35            | \$ 0.24          | \$ 0.27          | \$ 0.31          | \$ 0.43          |
| <b>Net income per common share, diluted</b>           | 0.35               | 0.24             | 0.27             | 0.31             | 0.43             |
| <b>Cash dividends declared per common share</b>       | 0.18               | 0.18             | 0.18             | 0.18             | 0.17             |

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**DETAILS FOR NONINTEREST INCOME AND NONINTEREST EXPENSES**  
(dollars in thousands) (unaudited)

|   | Three Months Ended |                  |                  |                  |                  |
|---|--------------------|------------------|------------------|------------------|------------------|
|   | <u>9/30/07</u>     | <u>6/30/07</u>   | <u>3/31/07</u>   | <u>12/31/06</u>  | <u>9/30/06</u>   |
| <b>Noninterest Income</b>   |                    |                  |                  |                  |                  |
| Service charges on deposit accounts   | \$ 11,213          | \$ 11,223        | \$ 10,613        | \$ 10,704        | \$ 11,457        |
| Debit card income   | 2,445              | 2,403            | 2,177            | 2,198            | 2,055            |
| Customer service fee income   | 1,533              | 1,402            | 1,291            | 1,267            | 1,117            |
| Total customer fee income   | <u>15,191</u>      | <u>15,028</u>    | <u>14,081</u>    | <u>14,169</u>    | <u>14,629</u>    |
| Retail investment services  | 2,313              | 2,282            | 1,958            | 1,671            | 1,689            |
| Insurance income  | 2,839              | 2,987            | 3,297            | 3,411            | 2,831            |
| Trust and investment management income  | 1,642              | 1,734            | 1,594            | 1,506            | 1,483            |
| Benefits administration fees  | 889                | 749              | 742              | 722              | 795              |
| Total wealth management income  | <u>7,683</u>       | <u>7,752</u>     | <u>7,591</u>     | <u>7,310</u>     | <u>6,798</u>     |
| Mortgage banking income   | 834                | 1,877            | 2,069            | 2,224            | 1,969            |
| Bank-owned life insurance   | 2,974              | 4,454            | 2,851            | 2,932            | 2,916            |
| Merchant processing income, net   | 928                | 771              | 735              | 527              | 619              |
| Gain (loss) on certain derivative activities  | 198                | (1,497)          | 97               | 596              | 3,924            |
| Loss on indirect auto loans   | -                  | -                | -                | -                | (667)            |
| Other   | 2,678              | 2,360            | 1,785            | 2,738            | 2,396            |
| Operating noninterest income (noninterest income,<br>excluding non-operating items)     | <u>30,486</u>      | <u>30,745</u>    | <u>29,209</u>    | <u>30,496</u>    | <u>32,584</u>    |
| Gain (loss) on securities   | 287                | (2,237)          | (1,385)          | (239)            | -                |
| Gain on disposition of assets and liabilities   | -                  | -                | -                | -                | 2,498            |
| Non-operating noninterest income (loss)   | <u>287</u>         | <u>(2,237)</u>   | <u>(1,385)</u>   | <u>(239)</u>     | <u>2,498</u>     |
| Total noninterest income  | <u>\$ 30,773</u>   | <u>\$ 28,508</u> | <u>\$ 27,824</u> | <u>\$ 30,257</u> | <u>\$ 35,082</u> |
| <b>Noninterest Expenses</b>   |                    |                  |                  |                  |                  |
| Salaries and wages  | \$ 34,535          | \$ 34,258        | \$ 35,072        | \$ 35,188        | \$ 34,494        |
| Employee benefits   | 8,862              | 9,245            | 9,759            | 8,927            | 9,080            |
| Occupancy   | 8,723              | 8,545            | 8,608            | 8,856            | 7,949            |
| Furniture and equipment   | 6,543              | 6,486            | 6,462            | 6,579            | 6,217            |
| Professional services   | 4,278              | 4,914            | 4,103            | 5,637            | 4,549            |
| Advertising and business development  | 1,443              | 1,973            | 1,931            | 2,937            | 2,264            |
| Telecommunications  | 1,404              | 1,418            | 1,393            | 1,384            | 1,407            |
| Amortization of intangibles   | 1,907              | 2,136            | 2,001            | 2,156            | 2,204            |
| Other   | 10,601             | 11,224           | 11,242           | 13,547           | 12,634           |
| Operating noninterest expenses (noninterest expenses,<br>excluding non-operating items) | <u>78,296</u>      | <u>80,199</u>    | <u>80,571</u>    | <u>85,211</u>    | <u>80,798</u>    |
| Employment contract buyouts and severance   | -                  | 546              | 1,760            | 4,990            | -                |
| Loss on early extinguishment of debt  | 1,299              | 231              | -                | 821              | -                |
| Non-operating noninterest expenses  | <u>1,299</u>       | <u>777</u>       | <u>1,760</u>     | <u>5,811</u>     | <u>-</u>         |
| Total noninterest expenses  | <u>\$ 79,595</u>   | <u>\$ 80,976</u> | <u>\$ 82,331</u> | <u>\$ 91,022</u> | <u>\$ 80,798</u> |

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in thousands) (unaudited)

|  | <u>9/30/07</u>       | <u>6/30/07</u>       | <u>3/31/07</u>       | <u>12/31/06</u>      | <u>9/30/06</u>       |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |                      |                      |                      |
| Cash and due from banks                                    | \$ 221,529           | \$ 267,005           | \$ 257,884           | \$ 326,567           | \$ 295,534           |
| Interest-bearing bank balances                             | 520                  | 263                  | 7,012                | 31,264               | 5,224                |
| Federal funds sold and securities<br>purchased to resell   | -                    | -                    | 50,000               | -                    | 7,500                |
| Securities   |                      |                      |                      |                      |                      |
| Available for sale   | 2,323,241            | 2,433,341            | 2,546,047            | 2,743,456            | 2,820,383            |
| Held to maturity   | 41,174               | 41,892               | 46,217               | 52,308               | 52,790               |
| Total securities   | <u>2,364,415</u>     | <u>2,475,233</u>     | <u>2,592,264</u>     | <u>2,795,764</u>     | <u>2,873,173</u>     |
| Loans held for sale  | 19,572               | 35,718               | 33,519               | 28,556               | 36,155               |
| Loans held for investment                                  | 10,173,237           | 10,029,228           | 9,898,134            | 9,701,867            | 9,513,833            |
| Less: Allowance for loan losses                            | <u>(118,861)</u>     | <u>(125,545)</u>     | <u>(113,736)</u>     | <u>(111,663)</u>     | <u>(109,401)</u>     |
| Net loans held for investment                              | <u>10,054,376</u>    | <u>9,903,683</u>     | <u>9,784,398</u>     | <u>9,590,204</u>     | <u>9,404,432</u>     |
| Premises and equipment, net                                | 226,784              | 224,951              | 223,738              | 219,163              | 213,820              |
| Accrued interest receivable                                | 73,383               | 75,851               | 72,801               | 77,523               | 72,459               |
| Goodwill   | 650,637              | 650,544              | 650,536              | 650,492              | 650,171              |
| Other intangible assets, net                               | 29,032               | 30,939               | 33,075               | 35,076               | 37,232               |
| Other assets   | 459,973              | 475,488              | 452,920              | 455,907              | 452,002              |
|  | <u>\$ 14,100,221</u> | <u>\$ 14,139,675</u> | <u>\$ 14,158,147</u> | <u>\$ 14,210,516</u> | <u>\$ 14,047,702</u> |
| <b>Liabilities and Shareholders' Equity</b>                |                      |                      |                      |                      |                      |
| <b>Liabilities</b>   |                      |                      |                      |                      |                      |
| Deposits   |                      |                      |                      |                      |                      |
| Noninterest-bearing  | \$ 1,164,312         | \$ 1,244,834         | \$ 1,286,800         | \$ 1,280,908         | \$ 1,261,421         |
| Interest-bearing   | 8,337,357            | 8,840,972            | 8,664,408            | 8,235,832            | 7,920,531            |
| Total deposits   | 9,501,669            | 10,085,806           | 9,951,208            | 9,516,740            | 9,181,952            |
| Federal funds purchased and repurchase<br>agreements       | 1,194,293            | 1,210,921            | 1,496,168            | 1,421,099            | 1,614,664            |
| Other short-term borrowings                                | 876,288              | 221,729              | 111,365              | 347,620              | 220,366              |
| Long-term debt   | 732,203              | 857,248              | 809,290              | 1,130,475            | 1,261,306            |
| Accrued interest payable                                   | 73,418               | 77,751               | 77,380               | 68,940               | 60,075               |
| Other liabilities  | 174,098              | 168,033              | 151,126              | 163,610              | 162,519              |
| Total liabilities  | <u>12,551,969</u>    | <u>12,621,488</u>    | <u>12,596,537</u>    | <u>12,648,484</u>    | <u>12,500,882</u>    |
| <b>Shareholders' equity</b>                                |                      |                      |                      |                      |                      |
| Preferred stock  | -                    | -                    | -                    | -                    | -                    |
| Common stock   | 72,971               | 73,699               | 74,673               | 75,341               | 75,192               |
| Surplus  | 1,116,361            | 1,129,499            | 1,150,288            | 1,167,685            | 1,162,889            |
| Retained earnings  | 391,019              | 378,399              | 373,788              | 367,261              | 357,371              |
| Guarantee of employee stock ownership plan debt            | -                    | (39)                 | (95)                 | (151)                | (210)                |
| Accumulated other comprehensive loss, net of<br>income tax | <u>(32,099)</u>      | <u>(63,371)</u>      | <u>(37,044)</u>      | <u>(48,104)</u>      | <u>(48,422)</u>      |
| Total shareholders' equity                                 | <u>1,548,252</u>     | <u>1,518,187</u>     | <u>1,561,610</u>     | <u>1,562,032</u>     | <u>1,546,820</u>     |
|  | <u>\$ 14,100,221</u> | <u>\$ 14,139,675</u> | <u>\$ 14,158,147</u> | <u>\$ 14,210,516</u> | <u>\$ 14,047,702</u> |

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**INVESTMENT SECURITIES PORTFOLIO ANALYSIS**  
(dollars in thousands) (unaudited)

|  | <u>9/30/07</u>      | <u>6/30/07</u>      | <u>3/31/07</u>      | <u>12/31/06</u>     | <u>9/30/06</u>      |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Investment Securities Portfolio</b>           |                     |                     |                     |                     |                     |
| Available for sale (at fair value):              |                     |                     |                     |                     |                     |
| U.S. Treasury                                    | \$ 168,614          | \$ 167,195          | \$ 167,295          | \$ 166,719          | \$ 174,739          |
| U.S. Government agencies                         | 659,681             | 650,581             | 657,708             | 653,034             | 655,447             |
| Mortgage-backed securities                       | 1,119,547           | 1,158,498           | 1,246,384           | 1,400,288           | 1,459,220           |
| State and municipal                              | 303,388             | 308,070             | 315,372             | 341,488             | 345,077             |
| Other investments <sup>(1)</sup>                 | <u>72,011</u>       | <u>148,997</u>      | <u>159,288</u>      | <u>181,927</u>      | <u>185,900</u>      |
| Total available for sale securities              | <u>2,323,241</u>    | <u>2,433,341</u>    | <u>2,546,047</u>    | <u>2,743,456</u>    | <u>2,820,383</u>    |
| Held to maturity (at amortized cost)             | 41,174              | 41,892              | 46,217              | 52,308              | 52,790              |
| Total securities                                 | <u>\$ 2,364,415</u> | <u>\$ 2,475,233</u> | <u>\$ 2,592,264</u> | <u>\$ 2,795,764</u> | <u>\$ 2,873,173</u> |
| Total securities as a percentage of total assets | <u>16.8</u> %       | <u>17.5</u> %       | <u>18.3</u> %       | <u>19.7</u> %       | <u>20.5</u> %       |

| <b>September 30, 2007</b>                |                           |                                |                 |                       |
|--|---------------------------|--------------------------------|-----------------|-----------------------|
|  | <b>Amortized<br/>Cost</b> | <b>Percentage<br/>of Total</b> | <b>Duration</b> | <b>Book<br/>Yield</b> |
| <b>Debt Securities</b>                   |                           |                                |                 |                       |
| U.S. Treasury                            | \$ 169,095                | 7.2 %                          | 0.9             | 4.07 %                |
| U.S. Government agencies                 | 663,879                   | 28.5                           | 2.0             | 5.42                  |
| Mortgage-backed securities:              |                           |                                |                 |                       |
| Collateralized mortgage obligations      | 847,524                   | 36.3                           | 5.6             | 4.55                  |
| Adjustable rate mortgages                | 213,752                   | 9.2                            | 2.3             | 4.85                  |
| Pass-through                             | 112,134                   | 4.8                            | 3.5             | 4.79                  |
| State and municipal                      | 306,420                   | 13.1                           | 3.2             | 4.86                  |
| Corporate bonds                          | 20,789                    | 0.9                            | 4.0             | 5.74                  |
| Total available for sale debt securities | <u>\$ 2,333,593</u>       | <u>100.0</u> %                 | <u>3.5</u>      | <u>4.85</u> %         |
| Fixed interest rate:                     |                           |                                |                 |                       |
| Mortgage-backed securities               | \$ 958,067                | 41.1 %                         | 5.3             | 4.58 %                |
| Other                                    | 1,135,237                 | 48.6                           | 2.2             | 5.04                  |
| Variable interest rate:                  |                           |                                |                 |                       |
| Mortgage-backed securities               | 215,343                   | 9.2                            | 2.3             | 4.85                  |
| Other                                    | 24,946                    | 1.1                            | 1.4             | 6.71                  |
| Total available for sale debt securities | <u>\$ 2,333,593</u>       | <u>100.0</u> %                 | <u>3.5</u>      | <u>4.85</u> %         |

**Projected Cash Flows for Debt Securities**

| <u>Year</u>       | <u>Roll-Off<br/>Yield</u> | <u>Projected Annual Cash Flows by Interest Rate Scenario</u> |                 |                   |
|-------------------|---------------------------|--|-----------------|-------------------|
|                   |                           | <u>Current</u>   | <u>Up 1.00%</u> | <u>Down 1.00%</u> |
| Remainder of 2007 | 4.02 %                    | \$ 167,883   | \$ 161,477      | \$ 641,522        |
| 2008              | 4.27                      | 273,365  | 176,910         | 609,722           |

**Projected Interest Rate Shock for Debt Securities**

| <u>Interest<br/>Rate<br/>Scenario</u> | <u>Estimated<br/>Impact on<br/>Fair<br/>Value</u> | <u>Duration</u> |
|---------------------------------------|---|-----------------|
| Up 2.00%                              | (8.2) %   | 4.9             |
| Up 1.00%                              | (3.9)   | 4.5             |
| Flat                                  | -   | 3.5             |
| Down 1.00%                            | 2.8   | 2.2             |
| Down 2.00%                            | 4.5   | 1.0             |

The estimated decrease in fair value for a five year U.S. Treasury Note when interest rates increase 100 basis points is 4.31%.

<sup>(1)</sup> Other investments in available for sale securities includes corporate bonds, FHLB stock, community bank stocks, and other equity securities.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**LOAN PORTFOLIO COMPOSITION BASED ON LOAN PURPOSE AND LOAN GROWTH**  
(dollars in thousands) (unaudited)

|   | <u>9/30/07</u>       | <u>6/30/07</u>       | <u>3/31/07</u>      | <u>12/31/06</u>     | <u>9/30/06</u>      |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>Commercial Loans</b>   |                      |                      |                     |                     |                     |
| Commercial and industrial   | \$ 2,693,973         | \$ 2,569,628         | \$ 2,596,705        | \$ 2,491,210        | \$ 2,378,533        |
| Owner - occupied real estate  | 1,042,131            | 961,806              | 883,738             | 830,179             | 859,306             |
| Commercial real estate  | <u>4,178,653</u>     | <u>4,258,837</u>     | <u>4,209,149</u>    | <u>4,171,631</u>    | <u>4,060,602</u>    |
|   | <u>7,914,757</u>     | <u>7,790,271</u>     | <u>7,689,592</u>    | <u>7,493,020</u>    | <u>7,298,441</u>    |
| <b>Consumer Loans</b>   |                      |                      |                     |                     |                     |
| Indirect - sales finance  | 707,819              | 684,053              | 666,801             | 660,401             | 651,419             |
| Direct retail <sup>(3)</sup>  | 432,260              | 447,307              | 451,480             | 455,506             | 447,381             |
| Home equity <sup>(3)</sup>  | <u>532,640</u>       | <u>530,620</u>       | <u>514,963</u>      | <u>512,881</u>      | <u>522,279</u>      |
|   | <u>1,672,719</u>     | <u>1,661,980</u>     | <u>1,633,244</u>    | <u>1,628,788</u>    | <u>1,621,079</u>    |
| <b>Mortgage Loans</b>   |                      |                      |                     |                     |                     |
|   | <u>585,761</u>       | <u>576,977</u>       | <u>575,298</u>      | <u>580,059</u>      | <u>594,313</u>      |
| Total loans held for investment   | <u>\$ 10,173,237</u> | <u>\$ 10,029,228</u> | <u>\$ 9,898,134</u> | <u>\$ 9,701,867</u> | <u>\$ 9,513,833</u> |
| <b>Percentage of Loans Held for Investment</b>  |                      |                      |                     |                     |                     |
| Commercial and industrial   | 26.5 %               | 25.6 %               | 26.2 %              | 25.7 %              | 25.0 %              |
| Owner - occupied real estate  | 10.2                 | 9.6                  | 8.9                 | 8.6                 | 9.0                 |
| Commercial real estate  | 41.1                 | 42.5                 | 42.5                | 43.0                | 42.7                |
| Consumer  | 16.4                 | 16.6                 | 16.5                | 16.7                | 17.0                |
| Mortgage  | <u>5.8</u>           | <u>5.7</u>           | <u>5.9</u>          | <u>6.0</u>          | <u>6.3</u>          |
| Total   | <u>100.0 %</u>       | <u>100.0 %</u>       | <u>100.0 %</u>      | <u>100.0 %</u>      | <u>100.0 %</u>      |
| <b>For The Period Ended</b>   |                      |                      |                     |                     |                     |
|   | <u>9/30/07</u>       | <u>6/30/07</u>       | <u>3/31/07</u>      | <u>12/31/06</u>     | <u>9/30/06</u>      |
| Non organic change in loans held for investment related to:   |                      |                      |                     |                     |                     |
| Origination and transfer of indirect auto loans originally held for sale to held for investment                 | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ 51,019           |
| Other acquisitions (dispositions) <sup>(1)</sup>  | -                    | -                    | -                   | -                   | (2,629)             |
| <b>Growth in Loans Held for Investment <sup>(2)</sup></b>   |                      |                      |                     |                     |                     |
| Growth vs. prior quarter, annualized  | 5.7 %                | 5.3 %                | 8.2 %               | 7.8 %               | 3.1 %               |
| Growth year-to-date, annualized   | 6.5                  | 6.8                  | 8.2                 | 2.8                 | 1.1                 |
| <b>Growth in Loans Held for Investment, Excluding Changes from Acquisitions and Dispositions <sup>(2)</sup></b> |                      |                      |                     |                     |                     |
| Organic growth vs. prior quarter, annualized  | 5.7 %                | 5.3 %                | 8.2 %               | 7.8 %               | 1.1 %               |
| Organic growth year-to-date, annualized   | 6.5                  | 6.8                  | 8.2                 | 6.6                 | 6.2                 |

<sup>(1)</sup> Other acquisitions (dispositions) during the three months ended September 30, 2006 related to the sale of the Mullins branch.

<sup>(2)</sup> At June 30, 2006 and December 31, 2005, loans held for investment totaled \$9,439,445 and \$9,439,935, respectively. Non organic change of \$410,628 in the first six months of 2006 related to the sale of indirect auto loans and the origination and transfer of indirect auto loans originally held for sale to held to investment.

<sup>(3)</sup> Direct retail and home equity loans were revised on November 13, 2007.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**SUMMARY OF CREDIT QUALITY AND ALLOWANCE FOR CREDIT LOSSES**

(dollars in thousands) (unaudited)

|   | At and for the Three Months Ended |                   |                   |                   |                   |
|---|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|   | <u>9/30/07</u>                    | <u>6/30/07</u>    | <u>3/31/07</u>    | <u>12/31/06</u>   | <u>9/30/06</u>    |
| <b>Credit Quality</b>   |                                   |                   |                   |                   |                   |
| Loans held for investment   | \$ 10,173,237                     | \$ 10,029,228     | \$ 9,898,134      | \$ 9,701,867      | \$ 9,513,833      |
| Allowance for loan losses   | 118,861                           | 125,545           | 113,736           | 111,663           | 109,401           |
| Allowance for credit losses   | 120,424                           | 126,721           | 114,822           | 112,688           | 110,349           |
| Nonperforming loans <sup>(1)(2)</sup>   | 53,257                            | 41,527            | 43,222            | 37,168            | 31,396            |
| Foreclosed property (other real estate owned and personal property repossessions) | 5,658                             | 4,028             | 3,572             | 4,341             | 4,851             |
| Nonperforming assets  | <u>\$ 58,915</u>                  | <u>\$ 45,555</u>  | <u>\$ 46,794</u>  | <u>\$ 41,509</u>  | <u>\$ 36,247</u>  |
| Nonperforming loans as a % of loans held for investment                           | 0.52 %                            | 0.41 %            | 0.44 %            | 0.38 %            | 0.33 %            |
| Nonperforming assets as a % of loans held for investment and foreclosed property  | 0.58                              | 0.45              | 0.47              | 0.43              | 0.38              |
| Allowance for loan losses as a % of loans held for investment                     | 1.17                              | 1.25              | 1.15              | 1.15              | 1.15              |
| Allowance for credit losses as a % of loans held for investment                   | 1.18                              | 1.26              | 1.16              | 1.16              | 1.16              |
| Allowance for loan losses to nonperforming loans                                  | 2.23 x                            | 3.02 x            | 2.63 x            | 3.00 x            | 3.48 x            |
| Impaired loans <sup>(1)(2)</sup>  | \$ 38,060                         | \$ 33,596         | \$ 36,403         | \$ 28,733         | \$ 24,604         |
| Specific allowance for impaired loans   | 11,010                            | 9,414             | 7,716             | 6,686             | 3,987             |
| Loans past due 90 days or more (mortgage and consumer with interest accruing)     | 2,629                             | 2,503             | 193               | 3,129             | 3,163             |
| Net loan charge-offs  | 16,801                            | 5,226             | 6,879             | 6,499             | 6,524             |
| Average loans held for investment   | 10,042,419                        | 9,947,636         | 9,783,328         | 9,589,732         | 9,467,123         |
| Net loan charge-offs as a % of average loans held for investment (annualized)     | 0.66 %                            | 0.21 %            | 0.29 %            | 0.27 %            | 0.27 %            |
| <b>Allowance for Loan Losses</b>  |                                   |                   |                   |                   |                   |
| Balance at beginning of period  | \$ 125,545                        | \$ 113,736        | \$ 111,663        | \$ 109,401        | \$ 108,995        |
| Provision for loan losses   | 10,117                            | 17,035            | 8,952             | 8,761             | 6,930             |
| Loans charged-off   | (17,926)                          | (7,622)           | (8,611)           | (9,197)           | (9,768)           |
| Recoveries of loans previously charged-off  | 1,125                             | 2,396             | 1,732             | 2,698             | 3,244             |
| Balance at end of period  | <u>\$ 118,861</u>                 | <u>\$ 125,545</u> | <u>\$ 113,736</u> | <u>\$ 111,663</u> | <u>\$ 109,401</u> |
| <b>Reserve for Unfunded Lending Commitments</b>                                   |                                   |                   |                   |                   |                   |
| Balance at beginning of period  | \$ 1,176                          | \$ 1,086          | \$ 1,025          | \$ 948            | \$ 1,325          |
| Provision for unfunded lending commitments  | 387                               | 90                | 61                | 77                | (377)             |
| Balance at end of period  | <u>\$ 1,563</u>                   | <u>\$ 1,176</u>   | <u>\$ 1,086</u>   | <u>\$ 1,025</u>   | <u>\$ 948</u>     |
| <b>Allowance for Credit Losses</b>  |                                   |                   |                   |                   |                   |
| Balance at beginning of period  | \$ 126,721                        | \$ 114,822        | \$ 112,688        | \$ 110,349        | \$ 110,320        |
| Provision for credit losses   | 10,504                            | 17,125            | 9,013             | 8,838             | 6,553             |
| Loans charged-off   | (17,926)                          | (7,622)           | (8,611)           | (9,197)           | (9,768)           |
| Recoveries of loans previously charged-off  | 1,125                             | 2,396             | 1,732             | 2,698             | 3,244             |
| Balance at end of period  | <u>\$ 120,424</u>                 | <u>\$ 126,721</u> | <u>\$ 114,822</u> | <u>\$ 112,688</u> | <u>\$ 110,349</u> |

(1) At September 30, 2007, June 30, 2007, March 31, 2007, December 31, 2006, and September 30, 2006, these credit quality indicators (nonperforming loans and impaired loans) included \$1.9 million, \$1.9 million, \$1.9 million, \$500,000, and \$661,000, respectively, in restructured loans.

(2) Nonperforming loans and impaired loans as of September 30, 2007 were revised on November 13, 2007.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**SUMMARY OF LOANS IN NC DEVELOPMENT UNDER INVESTIGATION**  
(dollars in thousands) (unaudited)

**At and for the Nine Months Ended September 30, 2007**

|                           | <u># of Loans</u> | <u>Outstanding<br/>Balance</u> | <u>Charge-offs</u>          | <u>Net<br/>Balance</u> | <u>Nonaccrual</u> | <u>Allocated<br/>Allowance</u> |
|---------------------------|-------------------|--------------------------------|-----------------------------|------------------------|-------------------|--------------------------------|
| Lot loans:                |                   |                                |                             |                        |                   |                                |
| Performing <sup>(3)</sup> | 12                | \$ 1,764                       | \$ -                        | \$ 1,764               | \$ -              | included below                 |
| Nonperforming pool        | 81                | 15,658                         | 7,731 <sup>(1)</sup>        | 7,927                  | 7,927             | \$ 1,269                       |
| Development loans         | <u>2</u>          | <u>3,007</u>                   | <u>1,500 <sup>(2)</sup></u> | <u>1,507</u>           | <u>1,507</u>      | <u>-</u>                       |
| Total                     | <u>95</u>         | <u>\$ 20,429</u>               | <u>\$ 9,231</u>             | <u>\$ 11,198</u>       | <u>\$ 9,434</u>   | <u>\$ 1,269</u>                |

**CREDIT QUALITY - Excluding the Loans in the NC Development under Investigation**

**At and for the Period Ended September 30, 2007**

|  | <u>As reported<br/>(GAAP)</u> | <u>Adjustment<br/>for NC loans</u> | <u>Excluding<br/>NC loans<br/>(Non-GAAP)</u> |
|--|-------------------------------|------------------------------------|--|
| Loans held for investment  | \$ 10,173,237                 | \$ (11,198)                        | \$ 10,162,039                                |
| Allowance for loan losses  | (118,861)                     | 1,269                              | (117,592)                                    |
| Allowance for credit losses  | (120,424)                     | 1,269                              | (119,155)                                    |
| Nonperforming loans  | \$ 53,257                     | \$ (9,434)                         | \$ 43,823                                    |
| Foreclosed property (other real estate owned<br>and personal property repossessions) | <u>5,658</u>                  | <u>-</u>                           | <u>5,658</u>                                 |
| Nonperforming assets   | <u>\$ 58,915</u>              | <u>\$ (9,434)</u>                  | <u>\$ 49,481</u>                             |
| Nonperforming loans as a % of loans held for<br>investment                           | 0.52 %                        |                                    | 0.43 %                                       |
| Nonperforming assets as a % of loans held for<br>investment and foreclosed property  | 0.58                          |                                    | 0.49   |
| Allowance for loan losses as a % of loans HFI  | 1.17                          |                                    | 1.16   |
| Allowance for credit losses as a % of loans HFI                                      | 1.18                          |                                    | 1.17   |
| Allowance for loan losses to nonperforming loans                                     | 2.23 x                        |                                    | 2.68 x                                       |
| Loans past due 90 days or more (mortgage and<br>consumer with interest accruing)     | \$ 2,629                      | \$ -                               | \$ 2,629                                     |
| Net loan charge-offs:  |                               |                                    |  |
| Three months ended   | 16,801                        | (7,731)                            | 9,070  |
| Year to date   | 28,906                        | (9,231)                            | 19,675                                       |
| Net loan charge-offs as a % of average loans<br>held for investment (annualized):    |                               |                                    |  |
| Three months ended   | 0.66 %                        |                                    | 0.36 %                                       |
| Year to date   | 0.39                          |                                    | 0.27   |

<sup>(1)</sup> Approximately 50% of the outstanding balance was charged-off in the third quarter of 2007. The pool may be adjusted in future periods as losses are realized.

<sup>(2)</sup> Charged-off in the second quarter of 2007.

<sup>(3)</sup> All loans are less than 60 days past due at September 30, 2007.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**TYPES OF CUSTOMER FUNDING AND CUSTOMER FUNDING GROWTH**  
(dollars in thousands) (unaudited)

|   | <u>9/30/07</u>      | <u>6/30/07</u>      | <u>3/31/07</u>      | <u>12/31/06</u>     | <u>9/30/06</u>      |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Noninterest-bearing                               | \$ 1,164,312        | \$ 1,244,834        | \$ 1,286,800        | \$ 1,280,908        | \$ 1,261,421        |
| Interest-bearing checking                         | 1,100,428           | 1,177,609           | 1,198,714           | 1,208,125           | 1,245,167           |
| Money market accounts                             | 2,184,822           | 2,245,466           | 2,374,242           | 2,435,413           | 2,477,982           |
| Savings accounts                                  | <u>169,091</u>      | <u>177,289</u>      | <u>184,283</u>      | <u>181,192</u>      | <u>188,629</u>      |
| Core deposits                                     | 4,618,653           | 4,845,198           | 5,044,039           | 5,105,638           | 5,173,199           |
| Time deposits under \$100,000 <sup>(5)</sup>      | 1,384,094           | 1,363,462           | 1,320,108           | 1,272,056           | 1,231,553           |
| Time deposits of \$100,000 or more <sup>(5)</sup> | <u>1,515,417</u>    | <u>1,583,653</u>    | <u>1,609,572</u>    | <u>1,514,615</u>    | <u>1,403,696</u>    |
| Customer deposits <sup>(1)</sup>                  | 7,518,164           | 7,792,313           | 7,973,719           | 7,892,309           | 7,808,448           |
| Brokered deposits                                 | <u>1,983,505</u>    | <u>2,293,493</u>    | <u>1,977,489</u>    | <u>1,624,431</u>    | <u>1,373,504</u>    |
| Total deposits                                    | 9,501,669           | 10,085,806          | 9,951,208           | 9,516,740           | 9,181,952           |
| Less: Brokered deposits                           | (1,983,505)         | (2,293,493)         | (1,977,489)         | (1,624,431)         | (1,373,504)         |
| Add: Customer sweeps                              | <u>599,021</u>      | <u>556,622</u>      | <u>479,698</u>      | <u>500,288</u>      | <u>378,116</u>      |
| Customer funding <sup>(2)</sup>                   | <u>\$ 8,117,185</u> | <u>\$ 8,348,935</u> | <u>\$ 8,453,417</u> | <u>\$ 8,392,597</u> | <u>\$ 8,186,564</u> |

**Percentage of Deposits**

|                                    |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Noninterest-bearing                | 12.2 %         | 12.3 %         | 12.9 %         | 13.4 %         | 13.7 %         |
| Interest-bearing checking          | 11.6           | 11.7           | 12.0           | 12.7           | 13.6           |
| Money market accounts              | 23.0           | 22.3           | 23.9           | 25.6           | 27.0           |
| Savings accounts                   | <u>1.8</u>     | <u>1.8</u>     | <u>1.8</u>     | <u>1.9</u>     | <u>2.0</u>     |
| Core deposits                      | 48.6           | 48.1           | 50.6           | 53.6           | 56.3           |
| Time deposits under \$100,000      | 14.6           | 13.5           | 13.3           | 13.4           | 13.4           |
| Time deposits of \$100,000 or more | <u>15.9</u>    | <u>15.7</u>    | <u>16.2</u>    | <u>15.9</u>    | <u>15.3</u>    |
| Customer deposits <sup>(1)</sup>   | 79.1           | 77.3           | 80.1           | 82.9           | 85.0           |
| Brokered deposits                  | <u>20.9</u>    | <u>22.7</u>    | <u>19.9</u>    | <u>17.1</u>    | <u>15.0</u>    |
| Total deposits                     | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |

**For The Period Ended**

|  | <u>9/30/07</u> | <u>6/30/07</u> | <u>3/31/07</u> | <u>12/31/06</u> | <u>9/30/06</u> |
|--|----------------|----------------|----------------|-----------------|----------------|
| <b>Growth vs. Prior Quarter, Annualized <sup>(3)</sup></b> |                |                |                |                 |                |
| Noninterest-bearing  | (25.7) %       | (13.1) %       | 1.9 %          | 6.1 %           | (55.3) %       |
| Core deposits  | (18.6)         | (15.8)         | (4.9)          | (5.2)           | (2.2)          |
| Total deposits   | (23.0)         | 5.4            | 18.5           | 14.5            | (2.5)          |
| Customer funding <sup>(2)</sup>                            | (11.0)         | (5.0)          | 2.9            | 10.0            | 0.1            |

**Growth Year-To-Date, Annualized <sup>(4)</sup>**

|                                 |          |         |       |          |          |
|---------------------------------|----------|---------|-------|----------|----------|
| Noninterest-bearing             | (12.2) % | (5.7) % | 1.9 % | (12.2) % | (18.1) % |
| Core deposits                   | (12.8)   | (10.3)  | (4.9) | 0.1      | 1.9      |
| Total deposits                  | (0.2)    | 12.1    | 18.5  | 3.1      | (0.8)    |
| Customer funding <sup>(2)</sup> | (4.4)    | (1.0)   | 2.9   | 2.3      | (0.2)    |

<sup>(1)</sup> Total deposits less brokered deposits.

<sup>(2)</sup> Total deposits less brokered deposits plus customer sweeps.

<sup>(3)</sup> At June 30, 2006, noninterest-bearing totaled \$1,465,811, core deposits totaled \$5,202,623, total deposits totaled \$9,240,319, and customer funding totaled \$8,184,514.

<sup>(4)</sup> At December 31, 2005, noninterest-bearing totaled \$1,458,914, core deposits totaled \$5,099,040, total deposits totaled \$9,234,437, and customer funding totaled \$8,201,571.

<sup>(5)</sup> Time deposits under \$100,000 and time deposits of \$100,000 or more as of September 30, 2007 were revised on November

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**TYPES OF ORGANIC CUSTOMER FUNDING GROWTH**  
(dollars in thousands) (unaudited)

|  | For The Period Ended |                     |                     |                     |                     |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|
|  | <u>9/30/07</u>       | <u>6/30/07</u>      | <u>3/31/07</u>      | <u>12/31/06</u>     | <u>9/30/06</u>      |
| <b>Noninterest-Bearing</b>   |                      |                     |                     |                     |                     |
| Beginning balance  | \$ 1,244,834         | \$ 1,286,800        | \$ 1,280,908        | \$ 1,261,421        | \$ 1,465,811        |
| Increase (decrease) during the three months ended related to:      |                      |                     |                     |                     |                     |
| Organic change   | (80,522)             | (41,966)            | 5,892               | 19,487              | (202,167)           |
| Bank acquisitions (dispositions) <sup>(1)</sup>                    | -                    | -                   | -                   | -                   | (2,223)             |
| Ending balance   | <u>\$ 1,164,312</u>  | <u>\$ 1,244,834</u> | <u>\$ 1,286,800</u> | <u>\$ 1,280,908</u> | <u>\$ 1,261,421</u> |
| <b>Core Deposits</b>   |                      |                     |                     |                     |                     |
| Beginning balance  | \$ 4,845,198         | \$ 5,044,039        | \$ 5,105,638        | \$ 5,173,199        | \$ 5,202,623        |
| Increase (decrease) during the three months ended related to:      |                      |                     |                     |                     |                     |
| Organic change   | (226,545)            | (198,841)           | (61,599)            | (67,561)            | (13,848)            |
| Bank acquisitions (dispositions) <sup>(1)</sup>                    | -                    | -                   | -                   | -                   | (15,576)            |
| Ending balance   | <u>\$ 4,618,653</u>  | <u>\$ 4,845,198</u> | <u>\$ 5,044,039</u> | <u>\$ 5,105,638</u> | <u>\$ 5,173,199</u> |
| <b>Customer Funding <sup>(2)</sup></b>                             |                      |                     |                     |                     |                     |
| Beginning balance  | \$ 8,348,935         | \$ 8,453,417        | \$ 8,392,597        | \$ 8,186,564        | \$ 8,184,514        |
| Increase (decrease) during the three months ended related to:      |                      |                     |                     |                     |                     |
| Organic change   | (231,750)            | (104,482)           | 60,820              | 206,033             | 29,991              |
| Bank acquisitions (dispositions) <sup>(1)</sup>                    | -                    | -                   | -                   | -                   | (27,941)            |
| Ending balance   | <u>\$ 8,117,185</u>  | <u>\$ 8,348,935</u> | <u>\$ 8,453,417</u> | <u>\$ 8,392,597</u> | <u>\$ 8,186,564</u> |
| <b>Organic Change vs. Prior Quarter, Annualized <sup>(3)</sup></b> |                      |                     |                     |                     |                     |
| Noninterest-bearing  | (25.7) %             | (13.1) %            | 1.9 %               | 6.1 %               | (54.7) %            |
| Core deposits  | (18.6)               | (15.8)              | (4.9)               | (5.2)               | (1.1)               |
| Customer funding <sup>(2)</sup>                                    | (11.0)               | (5.0)               | 2.9                 | 10.0                | 1.5                 |
| <b>Organic Change Year-To-Date, Annualized <sup>(4)</sup></b>      |                      |                     |                     |                     |                     |
| Noninterest-bearing  | (12.2) %             | (5.7) %             | 1.9 %               | (12.0) %            | (17.9) %            |
| Core deposits  | (12.8)               | (10.3)              | (4.9)               | 0.4                 | 2.4                 |
| Customer funding <sup>(2)</sup>                                    | (4.4)                | (1.0)               | 2.9                 | 2.7                 | 0.2                 |

<sup>(1)</sup> The non organic change in deposits relates to the September, 2006 disposition of the Mullins branch.

<sup>(2)</sup> Total deposits less brokered deposits plus customer sweeps.

<sup>(3)</sup> At June 30, 2006, noninterest-bearing totaled \$1,465,811, core deposits totaled \$5,202,623, and customer funding totaled \$8,184,514.

<sup>(4)</sup> At December 31, 2005, noninterest-bearing totaled \$1,458,914, core deposits totaled \$5,099,040, and customer funding totaled \$8,201,571.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**SUMMARY OF WHOLESALE BORROWINGS, CAPITAL, CAPITAL RATIOS, UNREALIZED LOSSES**  
**ON AVAILABLE FOR SALE SECURITIES, AND MARKET RATES FOR U.S. TREASURY NOTES**  
(dollars in thousands) (unaudited)

|   | <u>9/30/07</u>      | <u>6/30/07</u>      | <u>3/31/07</u>      | <u>12/31/06</u>     | <u>9/30/06</u>      |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Types of wholesale borrowings</b>  |                     |                     |                     |                     |                     |
| <b>Short-term borrowings</b>  |                     |                     |                     |                     |                     |
| Federal funds purchased and repurchase agreements                           | \$ 595,272          | \$ 654,299          | \$ 1,016,470        | \$ 920,811          | \$ 1,236,548        |
| Customer sweeps   | 599,021             | 556,622             | 479,698             | 500,288             | 378,116             |
| FHLB advances   | 175,000             | 75,000              | 75,000              | 175,000             | 175,000             |
| Commercial paper  | 32,601              | 32,687              | 35,584              | 32,631              | 36,032              |
| Treasury, tax and loan note   | 668,687             | 114,042             | 781                 | 139,989             | 9,334               |
| <b>Total short-term borrowings</b>  | <u>2,070,581</u>    | <u>1,432,650</u>    | <u>1,607,533</u>    | <u>1,768,719</u>    | <u>1,835,030</u>    |
| <b>Long-term borrowings</b>   |                     |                     |                     |                     |                     |
| Repurchase agreements   | 200,000             | 200,000             | 200,000             | 521,000             | 596,000             |
| FHLB advances   | 223,093             | 328,100             | 328,107             | 328,113             | 339,620             |
| Subordinated notes  | 242,478             | 262,067             | 188,871             | 188,871             | 233,016             |
| Mandatorily redeemable preferred stock of subsidiary                        | 64,800              | 64,800              | 89,800              | 89,800              | 89,800              |
| Note payable  | 797                 | 808                 | 818                 | 828                 | 838                 |
| Employee stock ownership plan note payable                                  | -                   | 50                  | 125                 | 200                 | 275                 |
| Purchase accounting premiums, net of amortization                           | 1,035               | 1,423               | 1,569               | 1,663               | 1,757               |
| <b>Total long-term borrowings</b>   | <u>732,203</u>      | <u>857,248</u>      | <u>809,290</u>      | <u>1,130,475</u>    | <u>1,261,306</u>    |
| <b>Total borrowings</b>   | <u>2,802,784</u>    | <u>2,289,898</u>    | <u>2,416,823</u>    | <u>2,899,194</u>    | <u>3,096,336</u>    |
| Less: Customer sweeps   | (599,021)           | (556,622)           | (479,698)           | (500,288)           | (378,116)           |
| Add: Brokered deposits  | 1,983,505           | 2,293,493           | 1,977,489           | 1,624,431           | 1,373,504           |
| <b>Total wholesale borrowings</b>   | <u>\$ 4,187,268</u> | <u>\$ 4,026,769</u> | <u>\$ 3,914,614</u> | <u>\$ 4,023,337</u> | <u>\$ 4,091,724</u> |
| Wholesale borrowings as a percentage of total assets                        |                     |                     |                     |                     |                     |
|   | 29.7 %              | 28.5 %              | 27.6 %              | 28.3 %              | 29.1 %              |
| <b>Regulatory Capital</b>   |                     |                     |                     |                     |                     |
| Tier 1 capital  | \$ 1,152,663        | \$ 1,171,055        | \$ 1,115,023        | \$ 1,123,448        | \$ 1,143,708        |
| Tier 2 capital  | 161,224             | 167,521             | 177,236             | 179,021             | 176,701             |
| Total risk-based capital  | <u>1,313,887</u>    | <u>1,338,576</u>    | <u>1,292,259</u>    | <u>1,302,469</u>    | <u>1,320,409</u>    |
| Total risk-weighted assets  | 11,650,676          | 11,575,533          | 11,424,481          | 11,502,152          | 11,277,236          |
| <b>Tangible Equity</b>  |                     |                     |                     |                     |                     |
| Shareholders' equity  | \$ 1,548,252        | \$ 1,518,187        | \$ 1,561,610        | \$ 1,562,032        | \$ 1,546,820        |
| Intangible assets   | (679,669)           | (681,483)           | (683,611)           | (685,568)           | (687,403)           |
| Tangible equity   | <u>868,583</u>      | <u>836,704</u>      | <u>877,999</u>      | <u>876,464</u>      | <u>859,417</u>      |
| <b>Capital Ratios</b>   |                     |                     |                     |                     |                     |
| Total risk-based capital  | 11.28 %             | 11.56 %             | 11.31 %             | 11.32 %             | 11.71 %             |
| Tier 1 risk-based capital   | 9.89                | 10.12               | 9.76                | 9.77                | 10.14               |
| Leverage ratio  | 8.64                | 8.73                | 8.28                | 8.34                | 8.60                |
| Tangible equity to tangible assets ratio                                    | 6.47                | 6.22                | 6.52                | 6.48                | 6.43                |
| Impact of unrealized (gain) loss  | 0.27                | 0.41                | 0.26                | 0.33                | 0.34                |
| Tangible equity to tangible assets ratio, excluding unrealized gain or loss | <u>6.74</u>         | <u>6.63</u>         | <u>6.78</u>         | <u>6.81</u>         | <u>6.77</u>         |
| <b>Unrealized Losses on AFS Securities</b>                                  |                     |                     |                     |                     |                     |
| Gross (included in AFS securities)  | \$ (61,462)         | \$ (94,586)         | \$ (59,764)         | \$ (75,302)         | \$ (77,224)         |
| Net of income tax (included in equity)                                      | (38,717)            | (59,565)            | (37,601)            | (47,378)            | (48,599)            |
| <b>Market Rates for U.S. Treasury Notes</b>                                 |                     |                     |                     |                     |                     |
| Three year  | 4.03 %              | 4.89 %              | 4.54 %              | 4.74 %              | 4.62 %              |
| Five year   | 4.23                | 4.92                | 4.54                | 4.70                | 4.59                |

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**COMPARATIVE AVERAGE BALANCES - YIELDS AND COSTS**  
(dollars in thousands) (unaudited)

|  | Three Months Ended   |                    |                |                      |                    |                |                      |                    |                |
|--|----------------------|--------------------|----------------|----------------------|--------------------|----------------|----------------------|--------------------|----------------|
|  | 9/30/07              |                    |                | 6/30/07              |                    |                | 3/31/07              |                    |                |
|  | Average<br>Balance   | Income/<br>Expense | Yield/<br>Rate | Average<br>Balance   | Income/<br>Expense | Yield/<br>Rate | Average<br>Balance   | Income/<br>Expense | Yield/<br>Rate |
| <b>Assets</b>  |                      |                    |                |                      |                    |                |                      |                    |                |
| Earning assets   |                      |                    |                |                      |                    |                |                      |                    |                |
| Commercial loans   | \$ 7,799,177         | \$ 154,655         | 7.87 %         | \$ 7,724,530         | \$ 152,338         | 7.91 %         | \$ 7,579,574         | \$ 148,078         | 7.92 %         |
| Consumer loans   | 1,570,591            | 29,432             | 7.43           | 1,584,646            | 29,382             | 7.44           | 1,570,745            | 28,957             | 7.48           |
| Indirect loans   | 695,686              | 12,188             | 6.95           | 674,961              | 11,271             | 6.70           | 662,691              | 10,646             | 6.52           |
| Risk management derivatives tied to loans                                      | -                    | (882)              |                | -                    | (1,030)            |                | -                    | (1,053)            |                |
| Total loans <sup>(1)</sup>   | 10,065,454           | 195,393            | 7.70           | 9,984,137            | 191,961            | 7.71           | 9,813,010            | 186,628            | 7.71           |
| Investment securities (taxable) <sup>(2)</sup>                                 | 2,121,044            | 25,390             | 4.79           | 2,247,092            | 26,879             | 4.79           | 2,414,896            | 28,825             | 4.78           |
| Investment securities (nontaxable) <sup>(3)</sup>                              | 351,584              | 4,394              | 5.00           | 359,043              | 4,443              | 4.95           | 383,804              | 4,689              | 4.89           |
| Total investment securities  | 2,472,628            | 29,784             | 4.82           | 2,606,135            | 31,322             | 4.81           | 2,798,700            | 33,514             | 4.79           |
| Federal funds sold, interest-bearing bank balances, and other temp investments | 6,574                | 100                | 6.03           | 6,376                | 97                 | 6.10           | 8,331                | 141                | 6.86           |
| Total earning assets   | 12,544,656           | 225,277            | 7.13           | 12,596,648           | 223,380            | 7.11           | 12,620,041           | 220,283            | 7.06           |
| Non-earning assets   | 1,477,862            |                    |                | 1,496,431            |                    |                | 1,528,013            |                    |                |
| Total assets   | <u>\$ 14,022,518</u> |                    |                | <u>\$ 14,093,079</u> |                    |                | <u>\$ 14,148,054</u> |                    |                |
| <b>Liabilities and Shareholders' Equity</b>                                    |                      |                    |                |                      |                    |                |                      |                    |                |
| Liabilities  |                      |                    |                |                      |                    |                |                      |                    |                |
| Interest-bearing liabilities   |                      |                    |                |                      |                    |                |                      |                    |                |
| Interest-bearing deposits  |                      |                    |                |                      |                    |                |                      |                    |                |
| Interest checking  | \$ 1,122,793         | \$ 5,571           | 1.97           | \$ 1,176,182         | \$ 6,029           | 2.06           | \$ 1,187,239         | \$ 5,935           | 2.03           |
| Savings  | 172,110              | 697                | 1.61           | 181,166              | 736                | 1.63           | 178,940              | 706                | 1.60           |
| Money market   | 2,236,493            | 22,390             | 3.97           | 2,294,181            | 22,528             | 3.94           | 2,377,771            | 23,537             | 4.01           |
| Time deposits, excluding brokered deposits                                     | 2,905,426            | 36,594             | 5.00           | 2,910,284            | 36,407             | 5.02           | 2,893,638            | 35,581             | 4.99           |
| Brokered deposits  | 2,208,381            | 29,245             | 5.25           | 2,042,664            | 26,366             | 5.18           | 1,771,081            | 22,720             | 5.20           |
| Total interest-bearing deposits  | 8,645,203            | 94,497             | 4.34           | 8,604,477            | 92,066             | 4.29           | 8,408,669            | 88,479             | 4.27           |
| Customer sweeps  | 559,906              | 6,237              | 4.42           | 496,030              | 5,528              | 4.47           | 453,928              | 4,981              | 4.45           |
| Other borrowings <sup>(4)</sup>  | 1,858,800            | 26,231             | 5.60           | 1,989,109            | 27,710             | 5.59           | 2,270,120            | 30,644             | 5.47           |
| Total interest-bearing liabilities   | 11,063,909           | 126,965            | 4.55           | 11,089,616           | 125,304            | 4.53           | 11,132,717           | 124,104            | 4.52           |
| Noninterest-bearing liabilities  |                      |                    |                |                      |                    |                |                      |                    |                |
| Noninterest-bearing deposits   | 1,198,350            |                    |                | 1,225,075            |                    |                | 1,230,320            |                    |                |
| Other noninterest liabilities  | 240,771              |                    |                | 231,996              |                    |                | 233,248              |                    |                |
| Total liabilities  | 12,503,030           |                    |                | 12,546,687           |                    |                | 12,596,285           |                    |                |
| Shareholders' equity   |                      |                    |                |                      |                    |                |                      |                    |                |
| Shareholders' equity   | 1,519,488            |                    |                | 1,546,392            |                    |                | 1,551,769            |                    |                |
| Total liabilities and shareholders' equity                                     | <u>\$ 14,022,518</u> |                    |                | <u>\$ 14,093,079</u> |                    |                | <u>\$ 14,148,054</u> |                    |                |
| Net interest margin (tax-equivalent)   |                      | \$ 98,312          | 3.12 %         |                      | \$ 98,076          | 3.12 %         |                      | \$ 96,179          | 3.08 %         |
| Less: tax-equivalent adjustment <sup>(3)</sup>                                 |                      | 1,538              |                |                      | 1,555              |                |                      | 1,641              |                |
| Net interest income  |                      | <u>\$ 96,774</u>   |                |                      | <u>\$ 96,521</u>   |                |                      | <u>\$ 94,538</u>   |                |
| Supplemental data:   |                      |                    |                |                      |                    |                |                      |                    |                |
| Customer funding <sup>(5)</sup>  | \$ 8,195,078         | \$ 71,489          | 3.46 %         | \$ 8,282,918         | \$ 71,228          | 3.45 %         | \$ 8,321,836         | \$ 70,740          | 3.45 %         |
| Wholesale borrowings <sup>(6)</sup>  | 4,067,181            | 55,476             | 5.41           | 4,031,773            | 54,076             | 5.38           | 4,041,201            | 53,364             | 5.36           |
| Total funding <sup>(7)</sup>   | <u>\$ 12,262,259</u> | <u>\$ 126,965</u>  | 4.11           | <u>\$ 12,314,691</u> | <u>\$ 125,304</u>  | 4.08           | <u>\$ 12,363,037</u> | <u>\$ 124,104</u>  | 4.07           |

<sup>(1)</sup> Nonaccrual loans are included in average balances for yield computations.

<sup>(2)</sup> The average balances for investment securities exclude the unrealized gain or loss recorded for available for sale securities.

<sup>(3)</sup> The tax-equivalent adjustment to net interest income adjusts the yield for assets earning tax-exempt income to a comparable yield on a taxable basis.

<sup>(4)</sup> During third quarter 2007, TSFG capitalized \$188,000 of interest in conjunction with the construction of its expanded corporate facilities.

<sup>(5)</sup> Customer funding includes total deposits less brokered deposits plus customer sweeps.

<sup>(6)</sup> TSFG defines wholesale borrowings as borrowings less customer sweeps plus brokered deposits. For purposes of this table, wholesale borrowings equal the sum of other borrowings and brokered deposits, as customer sweeps are presented separately.

<sup>(7)</sup> Total funding includes customer funding and wholesale borrowings.

Note: Average balances are derived from daily balances.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**COMPARATIVE AVERAGE BALANCES - YIELDS AND COSTS - CONTINUED**  
(dollars in thousands) (unaudited)

|   | Three Months Ended         |                            |                        |                            |                            |                        |
|---|----------------------------|----------------------------|------------------------|----------------------------|----------------------------|------------------------|
|   | 12/31/06                   |                            |                        | 9/30/06                    |                            |                        |
|   | <u>Average<br/>Balance</u> | <u>Income/<br/>Expense</u> | <u>Yield/<br/>Rate</u> | <u>Average<br/>Balance</u> | <u>Income/<br/>Expense</u> | <u>Yield/<br/>Rate</u> |
| <b>Assets</b>   |                            |                            |                        |                            |                            |                        |
| Earning assets  |                            |                            |                        |                            |                            |                        |
| Loans <sup>(1)</sup>  | \$ 9,623,050               | \$ 187,385                 | 7.73 %                 | \$ 9,523,286               | \$ 184,476                 | 7.69 %                 |
| Investment securities (taxable) <sup>(2)</sup>                                    | 2,503,989                  | 29,876                     | 4.77                   | 2,586,438                  | 30,779                     | 4.76                   |
| Investment securities (nontaxable) <sup>(3)</sup>                                 | <u>400,117</u>             | <u>4,808</u>               | 4.81                   | <u>407,005</u>             | <u>4,831</u>               | 4.75                   |
| Total investment securities   | 2,904,106                  | 34,684                     | 4.78                   | 2,993,443                  | 35,610                     | 4.76                   |
| Federal funds sold, interest-bearing bank<br>balances, and other temp investments | <u>11,521</u>              | <u>144</u>                 | 4.96                   | <u>13,479</u>              | <u>196</u>                 | 5.77                   |
| Total earning assets  | 12,538,677                 | <u>222,213</u>             | 7.04                   | 12,530,208                 | <u>220,282</u>             | 6.98                   |
| Non-earning assets  | <u>1,592,004</u>           |                            |                        | <u>1,443,500</u>           |                            |                        |
| Total assets  | <u>\$ 14,130,681</u>       |                            |                        | <u>\$ 13,973,708</u>       |                            |                        |
| <b>Liabilities and Shareholders' Equity</b>                                       |                            |                            |                        |                            |                            |                        |
| Liabilities   |                            |                            |                        |                            |                            |                        |
| Interest-bearing liabilities  |                            |                            |                        |                            |                            |                        |
| Interest-bearing deposits   |                            |                            |                        |                            |                            |                        |
| Interest checking   | \$ 1,106,819               | \$ 5,770                   | 2.07                   | \$ 1,132,556               | \$ 5,869                   | 2.06                   |
| Savings   | 184,733                    | 687                        | 1.48                   | 187,089                    | 577                        | 1.22                   |
| Money market  | 2,445,437                  | 24,109                     | 3.91                   | 2,420,756                  | 22,771                     | 3.73                   |
| Time deposits, excluding brokered deposits  | 2,687,712                  | 32,635                     | 4.82                   | 2,620,505                  | 29,653                     | 4.49                   |
| Brokered deposits   | <u>1,478,336</u>           | <u>19,515</u>              | 5.24                   | <u>1,344,521</u>           | <u>18,523</u>              | 5.47                   |
| Total interest-bearing deposits   | 7,903,037                  | 82,716                     | 4.15                   | 7,705,427                  | 77,393                     | 3.98                   |
| Customer sweeps   | 414,742                    | 4,695                      | 4.49                   | 369,697                    | 4,274                      | 4.59                   |
| Other borrowings  | <u>2,645,462</u>           | <u>36,465</u>              | 5.47                   | <u>2,811,224</u>           | <u>38,241</u>              | 5.40                   |
| Total interest-bearing liabilities  | 10,963,241                 | <u>123,876</u>             | 4.48                   | 10,886,348                 | <u>119,908</u>             | 4.37                   |
| Noninterest-bearing liabilities   |                            |                            |                        |                            |                            |                        |
| Noninterest-bearing deposits  | 1,302,329                  |                            |                        | 1,369,032                  |                            |                        |
| Other noninterest liabilities   | <u>306,023</u>             |                            |                        | <u>217,223</u>             |                            |                        |
| Total liabilities   | 12,571,593                 |                            |                        | 12,472,603                 |                            |                        |
| Shareholders' equity  | <u>1,559,088</u>           |                            |                        | <u>1,501,105</u>           |                            |                        |
| Total liabilities and shareholders' equity  | <u>\$ 14,130,681</u>       |                            |                        | <u>\$ 13,973,708</u>       |                            |                        |
| Net interest margin (tax-equivalent)  |                            | \$ 98,337                  | 3.12 %                 |                            | \$ 100,374                 | 3.19 %                 |
| Less: tax-equivalent adjustment <sup>(3)</sup>                                    |                            | <u>1,683</u>               |                        |                            | <u>1,691</u>               |                        |
| Net interest income   |                            | <u>\$ 96,654</u>           |                        |                            | <u>\$ 98,683</u>           |                        |
| Supplemental data:  |                            |                            |                        |                            |                            |                        |
| Customer funding <sup>(4)</sup>   | \$ 8,141,772               | \$ 67,896                  | 3.31 %                 | \$ 8,099,635               | \$ 63,144                  | 3.09 %                 |
| Wholesale borrowings <sup>(5)</sup>   | <u>4,123,798</u>           | <u>55,980</u>              | 5.39                   | <u>4,155,745</u>           | <u>56,764</u>              | 5.42                   |
| Total funding <sup>(6)</sup>  | <u>\$ 12,265,570</u>       | <u>\$ 123,876</u>          | 4.01                   | <u>\$ 12,255,380</u>       | <u>\$ 119,908</u>          | 3.88                   |

<sup>(1)</sup> Nonaccrual loans are included in average balances for yield computations.

<sup>(2)</sup> The average balances for investment securities exclude the unrealized gain or loss recorded for available for sale securities.

<sup>(3)</sup> The tax-equivalent adjustment to net interest income adjusts the yield for assets earning tax-exempt income to a comparable yield on a taxable basis.

<sup>(4)</sup> Customer funding includes total deposits less brokered deposits plus customer sweeps.

<sup>(5)</sup> TSFG defines wholesale borrowings as borrowings less customer sweeps plus brokered deposits. For purposes of this table, wholesale borrowings equal the sum of other borrowings and brokered deposits, as customer sweeps are presented separately.

<sup>(6)</sup> Total funding includes customer funding and wholesale borrowings

Note: Average balances are derived from daily balances.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(dollars in thousands, except share data) (unaudited)

|  | Three Months Ended |                |               |                |               |                |
|--|--------------------|----------------|---------------|----------------|---------------|----------------|
|  | 9/30/07            |                | 6/30/07       |                | 3/31/07       |                |
|  |                    | Diluted<br>EPS |               | Diluted<br>EPS |               | Diluted<br>EPS |
| <b>Net Income, as Reported (GAAP)</b>  | \$ 25,839          | \$ 0.35        | \$ 17,930     | \$ 0.24        | \$ 20,518     | \$ 0.27        |
| <b>Non-Operating Items</b>   |                    |                |               |                |               |                |
| (Gain) loss on securities  | (287)              |                | 2,237         |                | 1,385         |                |
| Employment contract buyouts and severance  | -                  |                | 546           |                | 1,760         |                |
| Loss on early extinguishment of debt   | 1,299              |                | 231           |                | -             |                |
| Related income taxes   | (314)              |                | (1,008)       |                | (1,065)       |                |
| <b>Operating Earnings (Net Income, Excluding<br/>Non-Operating Items)</b>  | 26,537             | 0.36           | 19,936        | 0.27           | 22,598        | 0.30           |
| Amortization of intangibles  | 1,907              |                | 2,136         |                | 2,001         |                |
| Related income taxes   | (591)              |                | (714)         |                | (677)         |                |
| <b>Cash Operating Earnings (Net Income,<br/>Excluding Non-Operating Items and<br/>Amortization of Intangibles)</b> | \$ 27,853          | \$ 0.38        | \$ 21,358     | \$ 0.29        | \$ 23,922     | \$ 0.32        |
| <b>Average Common Shares Outstanding, Diluted</b>  | 73,605,752         |                | 74,397,091    |                | 75,244,968    |                |
| <b>Select Balance Sheet (Averages)</b>   |                    |                |               |                |               |                |
| Total assets   | \$ 14,022,518      |                | \$ 14,093,079 |                | \$ 14,148,054 |                |
| Intangible assets  | (680,526)          |                | (682,584)     |                | (684,626)     |                |
| Tangible assets  | 13,341,992         |                | 13,410,495    |                | 13,463,428    |                |
| Shareholders' equity   | 1,519,488          |                | 1,546,392     |                | 1,551,769     |                |
| Intangible assets  | (680,526)          |                | (682,584)     |                | (684,626)     |                |
| Tangible equity  | 838,962            |                | 863,808       |                | 867,143       |                |
| <b>Return on Average Assets</b>  |                    |                |               |                |               |                |
| GAAP earnings  | 0.73               | %              | 0.51          | %              | 0.59          | %              |
| Operating earnings   | 0.75               |                | 0.57          |                | 0.65          |                |
| Cash operating earnings on average tangible assets   | 0.83               |                | 0.64          |                | 0.72          |                |
| <b>Return on Average Equity</b>  |                    |                |               |                |               |                |
| GAAP earnings  | 6.75               |                | 4.65          |                | 5.36          |                |
| Operating earnings   | 6.93               |                | 5.17          |                | 5.91          |                |
| Cash operating earnings on average tangible equity   | 13.17              |                | 9.92          |                | 11.19         |                |

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(dollars in thousands, except share data) (unaudited)

|  | Three Months Ended |         |                |         |                |         |                |         |
|--|--------------------|---------|----------------|---------|----------------|---------|----------------|---------|
|  | 12/31/06           |         | 9/30/06        |         | 6/30/06        |         | 3/31/06        |         |
|  | Diluted<br>EPS     |         | Diluted<br>EPS |         | Diluted<br>EPS |         | Diluted<br>EPS |         |
| <b>Net Income, as Reported (GAAP) <sup>(1)</sup></b>   | \$ 23,551          | \$ 0.31 | \$ 32,165      | \$ 0.43 | \$ 29,343      | \$ 0.39 | \$ 27,807      | \$ 0.37 |
| <b>Non-Operating Items</b>   |                    |         |                |         |                |         |                |         |
| Loss (gain) on securities  | 239                |         | -              |         | (3,601)        |         | (675)          |         |
| Gain on disposition of assets and liabilities  | -                  |         | (2,498)        |         | -              |         | -              |         |
| Loss on sale of indirect auto loans previously HFI   | -                  |         | -              |         | 3,477          |         | -              |         |
| Employment contract buyouts  | 4,990              |         | -              |         | -              |         | 598            |         |
| Loss on early extinguishment of debt   | 821                |         | -              |         | -              |         | -              |         |
| Related income taxes   | (1,952)            |         | 767            |         | 42             |         | 27             |         |
| <b>Operating Earnings (Net Income, Excluding<br/>Non-Operating Items) <sup>(1)</sup></b>                           | 27,649             | 0.37    | 30,434         | 0.40    | 29,261         | 0.39    | 27,757         | 0.37    |
| Amortization of intangibles  | 2,156              |         | 2,204          |         | 2,208          |         | 2,207          |         |
| Related income taxes   | (279)              |         | (677)          |         | (755)          |         | (763)          |         |
| <b>Cash Operating Earnings (Net Income,<br/>Excluding Non-Operating Items and<br/>Amortization of Intangibles)</b> | \$ 29,526          | \$ 0.39 | \$ 31,961      | \$ 0.42 | \$ 30,714      | \$ 0.41 | \$ 29,201      | \$ 0.39 |
| <b>Average Common Shares Outstanding, Diluted</b>  | 75,701,120         |         | 75,590,748     |         | 75,504,683     |         | 75,339,283     |         |
| <b>Select Balance Sheet (Averages)</b>   |                    |         |                |         |                |         |                |         |
| Total assets   | \$14,130,681       |         | \$13,973,708   |         | \$14,344,435   |         | \$14,367,256   |         |
| Intangible assets  | (686,393)          |         | (688,493)      |         | (690,375)      |         | (691,262)      |         |
| Tangible assets  | 13,444,288         |         | 13,285,215     |         | 13,654,060     |         | 13,675,994     |         |
| Shareholders' equity   | 1,559,088          |         | 1,501,105      |         | 1,476,234      |         | 1,487,996      |         |
| Intangible assets  | (686,393)          |         | (688,493)      |         | (690,375)      |         | (691,262)      |         |
| Tangible equity  | 872,695            |         | 812,612        |         | 785,859        |         | 796,734        |         |
| <b>Return on Average Assets</b>  |                    |         |                |         |                |         |                |         |
| GAAP earnings  | 0.66               | %       | 0.91           | %       | 0.82           | %       | 0.78           | %       |
| Operating earnings   | 0.78               |         | 0.86           |         | 0.82           |         | 0.78           |         |
| Cash operating earnings on average tangible assets   | 0.87               |         | 0.95           |         | 0.90           |         | 0.87           |         |
| <b>Return on Average Equity</b>  |                    |         |                |         |                |         |                |         |
| GAAP earnings  | 5.99               |         | 8.50           |         | 7.97           |         | 7.58           |         |
| Operating earnings   | 7.04               |         | 8.04           |         | 7.95           |         | 7.57           |         |
| Cash operating earnings on average tangible equity   | 13.42              |         | 15.60          |         | 15.68          |         | 14.86          |         |

(1) Net income and operating earnings for fourth quarter 2006 included a \$5.2 million income tax benefit, or \$0.07 per diluted share, related to favorable income tax settlements.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(dollars in thousands, except share data) (unaudited)

|  | Years Ended December 31, |                |                   |                |
|--|--------------------------|----------------|-------------------|----------------|
|  | 2006                     |                | 2005              |                |
|  |                          | Diluted<br>EPS |                   | Diluted<br>EPS |
| <b>Net Income, as Reported (GAAP)</b>  | \$ 112,866               | \$ 1.49        | \$ 69,821         | \$ 0.94        |
| <b>Non-Operating Items</b>   |                          |                |                   |                |
| Change in fair value of interest rate swaps  | -                        |                | 13,278            |                |
| (Gain) loss on securities  | (4,037)                  |                | 52,139            |                |
| Gain on disposition of assets and liabilities  | (2,498)                  |                | -                 |                |
| Loss on sale of indirect auto loans previously HFI   | 3,477                    |                | -                 |                |
| Employment contract buyouts  | 5,588                    |                | 10,327            |                |
| Impairment loss from write-down of assets  | -                        |                | 917               |                |
| Merger-related costs   | -                        |                | 4,009             |                |
| Loss on early extinguishment of debt   | 821                      |                | 7,101             |                |
| Charitable contribution to foundation  | -                        |                | 683               |                |
| Related income taxes   | (1,116)                  |                | (32,541)          |                |
| Discontinued operations, net of income tax   | -                        |                | 396               |                |
| <b>Operating Earnings (Net Income, Excluding<br/>Non-Operating Items)</b>  | 115,101                  | 1.52           | 126,130           | 1.69           |
| Amortization of intangibles  | 8,775                    |                | 8,637             |                |
| Related income taxes   | (2,474)                  |                | (2,698)           |                |
| <b>Cash Operating Earnings (Net Income,<br/>Excluding Non-Operating Items and<br/>Amortization of Intangibles)</b> | <u>\$ 121,402</u>        | <u>\$ 1.61</u> | <u>\$ 132,069</u> | <u>\$ 1.77</u> |
| <b>Average Common Shares Outstanding, Diluted</b>  | 75,542,848               |                | 74,594,626        |                |
| <b>Select Balance Sheet (Averages)</b>   |                          |                |                   |                |
| Total assets   | \$ 14,202,649            |                | \$ 14,752,973     |                |
| Intangible assets  | (689,116)                |                | (663,274)         |                |
| Tangible assets  | <u>13,513,533</u>        |                | <u>14,089,699</u> |                |
| Shareholders' equity   | 1,506,195                |                | 1,463,125         |                |
| Intangible assets  | (689,116)                |                | (663,274)         |                |
| Tangible equity  | <u>817,079</u>           |                | <u>799,851</u>    |                |
| <b>Return on Average Assets</b>  |                          |                |                   |                |
| GAAP earnings  | 0.79                     | %              | 0.47              | %              |
| Operating earnings   | 0.81                     |                | 0.85              |                |
| Cash operating earnings on average tangible assets   | 0.90                     |                | 0.94              |                |
| <b>Return on Average Equity</b>  |                          |                |                   |                |
| GAAP earnings  | 7.49                     |                | 4.77              |                |
| Operating earnings   | 7.64                     |                | 8.62              |                |
| Cash operating earnings on average tangible equity   | 14.86                    |                | 16.51             |                |

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(dollars in thousands, except share data) (unaudited)

|   | <b>Three Months Ended</b> |                  |                  |
|---|---------------------------|------------------|------------------|
|   | <u>9/30/07</u>            | <u>6/30/07</u>   | <u>3/31/07</u>   |
| <b>Select Financial Data Used in Ratios Calculated Below</b>  |                           |                  |                  |
| Net interest income   | \$ 96,774                 | \$ 96,521        | \$ 94,538        |
| Tax-equivalent adjustment   | 1,538                     | 1,555            | 1,641            |
| Net interest income (tax-equivalent)  | <u>\$ 98,312</u>          | <u>\$ 98,076</u> | <u>\$ 96,179</u> |
| <br>  |                           |                  |                  |
| Total noninterest income, as reported (GAAP)  | \$ 30,773                 | \$ 28,508        | \$ 27,824        |
| Adjustments for non-operating items:  |                           |                  |                  |
| (Gain) loss on securities   | <u>(287)</u>              | <u>2,237</u>     | <u>1,385</u>     |
| Operating noninterest income (noninterest income, excluding non-operating items)  | <u>\$ 30,486</u>          | <u>\$ 30,745</u> | <u>\$ 29,209</u> |
| <br>  |                           |                  |                  |
| Total noninterest expenses, as reported (GAAP)  | \$ 79,595                 | \$ 80,976        | \$ 82,331        |
| Adjustments for non-operating items:  |                           |                  |                  |
| Employment contract buyouts and severance   | -                         | (546)            | (1,760)          |
| Loss on early extinguishment of debt  | <u>(1,299)</u>            | <u>(231)</u>     | <u>-</u>         |
| Operating noninterest expenses (noninterest expenses, excluding non-operating items)                                      | 78,296                    | 80,199           | 80,571           |
| Less: amortization of intangibles   | <u>(1,907)</u>            | <u>(2,136)</u>   | <u>(2,001)</u>   |
| Cash operating noninterest expenses (noninterest expenses, excluding non-operating items and amortization of intangibles) | <u>\$ 76,389</u>          | <u>\$ 78,063</u> | <u>\$ 78,570</u> |
| <br>  |                           |                  |                  |
| <b>Total Revenue <sup>(1)</sup></b>   |                           |                  |                  |
| GAAP  | \$ 127,547                | \$ 125,029       | \$ 122,362       |
| Operating <sup>(2)</sup>  | 128,798                   | 128,821          | 125,388          |
| <br>  |                           |                  |                  |
| <b>Noninterest Income as a % of Total Revenue <sup>(3)</sup></b>  |                           |                  |                  |
| GAAP  | 24.13 %                   | 22.80 %          | 22.74 %          |
| Operating <sup>(2)</sup>  | 23.67                     | 23.87            | 23.29            |
| <br>  |                           |                  |                  |
| <b>Efficiency Ratios <sup>(4)</sup></b>   |                           |                  |                  |
| GAAP  | 62.40                     | 64.77            | 67.28            |
| Operating <sup>(2)</sup>  | 60.79                     | 62.26            | 64.26            |
| Cash operating <sup>(2)</sup>   | 59.31                     | 60.60            | 62.66            |

<sup>(1)</sup> The sum of net interest income and noninterest income.

<sup>(2)</sup> Total revenue, noninterest income as a % of total revenue, and the efficiency ratio, on an operating basis, are calculated using tax-equivalent net interest income and exclude non-operating items. The cash operating efficiency ratio also excludes amortization of intangibles.

<sup>(3)</sup> Calculated as noninterest income, divided by the sum of net interest income and noninterest income.

<sup>(4)</sup> Calculated as noninterest expenses, divided by the sum of net interest income and noninterest income.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(dollars in thousands) (unaudited)

|   | Three Months Ended |                   |                   |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | <u>12/31/06</u>    | <u>9/30/06</u>    | <u>6/30/06</u>    | <u>3/31/06</u>    |
| <b>Select Financial Data Used in Ratios Calculated Below</b>  |                    |                   |                   |                   |
| Net interest income   | \$ 96,654          | \$ 98,683         | \$ 103,122        | \$ 102,912        |
| Tax-equivalent adjustment   | 1,683              | 1,691             | 1,728             | 1,801             |
| Net interest income (tax-equivalent)  | <u>\$ 98,337</u>   | <u>\$ 100,374</u> | <u>\$ 104,850</u> | <u>\$ 104,713</u> |
| Total noninterest income, as reported (GAAP)  | \$ 30,257          | \$ 35,082         | \$ 29,342         | \$ 27,155         |
| Adjustments for non-operating items:  |                    |                   |                   |                   |
| Loss (gain) on securities   | 239                | -                 | (3,601)           | (675)             |
| Gain on disposition of assets and liabilities   | -                  | (2,498)           | -                 | -                 |
| Loss on sale of indirect auto loans previously HFI  | -                  | -                 | 3,477             | -                 |
| Operating noninterest income (noninterest income, excluding non-operating items)  | <u>\$ 30,496</u>   | <u>\$ 32,584</u>  | <u>\$ 29,218</u>  | <u>\$ 26,480</u>  |
| Total noninterest expenses, as reported (GAAP)  | \$ 91,022          | \$ 80,798         | \$ 80,381         | \$ 77,669         |
| Adjustments for non-operating items:  |                    |                   |                   |                   |
| Employment contract buyouts   | (4,990)            | -                 | -                 | (598)             |
| Loss on early extinguishment of debt  | (821)              | -                 | -                 | -                 |
| Operating noninterest expenses (noninterest expenses, excluding non-operating items)                                      | 85,211             | 80,798            | 80,381            | 77,071            |
| Less: amortization of intangibles   | <u>(2,156)</u>     | <u>(2,204)</u>    | <u>(2,208)</u>    | <u>(2,207)</u>    |
| Cash operating noninterest expenses (noninterest expenses, excluding non-operating items and amortization of intangibles) | <u>\$ 83,055</u>   | <u>\$ 78,594</u>  | <u>\$ 78,173</u>  | <u>\$ 74,864</u>  |
| <b>Total Revenue <sup>(1)</sup></b>   |                    |                   |                   |                   |
| GAAP  | \$ 126,911         | \$ 133,765        | \$ 132,464        | \$ 130,067        |
| Operating <sup>(2)</sup>  | 128,833            | 132,958           | 134,068           | 131,193           |
| <b>Noninterest Income as a % of Total Revenue <sup>(3)</sup></b>  |                    |                   |                   |                   |
| GAAP  | 23.84 %            | 26.23 %           | 22.15 %           | 20.88 %           |
| Operating <sup>(2)</sup>  | 23.67              | 24.51             | 21.79             | 20.18             |
| <b>Efficiency Ratios <sup>(4)</sup></b>   |                    |                   |                   |                   |
| GAAP  | 71.72              | 60.40             | 60.68             | 59.71             |
| Operating <sup>(2)</sup>  | 66.14              | 60.77             | 59.96             | 58.75             |
| Cash operating <sup>(2)</sup>   | 64.47              | 59.11             | 58.31             | 57.06             |

<sup>(1)</sup> The sum of net interest income and noninterest income.

<sup>(2)</sup> Total revenue, noninterest income as a % of total revenue, and the efficiency ratio, on an operating basis, are calculated using tax-equivalent net interest income and exclude non-operating items. The cash operating efficiency ratio also excludes amortization of intangibles.

<sup>(3)</sup> Calculated as noninterest income, divided by the sum of net interest income and noninterest income.

<sup>(4)</sup> Calculated as noninterest expenses, divided by the sum of net interest income and noninterest income.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(dollars in thousands) (unaudited)

|   | Years Ended December 31, |                   |                   |                   |                   |
|---|--------------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2006                     | 2005              | 2004              | 2003              | 2002              |
| <b>Select Financial Data Used in Ratios Calculated Below</b>  |                          |                   |                   |                   |                   |
| Net interest income   | \$ 401,371               | \$ 409,056        | \$ 335,841        | \$ 250,890        | \$ 210,143        |
| Tax-equivalent adjustment   | 6,903                    | 6,054             | 4,356             | 2,681             | 2,352             |
| Net interest income (tax-equivalent)  | 408,274                  | 415,110           | 340,197           | 253,571           | 212,495           |
| Net cash settlement of certain interest rate swaps included in noninterest income   | -                        | 10,360            | 27,560            | 19,486            | 7,396             |
| Net interest income (tax-equivalent), including net cash settlement of certain interest rate swaps                        | <u>\$ 408,274</u>        | <u>\$ 425,470</u> | <u>\$ 367,757</u> | <u>\$ 273,057</u> | <u>\$ 219,891</u> |
| Net interest margin (tax-equivalent)  | 3.22 %                   | 3.12 %            | 3.06 %            | 3.01 %            | 3.59 %            |
| Net interest margin (tax-equivalent), including net cash settlement of certain interest rate swaps                        | 3.22                     | 3.20              | 3.31              | 3.24              | 3.71              |
| Total noninterest income, as reported (GAAP)  | \$ 121,836               | \$ 47,267         | \$ 118,066        | \$ 95,117         | \$ 69,796         |
| Adjustments for non-operating items:  |                          |                   |                   |                   |                   |
| Change in fair value of interest rate swaps   | -                        | 13,278            | (2,550)           | 14,237            | (7,527)           |
| (Gain) loss on securities   | (4,037)                  | 52,139            | (11,721)          | (16,456)          | (6,120)           |
| Impairment of perpetual preferred stock   | -                        | -                 | 10,367            | -                 | -                 |
| Gain on disposition of assets and liabilities   | (2,498)                  | -                 | (2,350)           | (601)             | -                 |
| Loss on sale of indirect auto loans previously HFI  | 3,477                    | -                 | -                 | -                 | -                 |
| Operating noninterest income (noninterest income, excluding non-operating items)  | 118,778                  | 112,684           | 111,812           | 92,297            | 56,149            |
| Net cash settlement of certain interest rate swaps included in noninterest income   | -                        | 10,360            | 27,560            | 19,486            | 7,396             |
| Operating noninterest income, excluding net cash settlement of certain interest rate swaps                                | <u>\$ 118,778</u>        | <u>\$ 102,324</u> | <u>\$ 84,252</u>  | <u>\$ 72,811</u>  | <u>\$ 48,753</u>  |
| Total noninterest expenses, as reported (GAAP)  | \$ 329,870               | \$ 320,110        | \$ 243,433        | \$ 201,548        | \$ 158,073        |
| Adjustments for non-operating items:  |                          |                   |                   |                   |                   |
| Employment contract buyouts   | (5,588)                  | (10,327)          | (1,080)           | (512)             | (1,846)           |
| Merger-related costs  | -                        | (4,009)           | (7,866)           | (5,127)           | (6,664)           |
| Impairment recovery (loss) from write-down of assets  | -                        | (917)             | 277               | (268)             | (1,449)           |
| Conservation grant of land  | -                        | -                 | (3,350)           | -                 | -                 |
| Loss on early extinguishment of debt  | (821)                    | (7,101)           | (1,429)           | (2,699)           | (354)             |
| Charitable contribution to foundation   | -                        | (683)             | -                 | -                 | -                 |
| Operating noninterest expenses (noninterest expenses, excluding non-operating items)                                      | 323,461                  | 297,073           | 229,985           | 192,942           | 147,760           |
| Less: amortization of intangibles   | (8,775)                  | (8,637)           | (6,043)           | (3,433)           | (1,519)           |
| Cash operating noninterest expenses (noninterest expenses, excluding non-operating items and amortization of intangibles) | <u>\$ 314,686</u>        | <u>\$ 288,436</u> | <u>\$ 223,942</u> | <u>\$ 189,509</u> | <u>\$ 146,241</u> |
| <b>Total Revenue <sup>(1)</sup></b>   |                          |                   |                   |                   |                   |
| GAAP  | \$ 523,207               | \$ 456,323        | \$ 453,907        | \$ 346,007        | \$ 279,939        |
| Operating <sup>(2)</sup>  | 527,052                  | 527,794           | 452,009           | 345,868           | 268,644           |
| <b>Noninterest Income as a % of Total Revenue <sup>(3)</sup></b>  |                          |                   |                   |                   |                   |
| GAAP  | 23.29 %                  | 10.36 %           | 26.01 %           | 27.49 %           | 24.93 %           |
| Operating <sup>(2)</sup>  | 22.54                    | 21.35             | 24.74             | 26.69             | 20.90             |
| Operating, excluding net cash settlement of certain interest rate swaps <sup>(4)</sup>                                    | 22.54                    | 19.39             | 18.64             | 21.05             | 18.15             |
| <b>Efficiency Ratios <sup>(5)</sup></b>   |                          |                   |                   |                   |                   |
| GAAP  | 63.05                    | 70.15             | 53.63             | 58.25             | 56.47             |
| Operating <sup>(2)</sup>  | 61.37                    | 56.29             | 50.88             | 55.78             | 55.00             |
| Cash operating <sup>(2)</sup>   | 59.71                    | 54.65             | 49.54             | 54.79             | 54.44             |

<sup>(1)</sup> The sum of net interest income and noninterest income.

<sup>(2)</sup> Total revenue, noninterest income as a % of total revenue, and the efficiency ratio, on an operating basis, are calculated using tax-equivalent net interest income and exclude non-operating items. The cash operating efficiency ratio also excludes amortization of intangibles.

<sup>(3)</sup> Calculated as noninterest income, divided by the sum of net interest income and noninterest income.

<sup>(4)</sup> Calculated excluding the net cash settlement of certain interest rate swaps.

<sup>(5)</sup> Calculated as noninterest expenses, divided by the sum of net interest income and noninterest income.