

# **THE SOUTH** FINANCIAL | GROUP

## **Quarterly Financial Data Supplement (Unaudited) Third Quarter 2008**

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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 2008 FINANCIAL SUMMARY**

*Changes vs. prior quarter, unless indicated otherwise:*

**Quarterly EPS**

- Net loss of \$25.0 million; operating loss of \$22.6 million
- Net loss per diluted share of \$0.43; operating loss per diluted share of \$0.40
- Preferred stock dividends totaled \$6.2 million, up from \$5.8 million for previous quarter
- Average diluted shares of 72.8 million, up 0.2% versus prior quarter; down 1.2% versus prior year

**Revenue**

- Total revenue, defined as net interest income plus noninterest income, of \$123.5 million
- Operating revenues of \$125.5 million, down \$6.3 million
  - Non-operating items: \$725,000 net loss on securities
- Tax-equivalent net interest income of \$96.9 million, down \$4.6 million
  - Net interest margin of 3.08%, down 16 basis points from 3.24%
  - Average earning assets of \$12.6 billion, down \$23.3 million
- Operating noninterest income of \$28.6 million, down \$1.7 million from prior quarter; \$1.0 million from prior year

**Average Balance Sheet Growth**

- Average loans were flat compared to prior quarter
- Average securities, down \$40.4 million since prior quarter; down \$413.7 million since 3Q07
- Average customer funding, defined as total deposits less brokered deposits plus customer sweep accounts, up \$50.4 million or 0.6% linked-quarter
- Average wholesale borrowings, including brokered deposits and excluding customer sweep accounts, down \$132.3 million or 3.2% linked-quarter

**Noninterest Expenses and Operating Efficiency**

- Noninterest expenses of \$93.4 million
  - Non-operating items: \$4.6 million employment contracts and severance, and \$125,000 gain on early extinguishment of debt
- Operating noninterest expenses of \$88.9 million, up \$4.2 million from prior quarter; \$11.5 million from prior year
  - Loan collection and monitoring up \$1.9 million from prior quarter; \$3.4 million from prior year
  - FDIC insurance premiums (included in regulatory assessments) up \$646,000 from prior quarter; \$2.7 million from prior year
- Operating noninterest expenses 2.56% of average assets (annualized), an increase from 2.46% prior quarter

**Credit Quality**

- Nonperforming assets of \$293.2 million or 2.83% of loans and foreclosed property
- Nonperforming loans held for investment increased to \$240.1 million from \$220.2 million at June 30, 2008; sale of \$25.9 million of problem loans moderated nonperforming loan levels; nonperforming loans held for sale totaled \$22.6 million
- Net loan charge-offs of \$75.4 million, or 2.87% annualized as a % of average loans held for investment
- Provision for credit losses exceeded net loan charge-offs by \$9.2 million and increased allowance
- Allowance for credit losses of \$203.0 million or 1.97% of loans held for investment, an increase from 1.85% prior quarter
- Allowance coverage of nonperforming loans held for investment of 0.84 times, comparable with 0.87 times at June 30, 2008

**Capital**

- Tangible equity to tangible asset ratio of 7.94%, unchanged from June 30, 2008
- Tangible book value per share assuming conversion of the preferred stock of \$9.42, down from \$9.63 at June 30, 2008
- After-tax unrealized loss on available for sale securities decreased \$4.0 million from prior quarter
- Tier 1 capital ratio of 11.14%, up from 11.05% at June 30, 2008; capital ratios exceed all "well capitalized" regulatory requirements

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

	Three Months Ended				
	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Interest Income</b>					
Interest and fees on loans	\$ 155,433	\$ 158,016	\$ 171,228	\$ 190,846	\$ 195,393
Interest and dividends on securities:					
Taxable	20,186	20,591	20,392	22,431	25,390
Exempt from federal income taxes	<u>2,422</u>	<u>2,479</u>	<u>2,693</u>	<u>2,809</u>	<u>2,856</u>
Total interest and dividends on securities	22,608	23,070	23,085	25,240	28,246
Interest on short-term investments	<u>197</u>	<u>106</u>	<u>72</u>	<u>64</u>	<u>100</u>
Total interest income	<u>178,238</u>	<u>181,192</u>	<u>194,385</u>	<u>216,150</u>	<u>223,739</u>
<b>Interest Expense</b>					
Interest on deposits	69,071	63,180	77,106	93,253	94,497
Interest on borrowed funds	<u>13,548</u>	<u>17,807</u>	<u>24,573</u>	<u>27,949</u>	<u>32,468</u>
Total interest expense	<u>82,619</u>	<u>80,987</u>	<u>101,679</u>	<u>121,202</u>	<u>126,965</u>
<b>Net Interest Income</b>	95,619	100,205	92,706	94,948	96,774
<b>Provision for Credit Losses</b>	<u>84,608</u>	<u>63,763</u>	<u>73,292</u>	<u>31,926</u>	<u>10,504</u>
Net interest income after provision for credit losses	11,011	36,442	19,414	63,022	86,270
<b>Noninterest Income</b>	27,900	32,190	30,916	28,741	29,917
<b>Noninterest Expenses</b>	<u>93,392</u>	<u>87,620</u>	<u>268,179</u>	<u>80,481</u>	<u>78,739</u>
Income (loss) before income taxes	(54,481)	(18,988)	(217,849)	11,282	37,448
Income tax expense (benefit)	<u>(29,526)</u>	<u>(8,056)</u>	<u>(16,557)</u>	<u>2,293</u>	<u>11,609</u>
<b>Net Income (Loss)</b>	(24,955)	(10,932)	(201,292)	8,989	25,839
Preferred stock dividends	<u>6,250</u>	<u>5,833</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Income (Loss) Available to Common Shareholders</b>	<u>\$ (31,205)</u>	<u>\$ (16,765)</u>	<u>\$ (201,292)</u>	<u>\$ 8,989</u>	<u>\$ 25,839</u>
<b>Average common shares outstanding, basic</b>	72,755,480	72,611,024	72,449,437	72,571,612	73,146,211
<b>Average common shares outstanding, diluted <sup>(1)</sup></b>	72,755,480	72,611,024	72,449,437	72,875,062	73,605,752
<b>Earnings (loss) per common share, basic</b>	\$ (0.43)	\$ (0.23)	\$ (2.78)	\$ 0.12	\$ 0.35
<b>Earnings (loss) per common share, diluted</b>	(0.43)	(0.23)	(2.78)	0.12	0.35
<b>Cash dividends declared per common share</b>	0.01	0.01	0.19	0.19	0.18

<sup>(1)</sup> For the three months ended September 30, 2008, June 30, 2008, and March 31, 2008 average diluted shares exclude preferred stock and outstanding equity awards since their effect would be antidilutive.

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

	Three Months Ended				
	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Noninterest Income</b>					
Service charges on deposit accounts	\$ 11,376	\$ 10,986	\$ 10,429	\$ 11,470	\$ 11,213
Debit card income, net	2,006	2,056	1,876	1,938	1,838
Customer service fee income	1,425	1,358	1,331	1,422	1,533
Total customer fee income	<u>14,807</u>	<u>14,400</u>	<u>13,636</u>	<u>14,830</u>	<u>14,584</u>
Retail investment services, net	2,294	2,120	1,546	2,103	2,064
Insurance income	2,368	2,388	3,060	2,906	2,839
Trust and investment management income	1,728	1,857	1,666	1,625	1,642
Benefits administration fees	813	734	756	881	889
Total wealth management income	<u>7,203</u>	<u>7,099</u>	<u>7,028</u>	<u>7,515</u>	<u>7,434</u>
Mortgage banking income	879	1,858	1,485	1,273	834
Bank-owned life insurance	2,881	2,910	3,147	3,065	2,974
Merchant processing income, net	916	809	857	829	928
Gain (loss) on certain derivative activities	(199)	236	12	5	198
Other	2,138	3,002	2,451	2,512	2,678
Operating noninterest income (noninterest income, excluding non-operating items)	<u>28,625</u>	<u>30,314</u>	<u>28,616</u>	<u>30,029</u>	<u>29,630</u>
Gain (loss) on securities	(725)	1,876	396	(1,288)	287
Gain on Visa IPO share redemption	-	-	1,904	-	-
Non-operating noninterest (loss) income	<u>(725)</u>	<u>1,876</u>	<u>2,300</u>	<u>(1,288)</u>	<u>287</u>
Total noninterest income	<u>\$ 27,900</u>	<u>\$ 32,190</u>	<u>\$ 30,916</u>	<u>\$ 28,741</u>	<u>\$ 29,917</u>
<b>Noninterest Expenses</b>					
Salaries and wages	\$ 37,700	\$ 36,136	\$ 34,853	\$ 33,220	\$ 34,535
Employee benefits	9,252	9,113	9,298	9,232	8,862
Occupancy	9,770	8,972	8,623	8,783	8,723
Furniture and equipment	6,991	6,733	6,383	6,590	6,543
Professional services	4,573	3,579	3,527	3,767	4,278
Advertising and business development	2,114	2,731	2,471	2,054	1,443
Telecommunications	1,628	1,476	1,423	1,453	1,404
Amortization of intangibles	1,474	1,589	1,658	1,853	1,907
Regulatory assessments	3,020	2,374	2,077	1,464	300
Loan collection and monitoring	4,112	2,167	970	1,313	710
Other	8,262	9,803	8,781	9,372	8,735
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	<u>88,896</u>	<u>84,673</u>	<u>80,064</u>	<u>79,101</u>	<u>77,440</u>
Goodwill impairment	-	-	188,431	-	-
Employment contracts and severance	4,621	2,299	-	-	-
Branch acquisition and conversion costs	-	731	-	-	-
Gain (loss) on early extinguishment of debt	(125)	(83)	547	499	1,299
Visa-related litigation	-	-	(863)	881	-
Non-operating noninterest expenses	<u>4,496</u>	<u>2,947</u>	<u>188,115</u>	<u>1,380</u>	<u>1,299</u>
Total noninterest expenses	<u>\$ 93,392</u>	<u>\$ 87,620</u>	<u>\$ 268,179</u>	<u>\$ 80,481</u>	<u>\$ 78,739</u>

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

	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Assets</b>					
Cash and due from banks	\$ 176,293	\$ 224,991	\$ 223,185	\$ 290,974	\$ 221,529
Interest-bearing bank balances	35	55,713	10,035	5,551	520
Federal funds sold and securities purchased to resell	-	50,000	-	-	-
Securities					
Available for sale	1,995,681	1,987,232	2,069,898	1,986,212	2,323,241
Held to maturity	24,518	26,677	31,468	39,691	41,174
Total securities	<u>2,020,199</u>	<u>2,013,909</u>	<u>2,101,366</u>	<u>2,025,903</u>	<u>2,364,415</u>
Loans held for sale	37,575	21,871	16,119	17,867	19,572
Loans held for investment	10,299,640	10,475,731	10,275,653	10,213,420	10,173,237
Less: Allowance for loan losses	<u>(200,748)</u>	<u>(191,727)</u>	<u>(174,420)</u>	<u>(126,427)</u>	<u>(118,861)</u>
Net loans held for investment	<u>10,098,892</u>	<u>10,284,004</u>	<u>10,101,233</u>	<u>10,086,993</u>	<u>10,054,376</u>
Premises and equipment, net	274,258	265,853	243,628	233,852	226,784
Accrued interest receivable	51,207	56,118	56,764	70,464	73,383
Goodwill	461,458	463,300	462,572	651,003	650,637
Other intangible assets, net	23,112	24,586	25,521	27,179	29,032
Other assets	552,149	516,525	491,297	467,798	459,973
	<u>\$ 13,695,178</u>	<u>\$ 13,976,870</u>	<u>\$ 13,731,720</u>	<u>\$ 13,877,584</u>	<u>\$ 14,100,221</u>
<b>Liabilities and Shareholders' Equity</b>					
<b>Liabilities</b>					
Deposits					
Noninterest-bearing	\$ 1,022,632	\$ 1,107,115	\$ 1,108,623	\$ 1,127,657	\$ 1,164,312
Interest-bearing customer deposits	6,412,343	6,388,904	6,466,940	6,402,503	6,353,852
Interest-bearing brokered deposits	<u>2,573,833</u>	<u>2,390,350</u>	<u>1,875,969</u>	<u>2,258,408</u>	<u>1,983,505</u>
Total deposits	10,008,808	9,886,369	9,451,532	9,788,568	9,501,669
Short-term borrowings	1,188,929	1,581,601	1,917,450	1,637,550	2,070,581
Long-term debt	773,109	772,957	799,217	698,340	732,203
Accrued interest payable	61,463	55,880	58,705	69,288	73,418
Other liabilities	<u>129,255</u>	<u>120,861</u>	<u>126,495</u>	<u>133,530</u>	<u>174,098</u>
Total liabilities	<u>12,161,564</u>	<u>12,417,668</u>	<u>12,353,399</u>	<u>12,327,276</u>	<u>12,551,969</u>
Shareholders' equity					
Preferred stock	249,000	250,000	-	-	-
Common stock	73,006	72,796	72,630	72,455	72,971
Surplus	1,104,697	1,101,524	1,110,356	1,107,601	1,116,361
Retained earnings	120,578	152,567	170,186	386,061	391,019
Accumulated other comprehensive income (loss), net of income tax	<u>(13,667)</u>	<u>(17,685)</u>	<u>25,149</u>	<u>(15,809)</u>	<u>(32,099)</u>
Total shareholders' equity	<u>1,533,614</u>	<u>1,559,202</u>	<u>1,378,321</u>	<u>1,550,308</u>	<u>1,548,252</u>
	<u>\$ 13,695,178</u>	<u>\$ 13,976,870</u>	<u>\$ 13,731,720</u>	<u>\$ 13,877,584</u>	<u>\$ 14,100,221</u>

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

	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Investment Securities Portfolio</b>					
Available for sale (at fair value):					
U.S. Treasury	\$ 28,084	\$ 27,703	\$ 28,798	\$ 27,592	\$ 168,614
U.S. Government agencies	327,933	335,593	337,775	503,571	659,681
Agency mortgage-backed securities	1,312,116	1,276,145	1,343,108	1,088,427	1,119,547
Private label mortgage-backed securities	15,152	15,544	16,209	-	-
State and municipal	260,532	270,521	279,788	302,586	303,388
Other investments <sup>(1)</sup>	51,864	61,726	64,220	64,036	72,011
Total available for sale securities	<u>1,995,681</u>	<u>1,987,232</u>	<u>2,069,898</u>	<u>1,986,212</u>	<u>2,323,241</u>
Held to maturity (at amortized cost)	24,518	26,677	31,468	39,691	41,174
Total securities	<u>\$ 2,020,199</u>	<u>\$ 2,013,909</u>	<u>\$ 2,101,366</u>	<u>\$ 2,025,903</u>	<u>\$ 2,364,415</u>
Total securities as a percentage of total assets	<u>14.8</u> %	<u>14.4</u> %	<u>15.3</u> %	<u>14.6</u> %	<u>16.8</u> %

	<b>September 30, 2008</b>			
	<u>Amortized Cost</u>	<u>Percentage of Total</u>	<u>Duration</u>	<u>Book Yield</u>
<b>Debt Securities</b>				
U.S. Treasury	\$ 27,070	1.4 %	3.8	3.96 %
U.S. Government agencies	332,237	16.6	3.1	4.63
Mortgage-backed securities:				
Collateralized mortgage obligations	854,310	42.7	5.3	4.55
Adjustable rate mortgages	179,442	8.9	2.3	4.65
Pass-through	338,306	16.9	3.5	4.80
State and municipal	260,495	13.0	2.7	4.99
Corporate bonds	9,893	0.5	0.5	5.53
Total available for sale debt securities	<u>\$ 2,001,753</u>	<u>100.0</u> %	<u>4.0</u>	<u>4.67</u> %
Fixed interest rate:				
Mortgage-backed securities	\$ 1,185,742	59.2 %	4.8	4.62 %
Other	629,695	31.5	2.9	4.76
Variable interest rate:				
Mortgage-backed securities	186,316	9.3	2.3	4.65
Total available for sale debt securities	<u>\$ 2,001,753</u>	<u>100.0</u> %	<u>4.0</u>	<u>4.67</u> %

**Projected Interest Rate Shock for Debt Securities**

<u>Interest Rate Scenario</u>	<u>Estimated Impact on Fair Value</u>	<u>Duration</u>
Up 2.00%	(8.5) %	4.9
Up 1.00%	(4.2)	4.6
Flat	-	4.0
Down 1.00%	3.4	2.7
Down 2.00% <sup>(2)</sup>	5.3	1.0

The estimated decrease in fair value for a five year U.S. Treasury Note when interest rates increase 100 basis points is 4.55%.

<sup>(1)</sup> Other investments in available for sale securities includes corporate bonds, FHLB stock, community bank stocks, and other equity securities. Also, excludes certain other investments recorded in other assets totaling \$16.9 million.

<sup>(2)</sup> Due to the current low interest rate environment, certain modifications were made to the Down 2.00% shock scenario.

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

	<u>September 30, 2008</u>		<u>December 31, 2007</u>	
	<u>Balance</u>	<u>% of Total</u>	<u>Balance</u>	<u>% of Total</u>
<b>Government and agency</b>				
U.S. Treasury	\$ 28,084	1.4 %	\$ 27,592	1.4 %
U.S. Government agencies <sup>(1)</sup>	327,933	16.2	503,571	24.9
Agency mortgage-backed securities (MBS) <sup>(1)(2)</sup>	1,312,116	64.9	1,088,427	53.7
Federal Home Loan Bank Stock	38,478	1.9	35,333	1.7
Total government and agency	<u>1,706,611</u>	<u>84.4</u>	<u>1,654,923</u>	<u>81.7</u>
<b>State and municipal</b> <sup>(3)(4)(5)</sup>				
Pre-funded with collateral or AAA-rated backed by				
Texas Permanent School Fund	187,635	9.3	214,675	10.6
Underlying issuer or collateral rated A or better (including				
South Carolina State Aid)	80,740	4.0	102,187	5.1
Underlying issuer or collateral rated BBB	7,331	0.4	12,930	0.6
Non-rated	9,244	0.4	12,245	0.6
Total state and municipal	<u>284,950</u>	<u>14.1</u>	<u>342,037</u>	<u>16.9</u>
<b>Corporate bonds</b>				
AA or A-rated	9,855	0.5	17,068	0.8
BBB-rated	-	-	3,312	0.2
Total corporate bonds	<u>9,855</u>	<u>0.5</u>	<u>20,380</u>	<u>1.0</u>
<b>Private label mortgage-backed securities</b> <sup>(2)</sup>				
AAA-rated	15,152	0.8	-	-
Total private label mortgage-backed securities	<u>15,152</u>	<u>0.8</u>	<u>-</u>	<u>-</u>
<b>Community bank stocks and other</b>				
Total securities	<u>\$ 2,020,199</u>	<u>100.0 %</u>	<u>\$ 2,025,903</u>	<u>100.0 %</u>
Percent of total securities:				
Rated A or higher		99.0 %		98.2 %
Investment grade		99.4 %		99.0 %

- <sup>(1)</sup> At September 30, 2008, these numbers include, in the aggregate, \$169.7 million and \$1.3 billion related to senior debt and MBS, respectively, issued by FNMA and FHLMC.
- <sup>(2)</sup> Current policies restrict MBS/CMO purchases to agency-backed and a small percent of private-label securities and prohibit securities collateralized by sub-prime assets.
- <sup>(3)</sup> At September 30, 2008 and December 31, 2007, state and municipal securities include \$24.4 million and \$39.5 million, respectively, of securities held to maturity at amortized cost.
- <sup>(4)</sup> Ratings shown above do not reflect the benefit of guarantees by bond insurers. At September 30, 2008, \$34.5 million of municipal bonds are guaranteed by bond insurers. At December 31, 2007, \$43.5 million of municipal bonds are guaranteed by bond insurers.
- <sup>(5)</sup> At September 30, 2008, the breakdown by current bond rating is as follows: \$187.6 million pre-funded with collateral or AAA-rated backed Texas Permanent School Fund, \$8.9 million AAA-rated, \$83.5 million AA or A-rated, \$0.6 million BBB-rated, and \$4.3 million non-rated.

Note: Within each category, securities are ordered based on risk assessment from lowest to highest. TSFG holds no collateralized debt obligations.

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

	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Commercial Loans</b>					
Commercial and industrial	\$ 2,824,117	\$ 2,891,007	\$ 2,788,980	\$ 2,742,863	\$ 2,693,973
Owner - occupied real estate	1,206,597	1,183,618	1,107,069	1,070,376	1,042,131
Commercial real estate	<u>4,094,164</u>	<u>4,162,248</u>	<u>4,156,522</u>	<u>4,158,384</u>	<u>4,178,653</u>
	<u>8,124,878</u>	<u>8,236,873</u>	<u>8,052,571</u>	<u>7,971,623</u>	<u>7,914,757</u>
<b>Consumer Loans</b>					
Indirect - sales finance	680,413	728,433	710,806	699,014	707,819
Consumer lot loans	249,062	266,242	291,378	311,386	334,971
Direct retail	100,257	99,951	101,278	107,827	109,883
Home equity	<u>784,357</u>	<u>781,120</u>	<u>754,344</u>	<u>754,158</u>	<u>746,253</u>
	<u>1,814,089</u>	<u>1,875,746</u>	<u>1,857,806</u>	<u>1,872,385</u>	<u>1,898,926</u>
<b>Mortgage Loans</b>	<u>360,673</u>	<u>363,112</u>	<u>365,276</u>	<u>369,412</u>	<u>359,554</u>
Total loans held for investment	<u>\$ 10,299,640</u>	<u>\$10,475,731</u>	<u>\$ 10,275,653</u>	<u>\$ 10,213,420</u>	<u>\$ 10,173,237</u>
<b>Percentage of Loans Held for Investment</b>					
Commercial and industrial	27.4 %	27.6 %	27.1 %	26.9 %	26.5 %
Owner - occupied real estate	11.7	11.3	10.8	10.5	10.2
Commercial real estate	39.8	39.7	40.5	40.7	41.1
Consumer	17.6	17.9	18.1	18.3	18.7
Mortgage	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.6</u>	<u>3.5</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>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Growth in Loans Held for Investment <sup>(1)</sup></b>					
Growth vs. prior quarter, annualized	(6.7) %	7.8 %	2.5 %	1.6 %	5.7 %
Growth year-to-date, annualized	1.1	5.2	2.5	5.3	6.5

<sup>(1)</sup> At June 30, 2007 and December 31, 2006, loans held for investment totaled \$10,029,228 and \$9,701,867, respectively.

**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				
	9/30/08	6/30/08	3/31/08	12/31/07	9/30/07
<b>Credit Quality</b>					
Loans held for investment	\$ 10,299,640	\$ 10,475,731	\$ 10,275,653	\$ 10,213,420	\$ 10,173,237
Allowance for loan losses	200,748	191,727	174,420	126,427	118,861
Allowance for credit losses	203,000	193,825	177,016	128,695	120,424
Nonperforming loans <sup>(1)</sup>	240,091	220,151	223,790	81,631	53,257
Nonperforming loans held for sale	22,576	-	-	-	-
Foreclosed property (other real estate owned and personal property repossessions)	30,503	21,780	8,227	8,276	5,658
Nonperforming assets	<u>\$ 293,170</u>	<u>\$ 241,931</u>	<u>\$ 232,017</u>	<u>\$ 89,907</u>	<u>\$ 58,915</u>
Nonperforming loans as a % of loans held for investment	2.33 %	2.10 %	2.18 %	0.80 %	0.52 %
Nonperforming assets as a % of loans and foreclosed property <sup>(2)</sup>	2.83	2.30	2.25	0.88	0.58
Allowance for loan losses as a % of loans held for investment	1.95	1.83	1.70	1.24	1.17
Allowance for credit losses as a % of loans held for investment	1.97	1.85	1.72	1.26	1.18
Allowance for loan losses to nonperforming loans	0.84 x	0.87 x	0.78 x	1.55 x	2.23 x
Impaired loans <sup>(1)</sup>	\$ 198,018	\$ 195,774	\$ 206,621	\$ 68,102	\$ 38,060
Specific allowance for impaired loans	29,911	39,238	32,070	11,340	11,010
Loans past due 90 days or more (mortgage and consumer with interest accruing)	12,899	8,779	9,588	5,349	2,629
Net loan charge-offs	75,433	46,954	24,971	23,655	16,801
Average loans held for investment	10,441,580	10,435,248	10,221,424	10,164,807	10,042,419
Net loan charge-offs as a % of average loans held for investment (annualized)	2.87 %	1.81 %	0.98 %	0.92 %	0.66 %
<b>Allowance for Loan Losses</b>					
Balance at beginning of period	\$ 191,727	\$ 174,420	\$ 126,427	\$ 118,861	\$ 125,545
Provision for loan losses	84,454	64,261	72,964	31,221	10,117
Loans charged-off	(76,558)	(48,523)	(27,583)	(25,249)	(17,926)
Recoveries of loans previously charged-off	1,125	1,569	2,612	1,594	1,125
Balance at end of period	<u>\$ 200,748</u>	<u>\$ 191,727</u>	<u>\$ 174,420</u>	<u>\$ 126,427</u>	<u>\$ 118,861</u>
<b>Reserve for Unfunded Lending Commitments</b>					
Balance at beginning of period	\$ 2,098	\$ 2,596	\$ 2,268	\$ 1,563	\$ 1,176
Provision for unfunded lending commitments	154	(498)	328	705	387
Balance at end of period	<u>\$ 2,252</u>	<u>\$ 2,098</u>	<u>\$ 2,596</u>	<u>\$ 2,268</u>	<u>\$ 1,563</u>
<b>Allowance for Credit Losses</b>					
Balance at beginning of period	\$ 193,825	\$ 177,016	\$ 128,695	\$ 120,424	\$ 126,721
Provision for credit losses	84,608	63,763	73,292	31,926	10,504
Loans charged-off	(76,558)	(48,523)	(27,583)	(25,249)	(17,926)
Recoveries of loans previously charged-off	1,125	1,569	2,612	1,594	1,125
Balance at end of period	<u>\$ 203,000</u>	<u>\$ 193,825</u>	<u>\$ 177,016</u>	<u>\$ 128,695</u>	<u>\$ 120,424</u>

(1) At September 30, 2008, June 30, 2008, March 31, 2008, December 31, 2007, and September 30, 2007, these credit quality indicators (nonperforming loans and impaired loans) included \$2.4 million, \$1.6 million, \$1.6 million, \$1.7 million, and \$1.9 million, respectively, in restructured loans.

(2) Excluding nonperforming loans held for sale, nonperforming assets as a % of loans held for investment and foreclosed property totaled 2.62% at September 30, 2008.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**COMMERCIAL REAL ESTATE LOANS**  
(dollars in millions) (unaudited)

**9/30/08 Commercial Real Estate ("CRE") Loans by Geography <sup>(1)</sup>**

	<u>SC, Excl</u> <u>Coastal</u>	<u>Coastal</u> <u>SC</u>	<u>Western</u> <u>NC</u>	<u>Central</u> <u>FL</u>	<u>North</u> <u>FL</u>	<u>South</u> <u>FL</u>	<u>Tampa</u> <u>Bay</u>	<u>Total</u> <u>CRE Loans</u>	<u>% of</u> <u>Loans</u> <u>HFI</u>
<b>CRE Loans by Product Type:</b>									
Completed income property	\$ 428	\$ 286	\$ 457	\$ 195	\$ 359	\$ 153	\$ 206	\$ 2,084	20 %
Residential A&D	111	76	172	56	81	4	55	555	6
Commercial A&D	46	31	42	26	10	13	72	240	2
Commercial construction	162	48	27	36	48	11	29	361	4
Residential construction	49	32	54	29	34	11	16	225	2
Residential condo	24	110	10	9	18	18	20	209	2
Undeveloped land	35	47	70	81	68	40	79	420	4
Total CRE Loans	<u>\$ 855</u>	<u>\$ 630</u>	<u>\$ 832</u>	<u>\$ 432</u>	<u>\$ 618</u>	<u>\$ 250</u>	<u>\$ 477</u>	<u>\$ 4,094</u>	<u>40 %</u>
% of Total Loans HFI	8%	6%	8%	4%	6%	3%	5%	40%	

**9/30/08 CRE Nonaccrual Loans HFI ("NAL") by Geography**

	<u>SC, Excl</u> <u>Coastal</u>	<u>Coastal</u> <u>SC</u>	<u>Western</u> <u>NC</u>	<u>Central</u> <u>FL</u>	<u>North</u> <u>FL</u>	<u>South</u> <u>FL</u>	<u>Tampa</u> <u>Bay</u>	<u>Total</u> <u>CRE NAL</u>	<u>% of</u> <u>NAL</u> <sup>(1)</sup>
<b>CRE Nonaccrual Loans by Product Type:</b>									
Completed income property	\$ 1.8	\$ 1.8	\$ 6.0	\$ 6.8	\$ 1.8	\$ 3.0	\$ 0.6	\$ 21.8	9 %
Residential A&D	2.3	2.6	14.7	7.9	3.5	0.2	26.9	58.1	25
Commercial A&D	0.4	7.0	0.6	0.2	-	-	-	8.2	3
Commercial construction	-	-	1.4	-	-	1.7	-	3.1	1
Residential construction	1.3	1.9	5.6	9.5	1.5	-	-	19.8	8
Residential condo	-	2.3	-	1.7	-	8.8	7.0	19.8	8
Undeveloped land	0.1	-	0.9	0.4	3.8	15.9	8.5	29.6	13
Total CRE Nonaccrual Loans	<u>\$ 5.9</u>	<u>\$ 15.6</u>	<u>\$ 29.2</u>	<u>\$ 26.5</u>	<u>\$ 10.6</u>	<u>\$ 29.6</u>	<u>\$ 43.0</u>	<u>\$ 160.4</u>	<u>67 %</u>
CRE Nonaccrual Loans as % of Total Nonaccrual Loans <sup>(1)</sup>	3%	7%	12%	11%	4%	12%	18%	67%	

**Three Months Ended 9/30/08 CRE Net Charge-offs ("NCO") by Geography**

	<u>SC, Excl</u> <u>Coastal</u>	<u>Coastal</u> <u>SC</u>	<u>Western</u> <u>NC</u>	<u>Central</u> <u>FL</u>	<u>North</u> <u>FL</u>	<u>South</u> <u>FL</u>	<u>Tampa</u> <u>Bay</u>	<u>Total</u> <u>CRE NCO</u>	<u>% of</u> <u>NCO</u>
<b>CRE Net Charge-offs by Product Type:</b>									
Completed income property	\$ 0.1	\$ -	\$ 0.6	\$ 0.8	\$ 0.4	\$ -	\$ -	\$ 1.9	3 %
Residential A&D	0.1	0.2	1.5	8.9	1.4	-	5.9	18.0	24
Commercial A&D	0.2	-	(0.1)	0.2	-	0.6	-	0.9	1
Commercial construction	-	-	-	-	-	1.6	-	1.6	2
Residential construction	0.5	0.7	0.4	1.2	(0.1)	-	-	2.7	4
Residential condo	-	1.0	-	0.5	-	2.7	8.0	12.2	16
Undeveloped land	-	-	0.8	-	6.1	3.6	1.2	11.7	15
Total CRE Net Charge-off:	<u>\$ 0.9</u>	<u>\$ 1.9</u>	<u>\$ 3.2</u>	<u>\$ 11.6</u>	<u>\$ 7.8</u>	<u>\$ 8.5</u>	<u>\$ 15.1</u>	<u>\$ 49.0</u>	<u>65 %</u>
CRE Net Charge-offs as % of Total Net Charge-offs	1%	3%	4%	16%	10%	11%	20%	65%	

<sup>(1)</sup> Calculated as a percent of nonaccrual loans held for investment, which totaled \$237.8 million at September 30, 2008. Excludes nonaccrual loans held for sale, which totaled \$22.6 million at September 30, 2008.

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

	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
Noninterest-bearing	\$1,022,632	\$1,107,115	\$1,108,623	\$1,127,657	\$1,164,312
Interest-bearing checking	1,090,874	1,127,497	1,162,374	1,117,850	1,100,428
Money market accounts	1,806,143	2,162,599	2,182,709	2,188,261	2,184,822
Savings accounts	150,150	150,696	155,337	158,092	169,091
Time deposits under \$100,000	1,840,363	1,468,372	1,408,593	1,442,030	1,384,094
Time deposits of \$100,000 or more	<u>1,524,813</u>	<u>1,479,740</u>	<u>1,557,927</u>	<u>1,496,270</u>	<u>1,515,417</u>
Customer deposits <sup>(1)</sup>	7,434,975	7,496,019	7,575,563	7,530,160	7,518,164
Brokered deposits	<u>2,573,833</u>	<u>2,390,350</u>	<u>1,875,969</u>	<u>2,258,408</u>	<u>1,983,505</u>
Total deposits	10,008,808	9,886,369	9,451,532	9,788,568	9,501,669
Less: Brokered deposits	(2,573,833)	(2,390,350)	(1,875,969)	(2,258,408)	(1,983,505)
Add: Customer sweep accounts	<u>551,559</u>	<u>536,642</u>	<u>631,214</u>	<u>648,311</u>	<u>599,021</u>
Customer funding <sup>(2)</sup>	<u>\$7,986,534</u>	<u>\$8,032,661</u>	<u>\$8,206,777</u>	<u>\$8,178,471</u>	<u>\$8,117,185</u>

**Percentage of Deposits**

Noninterest-bearing	10.2 %	11.2 %	11.7 %	11.5 %	12.2 %
Interest-bearing checking	10.9	11.4	12.3	11.4	11.6
Money market accounts	18.1	21.9	23.1	22.4	23.0
Savings accounts	1.5	1.5	1.6	1.6	1.8
Time deposits under \$100,000	18.4	14.8	14.9	14.7	14.6
Time deposits of \$100,000 or more	<u>15.2</u>	<u>15.0</u>	<u>16.5</u>	<u>15.3</u>	<u>15.9</u>
Customer deposits <sup>(1)</sup>	74.3	75.8	80.1	76.9	79.1
Brokered deposits	<u>25.7</u>	<u>24.2</u>	<u>19.9</u>	<u>23.1</u>	<u>20.9</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>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Growth vs. Prior Quarter, Annualized <sup>(3)</sup></b>					
Noninterest-bearing	(30.4) %	(0.5) %	(6.8) %	(12.5) %	(25.7) %
Total deposits	4.9	18.5	(13.8)	12.0	(23.0)
Customer funding <sup>(2)</sup>	(2.3)	(8.5)	1.4	3.0	(11.0)
<b>Growth Year-To-Date, Annualized <sup>(4)</sup></b>					
Noninterest-bearing	(12.4) %	(3.7) %	(6.8) %	(12.0) %	(12.2) %
Total deposits	3.0	2.0	(13.8)	2.9	(0.2)
Customer funding <sup>(2)</sup>	(3.1)	(3.6)	1.4	(2.6)	(4.4)

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

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

<sup>(3)</sup> At June 30, 2007, noninterest-bearing totaled \$1,244,834, total deposits totaled \$10,085,806, and customer funding totaled \$8,348,935.

<sup>(4)</sup> At December 31, 2006, noninterest-bearing totaled \$1,280,908, total deposits totaled \$9,516,740, and customer funding totaled \$8,392,597.

**THE SOUTH FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**WHOLESALE BORROWINGS**  
(dollars in thousands) (unaudited)

	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Types of wholesale borrowings</b>					
<b>Short-term borrowings</b>					
Federal funds purchased and repurchase agreements	\$ 137,927	\$ 169,074	\$ 541,022	\$ 206,216	\$ 595,272
Customer sweep accounts	551,559	536,642	631,214	648,311	599,021
Federal Reserve borrowings	30,000	500,000	200,000	-	-
FHLB advances	-	-	-	-	175,000
Commercial paper	19,068	25,155	29,582	30,828	32,601
Treasury, tax and loan note	450,375	350,730	515,632	752,195	668,687
<b>Total short-term borrowings</b>	<u>1,188,929</u>	<u>1,581,601</u>	<u>1,917,450</u>	<u>1,637,550</u>	<u>2,070,581</u>
<b>Long-term borrowings</b>					
Repurchase agreements	200,000	200,000	200,000	200,000	200,000
FHLB advances	298,119	297,873	324,080	223,087	223,093
Subordinated notes	216,704	216,704	216,704	216,704	242,478
Mandatorily redeemable preferred stock of subsidiary	56,800	56,800	56,800	56,800	64,800
Note payable	779	791	775	786	797
Purchase accounting premiums, net of amortization	707	789	858	963	1,035
<b>Total long-term borrowings</b>	<u>773,109</u>	<u>772,957</u>	<u>799,217</u>	<u>698,340</u>	<u>732,203</u>
<b>Total borrowings</b>	1,962,038	2,354,558	2,716,667	2,335,890	2,802,784
Less: Customer sweep accounts	(551,559)	(536,642)	(631,214)	(648,311)	(599,021)
Add: Brokered deposits	2,573,833	2,390,350	1,875,969	2,258,408	1,983,505
<b>Total wholesale borrowings</b>	<u>\$ 3,984,312</u>	<u>\$ 4,208,266</u>	<u>\$ 3,961,422</u>	<u>\$ 3,945,987</u>	<u>\$ 4,187,268</u>
Wholesale borrowings as a percentage					
of total assets	29.1 %	30.1 %	28.8 %	28.4 %	29.7 %

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

	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>	<u>9/30/07</u>
<b>Regulatory Capital</b>					
Tier 1 capital	\$ 1,295,008	\$ 1,311,908	\$ 1,089,115	\$ 1,114,915	\$ 1,152,663
Tier 2 capital	<u>174,282</u>	<u>177,271</u>	<u>180,711</u>	<u>163,095</u>	<u>161,224</u>
Total risk-based capital	<u>1,469,290</u>	<u>1,489,179</u>	<u>1,269,826</u>	<u>1,278,010</u>	<u>1,313,887</u>
Total risk-weighted assets	11,621,557	11,872,790	11,674,210	11,743,799	11,650,676
<b>Tangible Equity</b>					
Preferred stock	\$ 249,000	\$ 250,000	\$ -	\$ -	\$ -
Common equity	<u>1,284,614</u>	<u>1,309,202</u>	<u>1,378,321</u>	<u>1,550,308</u>	<u>1,548,252</u>
Shareholders' equity	1,533,614	1,559,202	1,378,321	1,550,308	1,548,252
Intangible assets	<u>(484,570)</u>	<u>(487,886)</u>	<u>(488,093)</u>	<u>(678,182)</u>	<u>(679,669)</u>
Tangible equity	1,049,044	1,071,316	890,228	872,126	868,583
<b>Capital Ratios</b>					
Tier 1 risk-based capital	11.14 %	11.05 %	9.33 %	9.49 %	9.89 %
Total risk-based capital	12.64	12.54	10.88	10.88	11.28
Leverage ratio	9.70	9.81	8.16	8.42	8.64
Tangible equity to tangible assets ratio	7.94	7.94	6.72	6.61	6.47
Impact of unrealized (gain) loss	<u>0.21</u>	<u>0.24</u>	<u>0.02</u>	<u>0.21</u>	<u>0.27</u>
Tangible equity to tangible assets ratio, excluding unrealized gain or loss	8.15	8.18	6.74	6.82	6.74
<b>Unrealized Losses on AFS Securities</b>					
Gross (included in AFS securities)	\$ (48,147)	\$ (54,391)	\$ (3,042)	\$ (48,841)	\$ (61,462)
Net of income tax (included in equity)	(30,334)	(34,287)	(1,912)	(30,765)	(38,717)
<b>Per Share Data</b>					
Preferred shares outstanding	249,000	250,000	-	-	-
Common shares outstanding	73,005,766	72,795,797	72,629,724	72,455,205	72,971,394
Conversion of preferred stock into common <sup>(1)</sup>	<u>38,307,692</u>	<u>38,461,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Common shares outstanding, assuming conversion	111,313,458	111,257,335	72,629,724	72,455,205	72,971,394
Common book value per common share	\$ 17.60	\$ 17.98	\$ 18.98	\$ 21.40	\$ 21.22
Common tangible book value per common share	10.96	11.28	12.26	12.04	11.90
Book value per common share, assuming conversion <sup>(1)</sup>	13.78	14.01	18.98	21.40	21.22
Tangible book value per common share, assuming conversion <sup>(1)</sup>	9.42	9.63	12.26	12.04	11.90
<b>Market Rates for U.S. Treasury Notes</b>					
Three year	2.28 %	2.91 %	1.79 %	3.07 %	4.03 %
Five year	2.98	3.34	2.46	3.45	4.23

<sup>(1)</sup> Using a \$6.50 conversion price.

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

	Three Months Ended								
	9/30/08			6/30/08			3/31/08		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
<b>Assets</b>									
Earning assets									
Commercial loans	\$ 8,233,343	\$ 113,423	5.48 %	\$ 8,193,599	\$ 114,935	5.64 %	\$ 7,983,464	\$ 128,741	6.49 %
Consumer loans	1,518,642	22,577	5.91	1,530,817	23,272	6.11	1,548,384	25,985	6.75
Indirect loans	706,780	12,621	7.10	734,155	13,152	7.21	703,670	12,680	7.25
Risk management derivatives tied to loans	-	6,812		-	6,657		-	3,822	
Total loans <sup>(1)</sup>	<u>10,458,765</u>	<u>155,433</u>	5.91	<u>10,458,571</u>	<u>158,016</u>	6.08	<u>10,235,518</u>	<u>171,228</u>	6.73
Investment securities (taxable) <sup>(2)</sup>	1,768,461	20,186	4.57	1,799,907	20,591	4.58	1,749,423	20,392	4.66
Investment securities (nontaxable) <sup>(3)</sup>	290,431	3,726	5.13	299,350	3,814	5.10	326,318	4,143	5.08
Total investment securities	<u>2,058,892</u>	<u>23,912</u>	4.65	<u>2,099,257</u>	<u>24,405</u>	4.65	<u>2,075,741</u>	<u>24,535</u>	4.73
Federal funds sold, interest-bearing bank balances, and other temp investments	37,149	197	2.11	20,256	106	2.10	8,716	72	3.32
Total earning assets	<u>12,554,806</u>	<u>179,542</u>	5.69	<u>12,578,084</u>	<u>182,527</u>	5.83	<u>12,319,975</u>	<u>195,835</u>	6.39
Non-earning assets	<u>1,281,130</u>			<u>1,290,065</u>			<u>1,524,930</u>		
Total assets	<u>\$ 13,835,936</u>			<u>\$ 13,868,149</u>			<u>\$ 13,844,905</u>		
<b>Liabilities and Shareholders' Equity</b>									
Liabilities									
Interest-bearing liabilities									
Interest-bearing deposits									
Interest checking	\$ 1,130,079	\$ 2,481	0.87	\$ 1,120,716	\$ 2,683	0.96	\$ 1,155,418	\$ 4,653	1.62
Savings	143,014	255	0.71	152,023	304	0.80	156,848	427	1.09
Money market	1,949,001	11,293	2.31	2,104,322	11,822	2.26	2,193,504	16,633	3.05
Time deposits, excluding brokered deposits	3,259,783	30,522	3.72	2,997,131	29,172	3.91	2,953,364	33,651	4.58
Brokered deposits	<u>2,574,430</u>	<u>24,520</u>	3.79	<u>2,081,224</u>	<u>19,199</u>	3.71	<u>1,934,922</u>	<u>21,742</u>	4.52
Total interest-bearing deposits	9,056,307	69,071	3.03	8,455,416	63,180	3.01	8,394,056	77,106	3.69
Customer sweep accounts	536,526	2,251	1.67	573,957	2,621	1.84	684,752	5,472	3.21
Other borrowings <sup>(4)</sup>	<u>1,453,196</u>	<u>11,297</u>	3.09	<u>2,078,730</u>	<u>15,186</u>	2.94	<u>1,922,959</u>	<u>19,101</u>	4.00
Total interest-bearing liabilities	11,046,029	<u>82,619</u>	2.98	11,108,103	<u>80,987</u>	2.93	11,001,767	<u>101,679</u>	3.72
Noninterest-bearing liabilities									
Noninterest-bearing deposits	1,059,565			1,079,390			1,083,505		
Other noninterest liabilities	<u>177,735</u>			<u>185,275</u>			<u>194,655</u>		
Total liabilities	<u>12,283,329</u>			<u>12,372,768</u>			<u>12,279,927</u>		
Shareholders' equity	<u>1,552,607</u>			<u>1,495,381</u>			<u>1,564,978</u>		
Total liabilities and shareholders' equity	<u>\$ 13,835,936</u>			<u>\$ 13,868,149</u>			<u>\$ 13,844,905</u>		
Net interest margin (tax-equivalent)		\$ 96,923	3.08 %		\$ 101,540	3.24 %		\$ 94,156	3.07 %
Less: tax-equivalent adjustment <sup>(3)</sup>		<u>1,304</u>			<u>1,335</u>			<u>1,450</u>	
Net interest income		<u>\$ 95,619</u>			<u>\$ 100,205</u>			<u>\$ 92,706</u>	
Supplemental data:									
Customer funding <sup>(5)</sup>	\$ 8,077,968	\$ 46,802	2.30 %	\$ 8,027,539	\$ 46,602	2.33 %	\$ 8,227,391	\$ 60,836	2.97 %
Wholesale borrowings <sup>(6)</sup>	<u>4,027,626</u>	<u>35,817</u>	3.54	<u>4,159,954</u>	<u>34,385</u>	3.32	<u>3,857,881</u>	<u>40,843</u>	4.26
Total funding <sup>(7)</sup>	<u>\$ 12,105,594</u>	<u>\$ 82,619</u>	2.72 %	<u>\$ 12,187,493</u>	<u>\$ 80,987</u>	2.67 %	<u>\$ 12,085,272</u>	<u>\$ 101,679</u>	3.38 %

<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 the three months ended September 30, 2008, June 30, 2008, and March 31, 2008, TSFG capitalized \$424,000, \$332,000, and \$329,000, respectively, 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 sweep accounts.

<sup>(6)</sup> TSFG defines wholesale borrowings as borrowings less customer sweep accounts plus brokered deposits. For purposes of this table, wholesale borrowings equal the sum of other borrowings and brokered deposits, as customer sweep accounts 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					
	12/31/07			9/30/07		
	<u>Average Balance</u>	<u>Income/ Expense</u>	<u>Yield/ Rate</u>	<u>Average Balance</u>	<u>Income/ Expense</u>	<u>Yield/ Rate</u>
<b>Assets</b>						
Earning assets						
Commercial loans	\$ 7,919,926	\$ 149,001	7.46 %	\$ 7,799,177	\$ 154,655	7.87 %
Consumer loans	1,563,625	28,657	7.27	1,570,591	29,432	7.43
Indirect loans	702,721	12,565	7.09	695,686	12,188	6.95
Risk management derivatives tied to loans	-	623		-	(882)	
Total loans <sup>(1)</sup>	<u>10,186,272</u>	<u>190,846</u>	7.43	<u>10,065,454</u>	<u>195,393</u>	7.70
Investment securities (taxable) <sup>(2)</sup>	1,885,631	22,431	4.76	2,121,044	25,390	4.79
Investment securities (nontaxable) <sup>(3)</sup>	<u>344,996</u>	<u>4,321</u>	5.01	<u>351,584</u>	<u>4,394</u>	5.00
Total investment securities	2,230,627	26,752	4.80	2,472,628	29,784	4.82
Federal funds sold, interest-bearing bank balances, and other temp investments	<u>4,833</u>	<u>64</u>	5.25	<u>6,574</u>	<u>100</u>	6.03
Total earning assets	<u>12,421,732</u>	<u>217,662</u>	6.96	<u>12,544,656</u>	<u>225,277</u>	7.13
Non-earning assets	<u>1,495,654</u>			<u>1,477,862</u>		
Total assets	<u>\$13,917,386</u>			<u>\$14,022,518</u>		
<b>Liabilities and Shareholders' Equity</b>						
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits						
Interest checking	\$ 1,078,194	\$ 4,606	1.69	\$ 1,122,793	\$ 5,571	1.97
Savings	164,365	617	1.49	172,110	697	1.61
Money market	2,195,506	20,883	3.77	2,236,493	22,390	3.97
Time deposits, excluding brokered deposits	2,891,656	35,717	4.90	2,905,426	36,594	5.00
Brokered deposits	<u>2,426,483</u>	<u>31,430</u>	5.14	<u>2,208,381</u>	<u>29,245</u>	5.25
Total interest-bearing deposits	8,756,204	93,253	4.23	8,645,203	94,497	4.34
Customer sweep accounts	590,682	5,977	4.01	559,906	6,237	4.42
Other borrowings <sup>(4)</sup>	<u>1,645,122</u>	<u>21,972</u>	5.30	<u>1,858,800</u>	<u>26,231</u>	5.60
Total interest-bearing liabilities	10,992,008	<u>121,202</u>	4.37	11,063,909	<u>126,965</u>	4.55
Noninterest-bearing liabilities						
Noninterest-bearing deposits	1,149,816			1,198,350		
Other noninterest liabilities	<u>218,796</u>			<u>240,771</u>		
Total liabilities	12,360,620			12,503,030		
Shareholders' equity	<u>1,556,766</u>			<u>1,519,488</u>		
Total liabilities and shareholders' equity	<u>\$13,917,386</u>			<u>\$14,022,518</u>		
Net interest margin (tax-equivalent)		\$ 96,460	3.09 %		\$ 98,312	3.12 %
Less: tax-equivalent adjustment <sup>(3)</sup>		<u>1,512</u>			<u>1,538</u>	
Net interest income		<u>\$ 94,948</u>			<u>\$ 96,774</u>	
Supplemental data:						
Customer funding <sup>(5)</sup>	\$ 8,070,219	\$ 67,800	3.33 %	\$ 8,195,078	\$ 71,489	3.46 %
Wholesale borrowings <sup>(6)</sup>	<u>4,071,605</u>	<u>53,402</u>	5.20	<u>4,067,181</u>	<u>55,476</u>	5.41
Total funding <sup>(7)</sup>	<u>\$12,141,824</u>	<u>\$121,202</u>	3.96 %	<u>\$12,262,259</u>	<u>\$126,965</u>	4.11 %

(1) Nonaccrual loans are included in average balances for yield computations.

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

(3) 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.

(4) During the three months ended December 31, 2007 and September 30, 2007, TSFG capitalized \$317,000 and \$188,000 of interest in conjunction with the construction of its expanded corporate facilities.

(5) Customer funding includes total deposits less brokered deposits plus customer sweep accounts.

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

(7) 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					
	9/30/08		6/30/08		3/31/08	
	Diluted EPS		Diluted EPS		Diluted EPS	
<b>Net Loss, as Reported (GAAP)</b>	\$ (24,955)		\$ (10,932)		\$ (201,292)	
Preferred stock dividends	(6,250)		(5,833)		-	
<b>Net Loss Available to Common Shareholders</b>	<u>\$ (31,205)</u>	\$ (0.43)	<u>\$ (16,765)</u>	\$ (0.23)	<u>\$ (201,292)</u>	\$ (2.78)
<b>Net Loss, as Reported (GAAP)</b>	\$ (24,955)		\$ (10,932)		\$ (201,292)	
Add: Income tax expense (benefit)	(29,526)		(8,056)		(16,557)	
<b>Loss Before Income Taxes</b>	(54,481)		(18,988)		(217,849)	
<b>Non-Operating Items</b>						
(Gain) loss on securities	725		(1,876)		(396)	
Gain on Visa IPO share redemption	-		-		(1,904)	
Goodwill impairment	-		-		188,431	
Employment contracts and severance	4,621		2,299		-	
Branch acquisition and conversion costs	-		731		-	
(Gain) loss on early extinguishment of debt	(125)		(83)		547	
Visa-related litigation	-		-		(863)	
<b>Pre-tax Operating Loss (loss before taxes, excluding non-operating items)</b>	(49,260)		(17,917)		(32,034)	
Add: Provision for credit losses	84,608		63,763		73,292	
<b>Pre-Tax, Pre-Provision Operating Earnings (income before taxes and provision, excluding non-operating items)</b>	35,348		45,846		41,258	
Less: Provision for credit losses	(84,608)		(63,763)		(73,292)	
Related income taxes	(26,696)		(7,655)		(17,538)	
<b>Operating Loss (net loss, excluding non-operating items)</b>	(22,564)		(10,262)		(14,496)	
Preferred stock dividends	(6,250)		(5,833)		-	
<b>Operating Loss Available to Common Shareholders (net loss available to common shareholders, excluding non-operating items)</b>	(28,814)	(0.40)	(16,095)	(0.22)	(14,496)	(0.20)
Amortization of intangibles	1,474		1,589		1,658	
Related income taxes	(552)		(596)		(622)	
<b>Cash Operating Loss Available to Common Shareholders (net loss available to common shareholders, excluding non-operating items and amortization of intangibles)</b>	<u>\$ (27,892)</u>	\$ (0.38)	<u>\$ (15,102)</u>	\$ (0.21)	<u>\$ (13,460)</u>	\$ (0.19)
<b>Average Common Shares Outstanding, Diluted</b>	72,755,480		72,611,024		72,449,437	
<b>Select Balance Sheet (Averages)</b>						
Total assets	\$ 13,835,936		\$ 13,868,149		\$ 13,844,905	
Intangible assets	(487,061)		(487,440)		(675,250)	
Tangible assets	<u>13,348,875</u>		<u>13,380,709</u>		<u>13,169,655</u>	
Preferred stock	249,717		137,783		-	
Common equity	1,302,890		1,357,598		1,564,978	
Shareholders' equity	1,552,607		1,495,381		1,564,978	
Intangible assets	(487,061)		(487,440)		(675,250)	
Tangible equity	<u>1,065,546</u>		<u>1,007,941</u>		<u>889,728</u>	
<b>Return on Average Assets <sup>(1)</sup></b>						
GAAP loss	(0.72) %		(0.32) %		(5.85) %	
<b>Return on Average Equity <sup>(1)</sup></b>						
GAAP loss	(6.39)		(2.94)		(51.73)	
<b>Return on Average Common Equity <sup>(2)</sup></b>						
GAAP loss available to common shareholders	(9.53)		(4.97)		(51.73)	

<sup>(1)</sup> Return on average assets and return on average equity are calculated as net income divided by average assets or average total equity.

<sup>(2)</sup> Return on average common equity is calculated as net income available to common shareholders divided by average common equity.

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

	Three Months Ended											
	12/31/07		9/30/07		6/30/07		3/31/07					
		Diluted EPS		Diluted EPS		Diluted EPS		Diluted EPS				
<b>Net Income, as Reported (GAAP)</b>	\$	8,989	\$ 0.12	\$	25,839	\$ 0.35	\$	17,930	\$ 0.24	\$	20,518	\$ 0.27
<b>Non-Operating Items</b>												
(Gain) loss on securities		1,288		(287)		2,237		1,385			1,385	
Employment contract buyouts and severance		-		-		546		1,760			1,760	
Loss on early extinguishment of debt		499		1,299		231		-			-	
Visa-related litigation		881		-		-		-			-	
Related income taxes		(800)		(314)		(1,008)		(1,065)			(1,065)	
<b>Operating Earnings (Net Income, Excluding Non-Operating Items)</b>		10,857	0.15	26,537	0.36	19,936	0.27	22,598	0.30		22,598	0.30
Amortization of intangibles		1,853		1,907		2,136		2,001			2,001	
Related income taxes		(377)		(591)		(714)		(677)			(677)	
<b>Cash Operating Earnings (Net Income, Excluding Non-Operating Items and Amortization of Intangibles)</b>	\$	<u>12,333</u>	\$ 0.17	\$	<u>27,853</u>	\$ 0.38	\$	<u>21,358</u>	\$ 0.29	\$	<u>23,922</u>	\$ 0.32
<b>Average Common Shares Outstanding, Diluted</b>		72,875,062		73,605,752		74,397,091		75,244,968				
<b>Select Balance Sheet (Averages)</b>												
Total assets	\$	13,917,386		\$	14,022,518		\$	14,093,079		\$	14,148,054	
Intangible assets		(678,851)		(680,526)		(682,584)		(684,626)			(684,626)	
Tangible assets		<u>13,238,535</u>		<u>13,341,992</u>		<u>13,410,495</u>		<u>13,463,428</u>			<u>13,463,428</u>	
Shareholders' equity		1,556,766		1,519,488		1,546,392		1,551,769			1,551,769	
Intangible assets		(678,851)		(680,526)		(682,584)		(684,626)			(684,626)	
Tangible equity		<u>877,915</u>		<u>838,962</u>		<u>863,808</u>		<u>867,143</u>			<u>867,143</u>	
<b>Return on Average Assets</b>												
GAAP earnings		0.26	%	0.73	%	0.51	%	0.59	%			
Operating earnings		0.31		0.75		0.57		0.65				
Cash operating earnings on average tangible assets		0.37		0.83		0.64		0.72				
<b>Return on Average Equity</b>												
GAAP earnings		2.29		6.75		4.65		5.36				
Operating earnings		2.77		6.93		5.17		5.91				
Cash operating earnings on average tangible equity		5.57		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)

	Years Ended December 31,			
	2007		2006	
		Diluted EPS		Diluted EPS
<b>Net (Loss) Income, as Reported (GAAP)</b>	\$ 73,276	\$ 0.99	\$ 112,866	\$ 1.49
<b>Non-Operating Items</b>				
(Gain) loss on securities	4,623		(4,037)	
Gain on disposition of assets and liabilities	-		(2,498)	
Goodwill impairment	-		-	
Loss on sale of indirect auto loans previously HFI	-		3,477	
Employment contract buyouts and severance	2,306		5,588	
Loss on early extinguishment of debt	2,029		821	
Visa-related litigation	881		-	
Related income taxes	(3,187)		(1,116)	
<b>Operating (Loss) Earnings (Net (Loss) Income, Excluding Non-Operating Items)</b>	79,928	1.08	115,101	1.52
Amortization of intangibles	7,897		8,775	
Related income taxes	(2,359)		(2,474)	
<b>Cash Operating (Loss) Earnings (Net (Loss) Income, Excluding Non-Operating Items and Amortization of Intangibles)</b>	\$ 85,466	\$ 1.15	\$ 121,402	\$ 1.61
<b>Average Common Shares Outstanding, Diluted</b>	74,085,440		75,542,848	
<b>Select Balance Sheet (Averages)</b>				
Total assets	\$ 14,044,565		\$ 14,202,649	
Intangible assets	(681,628)		(689,116)	
Tangible assets	13,362,937		13,513,533	
Shareholders' equity	1,543,552		1,506,195	
Intangible assets	(681,628)		(689,116)	
Tangible equity	861,924		817,079	
<b>Return on Average Assets</b>				
GAAP (loss) earnings		0.52 %		0.79 %
Operating (loss) earnings		0.57		0.81
Cash operating (loss) earnings on average tangible assets		0.64		0.90
<b>Return on Average Equity</b>				
GAAP (loss) earnings		4.75		7.49
Operating (loss) earnings		5.18		7.64
Cash operating (loss) earnings on average tangible equity		9.92		14.86

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

	<b>Three Months Ended</b>		
	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>
<b>Select Financial Data Used in Ratios Calculated Below</b>			
Net interest income	\$ 95,619	\$ 100,205	\$ 92,706
Tax-equivalent adjustment	1,304	1,335	1,450
Net interest income (tax-equivalent)	<u>\$ 96,923</u>	<u>\$ 101,540</u>	<u>\$ 94,156</u>
Total noninterest income, as reported (GAAP)	\$ 27,900	\$ 32,190	\$ 30,916
Adjustments for non-operating items:			
(Gain) loss on securities	725	(1,876)	(396)
Gain on Visa IPO share redemption	<u>-</u>	<u>-</u>	<u>(1,904)</u>
Operating noninterest income (noninterest income, excluding non-operating items)	<u>\$ 28,625</u>	<u>\$ 30,314</u>	<u>\$ 28,616</u>
Total noninterest expenses, as reported (GAAP)	\$ 93,392	\$ 87,620	\$ 268,179
Adjustments for non-operating items:			
Goodwill impairment	-	-	(188,431)
Employment contracts and severance	(4,621)	(2,299)	-
Branch acquisition and conversion costs	-	(731)	-
Gain (loss) on early extinguishment of debt	125	83	(547)
Visa-related litigation	<u>-</u>	<u>-</u>	<u>863</u>
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	88,896	84,673	80,064
Less: amortization of intangibles	<u>(1,474)</u>	<u>(1,589)</u>	<u>(1,658)</u>
Cash operating noninterest expenses (noninterest expenses, excluding non-operating items and amortization of intangibles)	<u>\$ 87,422</u>	<u>\$ 83,084</u>	<u>\$ 78,406</u>
<b>Total Revenue <sup>(1)</sup></b>			
GAAP	\$ 123,519	\$ 132,395	\$ 123,622
Operating <sup>(2)</sup>	125,548	131,854	122,772
<b>Noninterest Income as a % Total Revenue <sup>(3)</sup></b>			
GAAP	22.59 %	24.31 %	25.01
Operating <sup>(2)</sup>	22.80	22.99	23.31
<b>Efficiency Ratios <sup>(4)</sup></b>			
GAAP	75.61	66.18	216.93
Operating <sup>(2)</sup>	70.81	64.22	65.21
Cash operating <sup>(2)</sup>	69.63	63.01	63.86
<b>Noninterest Expense as a % of Average Assets (Annualized)</b>			
GAAP	2.69	2.54	7.79
Operating <sup>(2)</sup>	2.56	2.46	2.33
Cash operating <sup>(2)</sup>	2.51	2.41	2.28

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

<sup>(2)</sup> Total revenue, noninterest income as a % of total revenue, the efficiency ratio, and noninterest expense as a % of average assets, on an operating basis, are calculated using tax-equivalent net interest income and exclude non-operating items. The cash operating ratios also exclude 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>12/31/07</u>	<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	\$ 94,948	\$ 96,774	\$ 96,521	\$ 94,538
Tax-equivalent adjustment	1,512	1,538	1,555	1,641
Net interest income (tax-equivalent)	<u>\$ 96,460</u>	<u>\$ 98,312</u>	<u>\$ 98,076</u>	<u>\$ 96,179</u>
Total noninterest income, as reported (GAAP)	\$ 28,741	\$ 29,917	\$ 27,683	\$ 26,970
Adjustments for non-operating items:				
(Gain) loss on securities	1,288	(287)	2,237	1,385
Operating noninterest income (noninterest income, excluding non-operating items)	<u>\$ 30,029</u>	<u>\$ 29,630</u>	<u>\$ 29,920</u>	<u>\$ 28,355</u>
Total noninterest expenses, as reported (GAAP)	\$ 80,481	\$ 78,739	\$ 80,151	\$ 81,477
Adjustments for non-operating items:				
Employment contract buyouts and severance	-	-	(546)	(1,760)
Loss on early extinguishment of debt	(499)	(1,299)	(231)	-
Visa-related litigation	(881)	-	-	-
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	79,101	77,440	79,374	79,717
Less: amortization of intangibles	<u>(1,853)</u>	<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>\$ 77,248</u>	<u>\$ 75,533</u>	<u>\$ 77,238</u>	<u>\$ 77,716</u>
<b>Total Revenue <sup>(1)</sup></b>				
GAAP	\$ 123,689	\$ 126,691	\$ 124,204	\$ 121,508
Operating <sup>(2)</sup>	126,489	127,942	127,996	124,534
<b>Noninterest Income as a % of Total Revenue <sup>(3)</sup></b>				
GAAP	23.24 %	23.61 %	22.29 %	22.20 %
Operating <sup>(2)</sup>	23.74	23.16	23.38	22.77
<b>Efficiency Ratios <sup>(4)</sup></b>				
GAAP	65.07	62.15	64.53	67.05
Operating <sup>(2)</sup>	62.54	60.53	62.01	64.01
Cash operating <sup>(2)</sup>	61.07	59.04	60.34	62.41
<b>Noninterest Expense as a % of Average Assets (Annualized)</b>				
GAAP	2.29	2.23	2.28	2.34
Operating <sup>(2)</sup>	2.25	2.19	2.26	2.29
Cash operating <sup>(2)</sup>	2.20	2.14	2.20	2.23

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

<sup>(2)</sup> Total revenue, noninterest income as a % of total revenue, the efficiency ratio, and noninterest expense as a % of average assets, on an operating basis, are calculated using tax-equivalent net interest income and exclude non-operating items. The cash operating ratios also exclude 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,				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Select Financial Data Used in Ratios Calculated Below</b>					
Net interest income	\$ 382,781	\$ 401,371	\$ 409,056	\$ 335,841	\$ 250,890
Tax-equivalent adjustment	6,246	6,903	6,054	4,356	2,681
Net interest income (tax-equivalent)	<u>389,027</u>	<u>408,274</u>	<u>415,110</u>	<u>340,197</u>	<u>253,571</u>
Net cash settlement of certain interest rate swaps included in noninterest income	-	-	10,360	27,560	19,486
Net interest income (tax-equivalent), including net cash settlement of certain interest rate swaps	<u>\$ 389,027</u>	<u>\$ 408,274</u>	<u>\$ 425,470</u>	<u>\$ 367,757</u>	<u>\$ 273,057</u>
Net interest margin (tax-equivalent)	3.10 %	3.22 %	3.12 %	3.06 %	3.01 %
Net interest margin (tax-equivalent), including net cash settlement of certain interest rate swaps	3.10	3.22	3.20	3.31	3.24
Total noninterest income, as reported (GAAP)	\$ 113,311	\$ 117,905	\$ 43,850	\$ 115,243	\$ 92,841
Adjustments for non-operating items:					
Change in fair value of interest rate swaps	-	-	13,278	(2,550)	14,237
(Gain) loss on securities	4,623	(4,037)	52,139	(11,721)	(16,456)
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)	117,934	114,847	109,267	108,989	90,021
Net cash settlement of certain interest rate swaps included in noninterest income	-	-	10,360	27,560	19,486
Operating noninterest income, excluding net cash settlement of certain interest rate swaps	<u>\$ 117,934</u>	<u>\$ 114,847</u>	<u>\$ 98,907</u>	<u>\$ 81,429</u>	<u>\$ 70,535</u>
Total noninterest expenses, as reported (GAAP)	\$ 320,848	\$ 325,939	\$ 316,693	\$ 240,610	\$ 199,272
Adjustments for non-operating items:					
Employment contract buyouts and severance	(2,306)	(5,588)	(10,327)	(1,080)	(512)
Merger-related costs	-	-	(4,009)	(7,866)	(5,127)
Impairment recovery (loss) from write-down of assets	-	-	(917)	277	(268)
Conservation grant of land	-	-	-	(3,350)	-
Loss on early extinguishment of debt	(2,029)	(821)	(7,101)	(1,429)	(2,699)
Visa-related litigation	(881)	-	-	-	-
Charitable contribution to foundation	-	-	(683)	-	-
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	315,632	319,530	293,656	227,162	190,666
Less: amortization of intangibles	<u>(7,897)</u>	<u>(8,775)</u>	<u>(8,637)</u>	<u>(6,043)</u>	<u>(3,433)</u>
Cash operating noninterest expenses (noninterest expenses, excluding non-operating items and amortization of intangibles)	<u>\$ 307,735</u>	<u>\$ 310,755</u>	<u>\$ 285,019</u>	<u>\$ 221,119</u>	<u>\$ 187,233</u>
<b>Total Revenue <sup>(1)</sup></b>					
GAAP	\$ 496,092	\$ 519,276	\$ 452,906	\$ 451,084	\$ 343,731
Operating <sup>(2)</sup>	506,961	523,121	524,377	449,186	343,592
<b>Noninterest Income as a % of Total Revenue <sup>(3)</sup></b>					
GAAP	22.84 %	22.71 %	9.68 %	25.55 %	27.01 %
Operating <sup>(2)</sup>	23.26	21.95	20.84	24.26	26.20
Operating, excluding net cash settlement of certain interest rate swaps <sup>(4)</sup>	23.26	21.95	18.86	18.13	20.53
<b>Efficiency Ratios <sup>(5)</sup></b>					
GAAP	64.68	62.77	69.92	53.34	57.97
Operating <sup>(2)</sup>	62.26	61.08	56.00	50.57	55.49
Cash operating <sup>(2)</sup>	60.70	59.40	54.35	49.23	54.49

<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.