

THE SOUTH FINANCIAL | GROUP

Quarterly Financial Data Supplement (Unaudited) Fourth 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
FOURTH QUARTER 2008 FINANCIAL SUMMARY

Changes vs. prior quarter, unless indicated otherwise:

Quarterly EPS

- Net loss available to common shareholders of \$319.4 million; operating loss of \$75.0 million
- Net loss per diluted share of \$4.29; operating loss per diluted share of \$1.01
- Preferred stock dividends totaled \$9.4 million, up from \$6.2 million for previous quarter due to dividends payable to the Treasury for the CPP Preferred
- Average diluted shares of 74.5 million, up 2.4% versus prior quarter; up 2.2% versus prior year

Revenue

- Total revenue, defined as net interest income plus noninterest income, of \$121.4 million
- Operating revenues of \$121.1 million, down \$5.2 million
 - Non-operating items: \$1.6 million net gain on securities
- Tax-equivalent net interest income of \$92.9 million, down \$4.0 million
 - Net interest margin of 2.97%, down 11 basis points from 3.08%
 - Average earning assets of \$12.5 billion, down \$92.3 million
- Operating noninterest income of \$28.2 million, down \$1.2 million from prior quarter; \$2.1 million from prior year

Average Balance Sheet Growth

- Average loans decreased \$114.5 million or 1.1% compared to prior quarter
- Average securities, up \$58.2 million since prior quarter; down \$113.5 million since 4Q07
- Average customer funding, defined as total deposits less brokered deposits plus customer sweep accounts, down \$145.6 million or 1.8% linked-quarter
- Average wholesale borrowings, including brokered deposits and excluding customer sweep accounts, up \$5.1 million or 0.1% linked-quarter

Noninterest Expenses and Operating Efficiency

- Noninterest expenses of \$341.8 million
 - Non-operating items: \$237.6 million goodwill impairment, \$9.6 million employment contracts and severance, \$1.7 loss on early extinguishment of debt, and \$1.1 million loss on derivative collateral
- Operating noninterest expenses of \$91.8 million, up \$2.1 million from prior quarter
 - Loan and foreclosed asset expense up \$67,000 from prior quarter; \$3.1 million from prior year
 - FDIC insurance premiums (included in regulatory assessments) up \$432,000 from prior quarter; \$2.0 million from prior year
- Operating noninterest expenses 2.65% of average assets (annualized), an increase from 2.58% prior quarter

Credit Quality

- Nonperforming assets of \$421.2 million or 4.10% of loans and foreclosed property
- Nonperforming loans held for investment increased to \$355.6 million from \$240.1 million at September 30, 2008; nonperforming loans held for sale totaled \$16.5 million
- Net loan charge-offs of \$76.1 million, or 2.93% annualized as a % of average loans held for investment
- Provision for credit losses exceeded net loan charge-offs by \$46.9 million and increased allowance
- Allowance for credit losses of \$249.9 million or 2.45% of loans held for investment, up from 1.97% prior quarter
- Allowance coverage of nonperforming loans held for investment of 0.69 times, a decrease from 0.84 times at September 30, 2008

Capital

- U.S. Treasury's \$347 million equity investment in TSFG under the voluntary Capital Purchase Program (CPP)
- Tangible common equity to tangible asset ratio of 6.05%, or 7.84% assuming conversion of the mandatorily convertible preferred stock, stable from September 30, 2008
- Common tangible book value per share assuming conversion of the mandatorily convertible preferred stock of \$9.40, compared to \$9.42 at September 30, 2008
- After-tax unrealized gain on available for sale securities increased \$37.2 million from prior quarter
- Tier 1 capital ratio of 12.86%, up from 11.18% at September 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>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Interest Income					
Interest and fees on loans	\$ 145,289	\$ 155,433	\$ 158,016	\$ 171,228	\$ 190,846
Interest and dividends on securities:					
Taxable	20,575	20,186	20,591	20,392	22,431
Exempt from federal income taxes	<u>2,351</u>	<u>2,422</u>	<u>2,479</u>	<u>2,693</u>	<u>2,809</u>
Total interest and dividends on securities	22,926	22,608	23,070	23,085	25,240
Interest on short-term investments	<u>10</u>	<u>197</u>	<u>106</u>	<u>72</u>	<u>64</u>
Total interest income	<u>168,225</u>	<u>178,238</u>	<u>181,192</u>	<u>194,385</u>	<u>216,150</u>
Interest Expense					
Interest on deposits	65,646	69,071	63,180	77,106	93,253
Interest on borrowed funds	<u>10,946</u>	<u>13,548</u>	<u>17,807</u>	<u>24,573</u>	<u>27,949</u>
Total interest expense	<u>76,592</u>	<u>82,619</u>	<u>80,987</u>	<u>101,679</u>	<u>121,202</u>
Net Interest Income	91,633	95,619	100,205	92,706	94,948
Provision for Credit Losses	<u>122,926</u>	<u>84,608</u>	<u>63,763</u>	<u>73,292</u>	<u>31,926</u>
Net interest income after provision for credit losses	(31,293)	11,011	36,442	19,414	63,022
Noninterest Income	29,729	28,665	32,187	31,103	28,991
Noninterest Expenses	<u>341,810</u>	<u>94,157</u>	<u>87,617</u>	<u>268,366</u>	<u>80,731</u>
Income (loss) before income taxes	(343,374)	(54,481)	(18,988)	(217,849)	11,282
Income tax expense (benefit)	<u>(33,435)</u>	<u>(29,526)</u>	<u>(8,056)</u>	<u>(16,557)</u>	<u>2,293</u>
Net Income (Loss)	(309,939)	(24,955)	(10,932)	(201,292)	8,989
Preferred stock dividends	<u>9,421</u>	<u>6,250</u>	<u>5,833</u>	<u>-</u>	<u>-</u>
Net Income (Loss) Available to Common Shareholders	<u>\$ (319,360)</u>	<u>\$ (31,205)</u>	<u>\$ (16,765)</u>	<u>\$ (201,292)</u>	<u>\$ 8,989</u>
Average common shares outstanding, basic	74,505,656	72,755,480	72,611,024	72,449,437	72,571,612
Average common shares outstanding, diluted ⁽¹⁾	74,505,656	72,755,480	72,611,024	72,449,437	72,875,062
Earnings (loss) per common share, basic	\$ (4.29)	\$ (0.43)	\$ (0.23)	\$ (2.78)	\$ 0.12
Earnings (loss) per common share, diluted	(4.29)	(0.43)	(0.23)	(2.78)	0.12
Cash dividends declared per common share	0.01	0.01	0.01	0.19	0.19

(1) For the three months ended December 31, 2008, September 30, 2008, June 30, 2008, and March 31, 2008 average diluted shares exclude convertible preferred stock, warrants, and outstanding equity awards since either their effect would be antidilutive or the exercise price was greater than the average market price of the common shares.

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

	Three Months Ended				
	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Noninterest Income					
Service charges on deposit accounts	\$ 10,149	\$ 11,376	\$ 10,986	\$ 10,429	\$ 11,470
Debit card income, net	1,867	2,006	2,056	1,876	1,938
Customer service fee income	1,221	1,425	1,358	1,331	1,422
Total customer fee income	<u>13,237</u>	<u>14,807</u>	<u>14,400</u>	<u>13,636</u>	<u>14,830</u>
Retail investment services, net	1,751	2,294	2,120	1,546	2,103
Insurance income	2,266	2,368	2,388	3,060	2,906
Trust and investment management income	1,437	1,728	1,857	1,666	1,625
Benefits administration fees	833	813	734	756	881
Total wealth management income	<u>6,287</u>	<u>7,203</u>	<u>7,099</u>	<u>7,028</u>	<u>7,515</u>
Mortgage banking income	1,038	879	1,858	1,485	1,273
Bank-owned life insurance	3,939	2,881	2,910	3,147	3,065
Merchant processing income, net	697	916	809	857	829
Gain (loss) on certain derivative activities	(256)	(199)	236	12	5
Other ⁽¹⁾	<u>3,226</u>	<u>2,903</u>	<u>2,999</u>	<u>2,638</u>	<u>2,762</u>
Operating noninterest income (noninterest income, excluding non-operating items)	<u>28,168</u>	<u>29,390</u>	<u>30,311</u>	<u>28,803</u>	<u>30,279</u>
Gain (loss) on securities	1,561	(725)	1,876	396	(1,288)
Gain on Visa IPO share redemption	-	-	-	1,904	-
Non-operating noninterest (loss) income	<u>1,561</u>	<u>(725)</u>	<u>1,876</u>	<u>2,300</u>	<u>(1,288)</u>
Total noninterest income	<u>\$ 29,729</u>	<u>\$ 28,665</u>	<u>\$ 32,187</u>	<u>\$ 31,103</u>	<u>\$ 28,991</u>
Noninterest Expenses					
Salaries and wages	\$ 35,348	\$ 37,700	\$ 36,136	\$ 34,853	\$ 33,220
Employee benefits	10,537	9,252	9,113	9,298	9,232
Occupancy	9,946	9,770	8,972	8,623	8,783
Furniture and equipment	7,454	6,991	6,733	6,383	6,590
Professional services	4,804	4,573	3,579	3,527	3,767
Advertising and business development	2,611	2,114	2,731	2,471	2,054
Telecommunications	1,613	1,628	1,476	1,423	1,453
Amortization of intangibles	1,417	1,474	1,589	1,658	1,853
Regulatory assessments	3,452	3,020	2,374	2,077	1,464
Loan and foreclosed asset expense	4,558	4,491	2,303	1,079	1,463
Other ⁽¹⁾	<u>10,045</u>	<u>8,648</u>	<u>9,664</u>	<u>8,859</u>	<u>9,472</u>
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	<u>91,785</u>	<u>89,661</u>	<u>84,670</u>	<u>80,251</u>	<u>79,351</u>
Goodwill impairment	237,618	-	-	188,431	-
Employment contracts and severance	9,599	4,621	2,299	-	-
Branch acquisition and conversion costs	-	-	731	-	-
(Gain) loss on early extinguishment of debt	1,747	(125)	(83)	547	499
Visa-related litigation	-	-	-	(863)	881
Loss on derivative collateral	1,061	-	-	-	-
Non-operating noninterest expenses	<u>250,025</u>	<u>4,496</u>	<u>2,947</u>	<u>188,115</u>	<u>1,380</u>
Total noninterest expenses	<u>\$ 341,810</u>	<u>\$ 94,157</u>	<u>\$ 87,617</u>	<u>\$ 268,366</u>	<u>\$ 80,731</u>

⁽¹⁾ In fourth quarter 2008, TSFG reclassified gain (loss) on sale of other real estate owned from noninterest income to noninterest expense. Such amounts totaled (in thousands) a gain of \$316 for fourth quarter 2008, a loss of \$765 for third quarter 2008, a gain of \$3 for second quarter 2008, a loss of \$187 for first quarter 2008, and a loss of \$250 for fourth quarter 2007.

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

	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Assets					
Cash and due from banks	\$ 292,219	\$ 176,293	\$ 224,991	\$ 223,185	\$ 290,974
Interest-bearing bank balances	166	35	55,713	10,035	5,551
Federal funds sold and securities purchased to resell	-	-	50,000	-	-
Securities					
Available for sale	2,107,194	1,995,681	1,987,232	2,069,898	1,986,212
Held to maturity	22,709	24,518	26,677	31,468	39,691
Total securities	<u>2,129,903</u>	<u>2,020,199</u>	<u>2,013,909</u>	<u>2,101,366</u>	<u>2,025,903</u>
Loans held for sale	30,963	37,575	21,871	16,119	17,867
Loans held for investment	10,192,072	10,299,640	10,475,731	10,275,653	10,213,420
Less: Allowance for loan losses	<u>(247,086)</u>	<u>(200,748)</u>	<u>(191,727)</u>	<u>(174,420)</u>	<u>(126,427)</u>
Net loans held for investment	<u>9,944,986</u>	<u>10,098,892</u>	<u>10,284,004</u>	<u>10,101,233</u>	<u>10,086,993</u>
Premises and equipment, net	282,472	274,258	265,853	243,628	233,852
Accrued interest receivable	50,388	51,207	56,118	56,764	70,464
Goodwill	224,161	461,458	463,300	462,572	651,003
Other intangible assets, net	21,859	23,112	24,586	25,521	27,179
Other assets	625,209	552,149	516,525	491,297	467,798
	<u>\$ 13,602,326</u>	<u>\$ 13,695,178</u>	<u>\$ 13,976,870</u>	<u>\$ 13,731,720</u>	<u>\$ 13,877,584</u>
Liabilities and Shareholders' Equity					
Liabilities					
Deposits					
Noninterest-bearing	\$ 1,041,140	\$ 1,022,632	\$ 1,107,115	\$ 1,108,623	\$ 1,127,657
Interest-bearing customer deposits	6,455,810	6,412,343	6,388,904	6,466,940	6,402,503
Interest-bearing brokered deposits	<u>1,908,767</u>	<u>2,573,833</u>	<u>2,390,350</u>	<u>1,875,969</u>	<u>2,258,408</u>
Total deposits	9,405,717	10,008,808	9,886,369	9,451,532	9,788,568
Short-term borrowings	1,626,374	1,188,929	1,581,601	1,917,450	1,637,550
Long-term debt	707,769	773,109	772,957	799,217	698,340
Accrued interest payable	71,465	61,463	55,880	58,705	69,288
Other liabilities	<u>170,470</u>	<u>129,255</u>	<u>120,861</u>	<u>126,495</u>	<u>133,530</u>
Total liabilities	<u>11,981,795</u>	<u>12,161,564</u>	<u>12,417,668</u>	<u>12,353,399</u>	<u>12,327,276</u>
Shareholders' equity					
Mandatorily convertible preferred stock	238,700	249,000	250,000	-	-
Perpetual preferred stock	327,679	-	-	-	-
Common stock	74,644	73,006	72,796	72,630	72,455
Surplus	1,135,920	1,104,697	1,101,524	1,110,356	1,107,601
Retained earnings (deficit)	(199,540)	120,578	152,567	170,186	386,061
Accumulated other comprehensive income (loss), net of income tax	42,558	(13,667)	(17,685)	25,149	(15,809)
Other, net	<u>570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>1,620,531</u>	<u>1,533,614</u>	<u>1,559,202</u>	<u>1,378,321</u>	<u>1,550,308</u>
	<u>\$ 13,602,326</u>	<u>\$ 13,695,178</u>	<u>\$ 13,976,870</u>	<u>\$ 13,731,720</u>	<u>\$ 13,877,584</u>

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

	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Investment Securities Portfolio					
Available for sale (at fair value):					
U.S. Treasury	\$ 2,069	\$ 28,084	\$ 27,703	\$ 28,798	\$ 27,592
U.S. Government agencies	313,729	327,933	335,593	337,775	503,571
Agency mortgage-backed securities	1,468,639	1,312,116	1,276,145	1,343,108	1,088,427
Private label mortgage-backed securities	12,771	15,152	15,544	16,209	-
State and municipal	262,248	260,532	270,521	279,788	302,586
Other investments ⁽¹⁾	<u>47,738</u>	<u>51,864</u>	<u>61,726</u>	<u>64,220</u>	<u>64,036</u>
Total available for sale securities	<u>2,107,194</u>	<u>1,995,681</u>	<u>1,987,232</u>	<u>2,069,898</u>	<u>1,986,212</u>
Held to maturity (at amortized cost)	<u>22,709</u>	<u>24,518</u>	<u>26,677</u>	<u>31,468</u>	<u>39,691</u>
Total securities	<u>\$ 2,129,903</u>	<u>\$ 2,020,199</u>	<u>\$ 2,013,909</u>	<u>\$ 2,101,366</u>	<u>\$ 2,025,903</u>
Total securities as a percentage of total assets	<u>15.7 %</u>	<u>14.8 %</u>	<u>14.4 %</u>	<u>15.3 %</u>	<u>14.6 %</u>

	<u>December 31, 2008</u>			
	<u>Amortized Cost</u>	<u>Percentage of Total</u>	<u>Duration</u>	<u>Book Yield</u>
Debt Securities				
U.S. Treasury	\$ 2,001	0.1 %	0.6	5.92 %
U.S. Government agencies	307,025	14.9	2.0	4.42
Mortgage-backed securities:				
Collateralized mortgage obligations	843,189	40.9	4.3	4.56
Adjustable rate mortgages	220,222	10.7	1.5	4.53
Pass-through	419,446	20.4	1.8	4.94
State and municipal	256,755	12.5	2.5	5.01
Corporate bonds	<u>9,948</u>	<u>0.5</u>	<u>0.2</u>	<u>5.53</u>
Total available for sale debt securities	<u>\$ 2,058,586</u>	<u>100.0 %</u>	<u>2.9 ⁽²⁾</u>	<u>4.67 %</u>
Fixed interest rate:				
Mortgage-backed securities	\$ 1,255,811	61.0 %	3.5	4.68 %
Other	575,729	28.0	2.2	4.70
Variable interest rate:				
Mortgage-backed securities	<u>227,046</u>	<u>11.0</u>	<u>1.8</u>	<u>4.54</u>
Total available for sale debt securities	<u>\$ 2,058,586</u>	<u>100.0 %</u>	<u>2.9 ⁽²⁾</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%	(7.4) %	4.5
Up 1.00%	(3.4)	4.0
Flat	-	2.9

The estimated decrease in fair value for a five year U.S. Treasury Note when interest rates increase 100 basis points is 4.63%.

⁽¹⁾ Other investments in available for sale securities include corporate bonds, FHLB stock, community bank stocks, and other equity securities. Also, excludes certain other investments recorded in other assets totaling \$18.1 million.

⁽²⁾ Compared to 4.0 years duration at September 30, 2008 due to overall lower interest rates and anticipated prepayments.

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

	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
	<u>Balance</u>	<u>% of Total</u>	<u>Balance</u>	<u>% of Total</u>
Government and agency				
U.S. Treasury	\$ 2,069	0.1 %	\$ 27,592	1.4 %
U.S. Government agencies ⁽¹⁾	313,729	14.7	503,571	24.9
Agency mortgage-backed securities (MBS) ⁽¹⁾⁽²⁾	1,468,639	68.9	1,088,427	53.7
Federal Home Loan Bank Stock	<u>35,536</u>	<u>1.7</u>	<u>35,333</u>	<u>1.7</u>
Total government and agency	<u>1,819,973</u>	<u>85.4</u>	<u>1,654,923</u>	<u>81.7</u>
State and municipal ⁽³⁾⁽⁴⁾⁽⁵⁾				
Pre-funded with collateral or AAA-rated backed by				
Texas Permanent School Fund	188,598	8.9	214,675	10.6
Underlying issuer or collateral rated A or better (including				
South Carolina State Aid)	81,238	3.8	102,187	5.1
Underlying issuer or collateral rated BBB	7,344	0.3	12,930	0.6
Non-rated	<u>7,677</u>	<u>0.4</u>	<u>12,245</u>	<u>0.6</u>
Total state and municipal	<u>284,857</u>	<u>13.4</u>	<u>342,037</u>	<u>16.9</u>
Corporate bonds				
AA or A-rated	9,963	0.5	17,068	0.8
BBB-rated	-	-	<u>3,312</u>	<u>0.2</u>
Total corporate bonds	<u>9,963</u>	<u>0.5</u>	<u>20,380</u>	<u>1.0</u>
Private label mortgage-backed securities ⁽²⁾				
AAA-rated	<u>12,771</u>	<u>0.6</u>	-	-
Total private label mortgage-backed securities	<u>12,771</u>	<u>0.6</u>	-	-
Community bank stocks and other	<u>2,339</u>	<u>0.1</u>	<u>8,563</u>	<u>0.4</u>
Total securities	<u>\$ 2,129,903</u>	<u>100.0 %</u>	<u>\$ 2,025,903</u>	<u>100.0 %</u>
Percent of total securities:				
Rated A or higher		99.2 %		98.2 %
Investment grade		99.5 %		99.0 %

⁽¹⁾ At December 31, 2008, these numbers include, in the aggregate, \$172.8 million and \$1.5 billion related to senior debt and MBS, respectively, issued by FNMA and FHLMC.

⁽²⁾ 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.

⁽³⁾ At December 31, 2008 and December 31, 2007, state and municipal securities include \$22.6 million and \$39.5 million, respectively, of securities held to maturity at amortized cost.

⁽⁴⁾ Ratings shown above do not reflect the benefit of guarantees by bond insurers. At December 31, 2008, \$39.1 million of municipal bonds are guaranteed by bond insurers. At December 31, 2007, \$43.5 million of municipal bonds are guaranteed by bond insurers.

⁽⁵⁾ At December 31, 2008, the breakdown by current bond rating is as follows: \$188.6 million pre-funded with collateral or AAA-rated backed Texas Permanent School Fund, \$7.7 million AAA-rated, \$83.7 million AA or A-rated, \$2.6 million BBB-rated, and \$2.3 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>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Commercial Loans					
Commercial and industrial	\$ 2,722,611	\$ 2,824,117	\$ 2,891,007	\$ 2,788,980	\$ 2,742,863
Owner - occupied real estate	1,270,746	1,206,597	1,183,618	1,107,069	1,070,376
Commercial real estate	<u>4,074,331</u>	<u>4,094,164</u>	<u>4,162,248</u>	<u>4,156,522</u>	<u>4,158,384</u>
	<u>8,067,688</u>	<u>8,124,878</u>	<u>8,236,873</u>	<u>8,052,571</u>	<u>7,971,623</u>
Consumer Loans					
Indirect - sales finance	635,637	680,413	728,433	710,806	699,014
Consumer lot loans	225,486	249,062	266,242	291,378	311,386
Direct retail	95,397	100,257	99,951	101,278	107,827
Home equity	<u>813,201</u>	<u>784,357</u>	<u>781,120</u>	<u>754,344</u>	<u>754,158</u>
	<u>1,769,721</u>	<u>1,814,089</u>	<u>1,875,746</u>	<u>1,857,806</u>	<u>1,872,385</u>
Mortgage Loans					
	<u>354,663</u>	<u>360,673</u>	<u>363,112</u>	<u>365,276</u>	<u>369,412</u>
Total loans held for investment	<u>\$ 10,192,072</u>	<u>\$10,299,640</u>	<u>\$ 10,475,731</u>	<u>\$ 10,275,653</u>	<u>\$ 10,213,420</u>
Percentage of Loans Held for Investment					
Commercial and industrial	26.7 %	27.4 %	27.6 %	27.1 %	26.9 %
Owner - occupied real estate	12.5	11.7	11.3	10.8	10.5
Commercial real estate	40.0	39.8	39.7	40.5	40.7
Consumer	17.3	17.6	17.9	18.1	18.3
Mortgage	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.6</u>
Total	<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>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Growth in Loans Held for Investment ⁽¹⁾					
Growth vs. prior quarter, annualized	(4.2) %	(6.7) %	7.8 %	2.5 %	1.6 %
Growth year-to-date, annualized	(0.2)	1.1	5.2	2.5	5.3

⁽¹⁾ At September 30, 2007 and December 31, 2006, loans held for investment totaled \$10,173,237 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				
	12/31/08	9/30/08	6/30/08	3/31/08	12/31/07
Credit Quality					
Loans held for investment	\$ 10,192,072	\$ 10,299,640	\$ 10,475,731	\$ 10,275,653	\$ 10,213,420
Allowance for loan losses	247,086	200,748	191,727	174,420	126,427
Allowance for credit losses	249,874	203,000	193,825	177,016	128,695
Nonperforming loans held for investment ⁽¹⁾	355,631	240,091	220,151	223,790	81,631
Nonperforming loans held for sale	16,544	22,576	-	-	-
Foreclosed property (other real estate owned and personal property repossessions)	48,993	30,503	21,780	8,227	8,276
Nonperforming assets	<u>\$ 421,168</u>	<u>\$ 293,170</u>	<u>\$ 241,931</u>	<u>\$ 232,017</u>	<u>\$ 89,907</u>
Nonperforming loans as a % of loans held for investment	3.49 %	2.33 %	2.10 %	2.18 %	0.80 %
Nonperforming assets as a % of loans and foreclosed property ⁽²⁾	4.10	2.83	2.30	2.25	0.88
Allowance for loan losses as a % of loans held for investment	2.42	1.95	1.83	1.70	1.24
Allowance for credit losses as a % of loans held for investment	2.45	1.97	1.85	1.72	1.26
Allowance for loan losses to nonperforming loans	0.69 x	0.84 x	0.87 x	0.78 x	1.55 x
Impaired loans ⁽¹⁾	\$ 287,497	\$ 198,018	\$ 195,774	\$ 206,621	\$ 68,102
Specific allowance for impaired loans	44,418	29,911	39,238	32,070	11,340
Loans past due 90 days or more (interest accruing)	47,481	12,899	8,779	9,588	5,349
Net loan charge-offs	76,052	75,433	46,954	24,971	23,655
Average loans held for investment	10,308,823	10,441,580	10,435,248	10,221,424	10,164,807
Net loan charge-offs as a % of average loans held for investment (annualized)	2.93 %	2.87 %	1.81 %	0.98 %	0.92 %
Allowance for Loan Losses					
Balance at beginning of period	\$ 200,748	\$ 191,727	\$ 174,420	\$ 126,427	\$ 118,861
Provision for loan losses	122,390	84,454	64,261	72,964	31,221
Loans charged-off	(78,297)	(76,558)	(48,523)	(27,583)	(25,249)
Recoveries of loans previously charged-off	2,245	1,125	1,569	2,612	1,594
Balance at end of period	<u>\$ 247,086</u>	<u>\$ 200,748</u>	<u>\$ 191,727</u>	<u>\$ 174,420</u>	<u>\$ 126,427</u>
Reserve for Unfunded Lending Commitments					
Balance at beginning of period	\$ 2,252	\$ 2,098	\$ 2,596	\$ 2,268	\$ 1,563
Provision for unfunded lending commitments	536	154	(498)	328	705
Balance at end of period	<u>\$ 2,788</u>	<u>\$ 2,252</u>	<u>\$ 2,098</u>	<u>\$ 2,596</u>	<u>\$ 2,268</u>
Allowance for Credit Losses					
Balance at beginning of period	\$ 203,000	\$ 193,825	\$ 177,016	\$ 128,695	\$ 120,424
Provision for credit losses	122,926	84,608	63,763	73,292	31,926
Loans charged-off	(78,297)	(76,558)	(48,523)	(27,583)	(25,249)
Recoveries of loans previously charged-off	2,245	1,125	1,569	2,612	1,594
Balance at end of period	<u>\$ 249,874</u>	<u>\$ 203,000</u>	<u>\$ 193,825</u>	<u>\$ 177,016</u>	<u>\$ 128,695</u>

(1) At December 31, 2008, September 30, 2008, June 30, 2008, March 31, 2008, and December 31, 2007, these credit quality indicators (nonperforming loans and impaired loans) included \$6.4 million, \$2.4 million, \$1.6 million, \$1.6 million, and \$1.7 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 3.95% at December 31, 2008 and 2.62% at September 30, 2008.

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

12/31/08 Commercial Real Estate ("CRE") Loans by Geography ⁽¹⁾

	<u>SC, Excl</u>	<u>Coastal</u>	<u>Western</u>	<u>Central</u>	<u>North</u>	<u>South</u>	<u>Tampa</u>	<u>Total</u>	<u>% of</u>
	<u>Coastal</u>	<u>SC</u>	<u>NC</u>	<u>FL</u>	<u>FL</u>	<u>FL</u>	<u>Bay</u>	<u>CRE Loans</u>	<u>HFI</u>
CRE Loans by Product Type:									
Completed income property	\$ 539	\$ 288	\$ 468	\$ 211	\$ 358	\$ 136	\$ 203	\$ 2,203	21 %
Residential A&D	101	72	170	35	74	4	32	488	5
Commercial A&D	50	31	43	41	9	30	70	274	3
Commercial construction	164	34	29	50	17	19	21	334	3
Residential construction	27	40	44	20	31	-	8	170	2
Residential condo	23	87	11	1	31	21	25	199	2
Undeveloped land	43	46	65	73	68	23	88	406	4
Total CRE Loans	<u>\$ 947</u>	<u>\$ 598</u>	<u>\$ 830</u>	<u>\$ 431</u>	<u>\$ 588</u>	<u>\$ 233</u>	<u>\$ 447</u>	<u>\$ 4,074</u>	<u>40 %</u>
% of Total Loans HFI	9%	6%	8%	4%	6%	2%	5%	40%	

12/31/08 CRE Nonaccrual Loans HFI ("NAL") by Geography

	<u>SC, Excl</u>	<u>Coastal</u>	<u>Western</u>	<u>Central</u>	<u>North</u>	<u>South</u>	<u>Tampa</u>	<u>Total</u>	<u>% of</u>
	<u>Coastal</u>	<u>SC</u>	<u>NC</u>	<u>FL</u>	<u>FL</u>	<u>FL</u>	<u>Bay</u>	<u>CRE NAL</u>	<u>NAL ⁽¹⁾</u>
CRE Nonaccrual Loans by Product Type:									
Completed income property	2.2	11.1	8.2	11.4	3.8	6.1	16.1	\$ 58.9	17 %
Residential A&D	3.6	2.6	21.8	1.7	3.9	0.8	9.8	44.2	13
Commercial A&D	0.4	5.9	1.1	0.1	-	5.3	1.0	13.8	4
Commercial construction	-	-	0.6	-	-	3.7	11.4	15.7	4
Residential construction	0.9	1.8	8.0	6.4	3.0	-	-	20.1	6
Residential condo	8.2	2.8	0.1	-	-	8.0	5.8	24.9	7
Undeveloped land	1.1	0.4	0.3	10.4	5.3	7.4	27.9	52.8	15
Total CRE Nonaccrual Loans	<u>\$ 16.4</u>	<u>\$ 24.6</u>	<u>\$ 40.1</u>	<u>\$ 30.0</u>	<u>\$ 16.0</u>	<u>\$ 31.3</u>	<u>\$ 72.0</u>	<u>\$ 230.4</u>	<u>66 %</u>
CRE Nonaccrual Loans as % of Total Nonaccrual Loans ⁽¹⁾	5%	7%	11%	9%	4%	9%	21%	66%	

Three Months Ended 12/31/08 CRE Net Charge-offs ("NCO") by Geography

	<u>SC, Excl</u>	<u>Coastal</u>	<u>Western</u>	<u>Central</u>	<u>North</u>	<u>South</u>	<u>Tampa</u>	<u>Total</u>	<u>% of</u>
	<u>Coastal</u>	<u>SC</u>	<u>NC</u>	<u>FL</u>	<u>FL</u>	<u>FL</u>	<u>Bay</u>	<u>CRE NCO</u>	<u>NCO</u>
CRE Net Charge-offs by Product Type:									
Completed income property	\$ 1.4	\$ 0.1	\$ 0.7	\$ 3.6	\$ 1.1	\$ 2.7	\$ 0.7	\$ 10.3	14 %
Residential A&D	0.1	0.3	3.4	2.2	-	-	5.7	11.7	15
Commercial A&D	-	1.5	-	-	-	0.1	-	1.6	2
Commercial construction	-	-	0.8	-	-	0.2	-	1.0	1
Residential construction	0.1	0.4	0.5	0.9	1.2	-	-	3.1	4
Residential condo	1.1	-	-	0.5	-	2.3	3.4	7.3	10
Undeveloped land	-	-	-	-	0.1	1.0	1.3	2.4	3
Total CRE Net Charge-off:	<u>\$ 2.7</u>	<u>\$ 2.3</u>	<u>\$ 5.4</u>	<u>\$ 7.2</u>	<u>\$ 2.4</u>	<u>\$ 6.3</u>	<u>\$ 11.1</u>	<u>\$ 37.4</u>	<u>49 %</u>
CRE Net Charge-offs as % of Total Net Charge-offs	4%	3%	7%	9%	3%	8%	15%	49%	

⁽¹⁾ Calculated as a percent of nonaccrual loans held for investment, which totaled \$349.4 million at December 31, 2008. Excludes nonaccrual loans held for sale, which totaled \$16.5 million at December 31, 2008.

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

	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Noninterest-bearing	\$1,041,140	\$1,022,632	\$1,107,115	\$1,108,623	\$1,127,657
Interest-bearing checking	1,078,921	1,090,874	1,127,497	1,162,374	1,117,850
Money market accounts	1,834,115	1,806,143	2,162,599	2,182,709	2,188,261
Savings accounts	190,519	150,150	150,696	155,337	158,092
Time deposits under \$100,000	1,863,520	1,840,363	1,468,372	1,408,593	1,442,030
Time deposits of \$100,000 or more	<u>1,488,735</u>	<u>1,524,813</u>	<u>1,479,740</u>	<u>1,557,927</u>	<u>1,496,270</u>
Customer deposits ⁽¹⁾	7,496,950	7,434,975	7,496,019	7,575,563	7,530,160
Brokered deposits	<u>1,908,767</u>	<u>2,573,833</u>	<u>2,390,350</u>	<u>1,875,969</u>	<u>2,258,408</u>
Total deposits	9,405,717	10,008,808	9,886,369	9,451,532	9,788,568
Less: Brokered deposits	(1,908,767)	(2,573,833)	(2,390,350)	(1,875,969)	(2,258,408)
Add: Customer sweep accounts	<u>493,012</u>	<u>551,559</u>	<u>536,642</u>	<u>631,214</u>	<u>648,311</u>
Customer funding ⁽²⁾	<u>\$7,989,962</u>	<u>\$7,986,534</u>	<u>\$8,032,661</u>	<u>\$8,206,777</u>	<u>\$8,178,471</u>

Percentage of Deposits

Noninterest-bearing	11.1 %	10.2 %	11.2 %	11.7 %	11.5 %
Interest-bearing checking	11.5	10.9	11.4	12.3	11.4
Money market accounts	19.5	18.1	21.9	23.1	22.4
Savings accounts	2.0	1.5	1.5	1.6	1.6
Time deposits under \$100,000	19.8	18.4	14.8	14.9	14.7
Time deposits of \$100,000 or more	<u>15.8</u>	<u>15.2</u>	<u>15.0</u>	<u>16.5</u>	<u>15.3</u>
Customer deposits ⁽¹⁾	79.7	74.3	75.8	80.1	76.9
Brokered deposits	<u>20.3</u>	<u>25.7</u>	<u>24.2</u>	<u>19.9</u>	<u>23.1</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>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Growth vs. Prior Quarter, Annualized ⁽³⁾					
Noninterest-bearing	7.2 %	(30.4) %	(0.5) %	(6.8) %	(12.5) %
Total deposits	(24.0)	4.9	18.5	(13.8)	12.0
Customer funding ⁽²⁾	0.2	(2.3)	(8.5)	1.4	3.0
Growth Year-To-Date, Annualized ⁽⁴⁾					
Noninterest-bearing	(7.7) %	(12.4) %	(3.7) %	(6.8) %	(12.0) %
Total deposits	(3.9)	3.0	2.0	(13.8)	2.9
Customer funding ⁽²⁾	(2.3)	(3.1)	(3.6)	1.4	(2.6)

⁽¹⁾ Total deposits less brokered deposits.

⁽²⁾ Total deposits less brokered deposits plus customer sweep accounts.

⁽³⁾ At September 30, 2007, noninterest-bearing totaled \$1,164,312, total deposits totaled \$9,501,669, and customer funding totaled \$8,117,185.

⁽⁴⁾ 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>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Types of wholesale borrowings					
Short-term borrowings					
Federal funds purchased and repurchase agreements	\$ 67,309	\$ 137,927	\$ 169,074	\$ 541,022	\$ 206,216
Customer sweep accounts	493,012	551,559	536,642	631,214	648,311
Federal Reserve borrowings	1,050,000	30,000	500,000	200,000	-
Commercial paper	12,537	19,068	25,155	29,582	30,828
Treasury, tax and loan note	<u>3,516</u>	<u>450,375</u>	<u>350,730</u>	<u>515,632</u>	<u>752,195</u>
Total short-term borrowings	1,626,374	1,188,929	1,581,601	1,917,450	1,637,550
Long-term borrowings					
Repurchase agreements	200,000	200,000	200,000	200,000	200,000
FHLB advances	233,497	298,119	297,873	324,080	223,087
Subordinated notes	216,704	216,704	216,704	216,704	216,704
Mandatorily redeemable preferred stock of subsidiary	56,800	56,800	56,800	56,800	56,800
Note payable	768	779	791	775	786
Purchase accounting premiums, net of amortization	<u>-</u>	<u>707</u>	<u>789</u>	<u>858</u>	<u>963</u>
Total long-term borrowings	707,769	773,109	772,957	799,217	698,340
Total borrowings	2,334,143	1,962,038	2,354,558	2,716,667	2,335,890
Less: Customer sweep accounts	(493,012)	(551,559)	(536,642)	(631,214)	(648,311)
Add: Brokered deposits	<u>1,908,767</u>	<u>2,573,833</u>	<u>2,390,350</u>	<u>1,875,969</u>	<u>2,258,408</u>
Total wholesale borrowings	<u>\$ 3,749,898</u>	<u>\$ 3,984,312</u>	<u>\$ 4,208,266</u>	<u>\$ 3,961,422</u>	<u>\$ 3,945,987</u>
Wholesale borrowings as a percentage of total assets					
	27.6 %	29.1 %	30.1 %	28.8 %	28.4 %

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

	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>	<u>12/31/07</u>
Regulatory Capital					
Tier 1 capital	\$ 1,513,452	\$ 1,295,008	\$ 1,311,908	\$ 1,089,115	\$ 1,114,915
Tier 2 capital	<u>174,625</u>	<u>173,820</u>	<u>177,271</u>	<u>180,711</u>	<u>163,095</u>
Total risk-based capital	<u>1,688,077</u>	<u>1,468,828</u>	<u>1,489,179</u>	<u>1,269,826</u>	<u>1,278,010</u>
Total risk-weighted assets	11,764,518	11,584,136	11,872,790	11,674,210	11,743,799
Tangible Equity					
Mandatorily convertible preferred stock	\$ 238,700	\$ 249,000	\$ 250,000	\$ -	\$ -
Perpetual preferred stock	327,679	-	-	-	-
Common equity	<u>1,054,152</u>	<u>1,284,614</u>	<u>1,309,202</u>	<u>1,378,321</u>	<u>1,550,308</u>
Shareholders' equity	1,620,531	1,533,614	1,559,202	1,378,321	1,550,308
Intangible assets	<u>(246,020)</u>	<u>(484,570)</u>	<u>(487,886)</u>	<u>(488,093)</u>	<u>(678,182)</u>
Tangible equity	1,374,511	1,049,044	1,071,316	890,228	872,126
Capital Ratios					
Tier 1 risk-based capital	12.86 %	11.18 %	11.05 %	9.33 %	9.49 %
Total risk-based capital	14.35	12.68	12.54	10.88	10.88
Leverage ratio	11.22	9.70	9.81	8.16	8.42
Tangible equity to tangible assets ratio	10.29	7.94	7.94	6.72	6.61
Impact of unrealized (gain) loss on securities	<u>(0.05)</u>	<u>0.21</u>	<u>0.24</u>	<u>0.02</u>	<u>0.21</u>
Tangible equity to tangible assets ratio, excluding unrealized gain or loss	10.24	8.15	8.18	6.74	6.82
Tangible common equity to tangible assets ratio	6.05	6.06	6.09	6.72	6.61
-Assuming conversion of mandatorily convertible preferred ⁽¹⁾	7.84	7.94	7.94	6.72	6.61
Unrealized Gains (Losses) on AFS Securities					
Gross (included in AFS securities)	\$ 10,949	\$ (48,147)	\$ (54,391)	\$ (3,042)	\$ (48,841)
Net of income tax (included in equity)	6,890	(30,334)	(34,287)	(1,912)	(30,765)
Per Share Data					
Mandatorily convertible preferred shares outstanding	238,700	249,000	250,000	-	-
Common shares outstanding	74,643,649	73,005,766	72,795,797	72,629,724	72,455,205
Conversion of preferred stock into common ⁽¹⁾	<u>36,723,077</u>	<u>38,307,692</u>	<u>38,461,538</u>	<u>-</u>	<u>-</u>
Common shares outstanding, assuming conversion	111,366,726	111,313,458	111,257,335	72,629,724	72,455,205
Common book value per common share	\$ 14.12	\$ 17.60	\$ 17.98	\$ 18.98	\$ 21.40
Common tangible book value per common share	10.83	10.96	11.28	12.26	12.04
Book value per common share, assuming conversion ⁽¹⁾	14.55	13.78	14.01	18.98	21.40
Common tangible book value per common share, assuming conversion ⁽¹⁾	9.40	9.42	9.63	12.26	12.04
Market Rates for U.S. Treasury Notes					
Three year	1.00 %	2.28 %	2.91 %	1.79 %	3.07 %
Five year	1.55	2.98	3.34	2.46	3.45

⁽¹⁾ 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								
	12/31/08			9/30/08			6/30/08		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Assets									
Earning assets									
Commercial loans	\$ 8,172,311	\$ 106,289	5.17 %	\$ 8,233,343	\$ 113,423	5.48 %	\$ 8,193,599	\$ 114,935	5.64 %
Consumer loans	1,514,602	19,941	5.24	1,518,642	22,577	5.91	1,530,817	23,272	6.11
Indirect loans	657,329	11,862	7.18	706,780	12,621	7.10	734,155	13,152	7.21
Risk management derivatives tied to loans	-	7,197		-	6,812		-	6,657	
Total loans ⁽¹⁾	<u>10,344,242</u>	<u>145,289</u>	5.59	<u>10,458,765</u>	<u>155,433</u>	5.91	<u>10,458,571</u>	<u>158,016</u>	6.08
Investment securities (taxable) ⁽²⁾	1,835,248	20,575	4.48	1,768,461	20,186	4.57	1,799,907	20,591	4.58
Investment securities (nontaxable) ⁽³⁾	<u>281,839</u>	<u>3,616</u>	5.13	<u>290,431</u>	<u>3,726</u>	5.13	<u>299,350</u>	<u>3,814</u>	5.10
Total investment securities	2,117,087	24,191	4.57	2,058,892	23,912	4.65	2,099,257	24,405	4.65
Federal funds sold, interest-bearing bank balances, and other temp investments	<u>1,128</u>	<u>10</u>	3.53	<u>37,149</u>	<u>197</u>	2.11	<u>20,256</u>	<u>106</u>	2.10
Total earning assets	<u>12,462,457</u>	<u>169,490</u>	5.41	<u>12,554,806</u>	<u>179,542</u>	5.69	<u>12,578,084</u>	<u>182,527</u>	5.83
Non-earning assets	<u>1,322,477</u>			<u>1,281,130</u>			<u>1,290,065</u>		
Total assets	<u>\$ 13,784,934</u>			<u>\$ 13,835,936</u>			<u>\$ 13,868,149</u>		
Liabilities and Shareholders' Equity									
Liabilities									
Interest-bearing liabilities									
Interest-bearing deposits									
Interest checking	\$ 1,010,878	\$ 1,310	0.52	\$ 1,130,079	\$ 2,481	0.87	\$ 1,120,716	\$ 2,683	0.96
Savings	173,927	518	1.18	143,014	255	0.71	152,023	304	0.80
Money market	1,814,901	9,808	2.15	1,949,001	11,293	2.31	2,104,322	11,822	2.26
Time deposits, excluding brokered deposits	3,401,800	32,130	3.76	3,259,783	30,522	3.72	2,997,131	29,172	3.91
Brokered deposits	<u>2,227,055</u>	<u>21,880</u>	3.91	<u>2,574,430</u>	<u>24,520</u>	3.79	<u>2,081,224</u>	<u>19,199</u>	3.71
Total interest-bearing deposits	8,628,561	65,646	3.03	9,056,307	69,071	3.03	8,455,416	63,180	3.01
Customer sweep accounts	529,344	1,174	0.88	536,526	2,251	1.67	573,957	2,621	1.84
Other borrowings ⁽⁴⁾	<u>1,805,655</u>	<u>9,772</u>	2.15	<u>1,453,196</u>	<u>11,297</u>	3.09	<u>2,078,730</u>	<u>15,186</u>	2.94
Total interest-bearing liabilities	10,963,560	76,592	2.78	11,046,029	82,619	2.98	11,108,103	80,987	2.93
Noninterest-bearing liabilities									
Noninterest-bearing deposits	1,001,516			1,059,565			1,079,390		
Other noninterest liabilities	<u>201,107</u>			<u>177,735</u>			<u>185,275</u>		
Total liabilities	<u>12,166,183</u>			<u>12,283,329</u>			<u>12,372,768</u>		
Shareholders' equity	<u>1,618,751</u>			<u>1,552,607</u>			<u>1,495,381</u>		
Total liabilities and shareholders' equity	<u>\$ 13,784,934</u>			<u>\$ 13,835,936</u>			<u>\$ 13,868,149</u>		
Net interest margin (tax-equivalent)		\$ 92,898	2.97 %		\$ 96,923	3.08 %		\$ 101,540	3.24 %
Less: tax-equivalent adjustment ⁽³⁾		<u>1,265</u>			<u>1,304</u>			<u>1,335</u>	
Net interest income		<u>\$ 91,633</u>			<u>\$ 95,619</u>			<u>\$ 100,205</u>	
Supplemental data:									
Customer funding ⁽⁵⁾	\$ 7,932,366	\$ 44,940	2.25 %	\$ 8,077,968	\$ 46,802	2.30 %	\$ 8,027,539	\$ 46,602	2.33 %
Wholesale borrowings ⁽⁶⁾	<u>4,032,710</u>	<u>31,652</u>	3.12	<u>4,027,626</u>	<u>35,817</u>	3.54	<u>4,159,954</u>	<u>34,385</u>	3.32
Total funding ⁽⁷⁾	<u>\$ 11,965,076</u>	<u>\$ 76,592</u>	2.55 %	<u>\$ 12,105,594</u>	<u>\$ 82,619</u>	2.72 %	<u>\$ 12,187,493</u>	<u>\$ 80,987</u>	2.67 %

⁽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, 2008, September 30, 2008, and June 30, 2008, TSFG capitalized \$478,000, \$424,000, and \$332,000, respectively, 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
COMPARATIVE AVERAGE BALANCES - YIELDS AND COSTS - CONTINUED
(dollars in thousands) (unaudited)

	Three Months Ended					
	3/31/08			12/31/07		
	<u>Average Balance</u>	<u>Income/ Expense</u>	<u>Yield/ Rate</u>	<u>Average Balance</u>	<u>Income/ Expense</u>	<u>Yield/ Rate</u>
Assets						
Earning assets						
Commercial loans	\$ 7,983,464	\$ 128,741	6.49 %	\$ 7,919,926	\$ 149,001	7.46 %
Consumer loans	1,548,384	25,985	6.75	1,563,625	28,657	7.27
Indirect loans	703,670	12,680	7.25	702,721	12,565	7.09
Risk management derivatives tied to loans	-	<u>3,822</u>		-	<u>623</u>	
Total loans ⁽¹⁾	10,235,518	171,228	6.73	10,186,272	190,846	7.43
Investment securities (taxable) ⁽²⁾	1,749,423	20,392	4.66	1,885,631	22,431	4.76
Investment securities (nontaxable) ⁽³⁾	<u>326,318</u>	<u>4,143</u>	5.08	<u>344,996</u>	<u>4,321</u>	5.01
Total investment securities	2,075,741	24,535	4.73	2,230,627	26,752	4.80
Federal funds sold, interest-bearing bank balances, and other temp investments	<u>8,716</u>	<u>72</u>	3.32	<u>4,833</u>	<u>64</u>	5.25
Total earning assets	12,319,975	<u>195,835</u>	6.39	12,421,732	<u>217,662</u>	6.96
Non-earning assets	<u>1,524,930</u>			<u>1,495,654</u>		
Total assets	<u>\$13,844,905</u>			<u>\$13,917,386</u>		
Liabilities and Shareholders' Equity						
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits						
Interest checking	\$ 1,155,418	\$ 4,653	1.62	\$ 1,078,194	\$ 4,606	1.69
Savings	156,848	427	1.09	164,365	617	1.49
Money market	2,193,504	16,633	3.05	2,195,506	20,883	3.77
Time deposits, excluding brokered deposits	2,953,364	33,651	4.58	2,891,656	35,717	4.90
Brokered deposits	<u>1,934,922</u>	<u>21,742</u>	4.52	<u>2,426,483</u>	<u>31,430</u>	5.14
Total interest-bearing deposits	8,394,056	77,106	3.69	8,756,204	93,253	4.23
Customer sweep accounts	684,752	5,472	3.21	590,682	5,977	4.01
Other borrowings ⁽⁴⁾	<u>1,922,959</u>	<u>19,101</u>	4.00	<u>1,645,122</u>	<u>21,972</u>	5.30
Total interest-bearing liabilities	11,001,767	<u>101,679</u>	3.72	10,992,008	<u>121,202</u>	4.37
Noninterest-bearing liabilities						
Noninterest-bearing deposits	1,083,505			1,149,816		
Other noninterest liabilities	<u>194,655</u>			<u>218,796</u>		
Total liabilities	12,279,927			12,360,620		
Shareholders' equity	<u>1,564,978</u>			<u>1,556,766</u>		
Total liabilities and shareholders' equity	<u>\$13,844,905</u>			<u>\$13,917,386</u>		
Net interest margin (tax-equivalent)		\$ 94,156	3.07 %		\$ 96,460	3.09 %
Less: tax-equivalent adjustment ⁽³⁾		<u>1,450</u>			<u>1,512</u>	
Net interest income		<u>\$ 92,706</u>			<u>\$ 94,948</u>	
Supplemental data:						
Customer funding ⁽⁵⁾	\$ 8,227,391	\$ 60,836	2.97 %	\$ 8,070,219	\$ 67,800	3.33 %
Wholesale borrowings ⁽⁶⁾	<u>3,857,881</u>	<u>40,843</u>	4.26	<u>4,071,605</u>	<u>53,402</u>	5.20
Total funding ⁽⁷⁾	<u>\$12,085,272</u>	<u>\$101,679</u>	3.38 %	<u>\$12,141,824</u>	<u>\$121,202</u>	3.96 %

(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 March 31, 2008 and December 31, 2007, TSFG capitalized \$329,000 and \$317,000 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							
	12/31/08		9/30/08		6/30/08		3/31/08	
	Diluted EPS		Diluted EPS		Diluted EPS		Diluted EPS	
Net Loss, as Reported (GAAP)	\$ (309,939)		\$ (24,955)		\$ (10,932)		\$ (201,292)	
Preferred stock dividends	(9,421)		(6,250)		(5,833)		-	
Net Loss Available to Common Shareholders	<u>\$ (319,360)</u>	\$ (4.29)	<u>\$ (31,205)</u>	\$ (0.43)	<u>\$ (16,765)</u>	\$ (0.23)	<u>\$ (201,292)</u>	\$ (2.78)
Net Loss, as Reported (GAAP)	\$ (309,939)		\$ (24,955)		\$ (10,932)		\$ (201,292)	
Add: Income tax expense (benefit)	(33,435)		(29,526)		(8,056)		(16,557)	
Loss Before Income Taxes	(343,374)		(54,481)		(18,988)		(217,849)	
Non-Operating Items								
(Gain) loss on securities	(1,561)		725		(1,876)		(396)	
Gain on Visa IPO share redemption	-		-		-		(1,904)	
Goodwill impairment	237,618		-		-		188,431	
Employment contracts and severance	9,599		4,621		2,299		-	
Branch acquisition and conversion costs	-		-		731		-	
(Gain) loss on early extinguishment of debt	1,747		(125)		(83)		547	
Visa-related litigation	-		-		-		(863)	
Loss on derivative collateral	1,061		-		-		-	
Pre-tax Operating Loss (loss before taxes, excluding non-operating items)	(94,910)		(49,260)		(17,917)		(32,034)	
Add: Provision for credit losses	122,926		84,608		63,763		73,292	
Pre-Tax, Pre-Provision Operating Earnings (income before taxes and provision, excluding non-operating items)	28,016		35,348		45,846		41,258	
Less: Provision for credit losses	(122,926)		(84,608)		(63,763)		(73,292)	
Related income taxes	(29,368)		(26,696)		(7,655)		(17,538)	
Operating Loss (net loss, excluding non-operating items)	(65,542)		(22,564)		(10,262)		(14,496)	
Preferred stock dividends	(9,421)		(6,250)		(5,833)		-	
Operating Loss Available to Common Shareholders (net loss available to common shareholders, excluding non-operating items)	(74,963)	(1.01)	(28,814)	(0.40)	(16,095)	(0.22)	(14,496)	(0.20)
Amortization of intangibles	1,417		1,474		1,589		1,658	
Related income taxes	(532)		(552)		(596)		(622)	
Cash Operating Loss Available to Common Shareholders (net loss available to common shareholders, excluding non-operating items and amortization of intangibles)	<u>\$ (74,078)</u>	\$ (0.99)	<u>\$ (27,892)</u>	\$ (0.38)	<u>\$ (15,102)</u>	\$ (0.21)	<u>\$ (13,460)</u>	\$ (0.19)
Average Common Shares Outstanding, Diluted	74,505,656		72,755,480		72,611,024		72,449,437	
Select Balance Sheet (Averages)								
Total assets	\$ 13,784,934		\$ 13,835,936		\$ 13,868,149		\$ 13,844,905	
Intangible assets	(481,380)		(487,061)		(487,440)		(675,250)	
Tangible assets	<u>13,303,554</u>		<u>13,348,875</u>		<u>13,380,709</u>		<u>13,169,655</u>	
Preferred stock	337,439		249,717		137,783		-	
Common equity	<u>1,281,312</u>		<u>1,302,890</u>		<u>1,357,598</u>		<u>1,564,978</u>	
Shareholders' equity	1,618,751		1,552,607		1,495,381		1,564,978	
Intangible assets	(481,380)		(487,061)		(487,440)		(675,250)	
Tangible equity	<u>1,137,371</u>		<u>1,065,546</u>		<u>1,007,941</u>		<u>889,728</u>	
Return on Average Assets⁽¹⁾								
GAAP loss	(8.94) %		(0.72) %		(0.32) %		(5.85) %	
Return on Average Equity⁽¹⁾								
GAAP loss	(76.17)		(6.39)		(2.94)		(51.73)	
Return on Average Common Equity⁽²⁾								
GAAP loss available to common shareholders	(99.16)		(9.53)		(4.97)		(51.73)	

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

(2) 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	
Net Income, as Reported (GAAP)	\$ 8,989		\$ 25,839		\$ 17,930		\$ 20,518	
Preferred stock dividends	-		-		-		-	
Net Income Available to Common Shareholders:	<u>\$ 8,989</u>	\$ 0.12	<u>\$ 25,839</u>	\$ 0.35	<u>\$ 17,930</u>	\$ 0.24	<u>\$ 20,518</u>	\$ 0.27
Net Income, as Reported (GAAP)	\$ 8,989		\$ 25,839		\$ 17,930		\$ 20,518	
Add: Income tax expense	2,293		11,609		8,998		10,500	
Income Before Income Taxes	11,282		37,448		26,928		31,018	
Non-Operating Items								
(Gain) loss on securities	1,288		(287)		2,237		1,385	
Employment contracts and severance	-		-		546		1,760	
Loss on early extinguishment of debt	499		1,299		231		-	
Visa-related litigation	881		-		-		-	
Pre-tax Operating Income (income before taxes, excluding non-operating items)	13,950		38,460		29,942		34,163	
Add: Provision for credit losses	31,926		10,504		17,125		9,013	
Pre-Tax, Pre-Provision Operating Earnings (income before taxes and provision, excluding non-operating items)	45,876		48,964		47,067		43,176	
Less: Provision for credit losses	(31,926)		(10,504)		(17,125)		(9,013)	
Related income taxes	3,093		11,923		10,006		11,565	
Operating Income (net income, excluding non-operating items)	10,857		26,537		19,936		22,598	
Preferred stock dividends	-		-		-		-	
Operating Income Available to Common Shareholders (net income available to common shareholders, excluding non-operating items)	10,857	0.15	26,537	0.36	19,936	0.27	22,598	0.30
Amortization of intangibles	1,853		1,907		2,136		2,001	
Related income taxes	(377)		(591)		(714)		(677)	
Cash Operating Income Available to Common Shareholders (net income available to common shareholders, excluding non-operating items and amortization of intangibles)	<u>\$ 12,333</u>	\$ 0.17	<u>\$ 27,853</u>	\$ 0.38	<u>\$ 21,358</u>	\$ 0.29	<u>\$ 23,922</u>	\$ 0.32
Average Common Shares Outstanding, Diluted	72,875,062		73,605,752		74,397,091		75,244,968	
Select Balance Sheet (Averages)								
Total assets	\$ 13,917,386		\$ 14,022,518		\$ 14,093,079		\$ 14,148,054	
Intangible assets	(678,851)		(680,526)		(682,584)		(684,626)	
Tangible assets	<u>13,238,535</u>		<u>13,341,992</u>		<u>13,410,495</u>		<u>13,463,428</u>	
Common equity	1,556,766		1,519,488		1,546,392		1,551,769	
Shareholders' equity	1,556,766		1,519,488		1,546,392		1,551,769	
Intangible assets	(678,851)		(680,526)		(682,584)		(684,626)	
Tangible equity	<u>877,915</u>		<u>838,962</u>		<u>863,808</u>		<u>867,143</u>	
Return on Average Assets⁽¹⁾								
GAAP income	0.26 %		0.73 %		0.51 %		0.59 %	
Return on Average Equity⁽¹⁾								
GAAP income	2.29		6.75		4.65		5.36	
Return on Average Common Equity⁽²⁾								
GAAP income available to common shareholders	2.29		6.75		4.65		5.36	

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

(2) 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)

	Years Ended December 31,					
	2008		2007		2006	
		Diluted EPS		Diluted EPS		Diluted EPS
Net Income (Loss), as Reported (GAAP)	\$	(547,118)	\$	73,276	\$	112,866
Preferred stock dividends		(21,504)		-		-
Net Income (Loss) Available to Common Shareholders	<u>\$</u>	<u>(568,622)</u>	<u>\$</u>	<u>73,276</u>	<u>\$</u>	<u>112,866</u>
		\$ (7.77)		\$ 0.99		\$ 1.49
Net Income (Loss), as Reported (GAAP)	\$	(547,118)	\$	73,276	\$	112,866
Add: Income tax expense (benefit)		(87,574)		33,400		47,682
Income (Loss) Before Income Taxes		<u>(634,692)</u>		<u>106,676</u>		<u>160,548</u>
Non-Operating Items						
(Gain) loss on securities		(3,108)		4,623		(4,037)
Gain on Visa IPO share redemption		(1,904)		-		-
Gain on disposition of assets and liabilities		-		-		(2,498)
Goodwill impairment		426,049		-		-
Loss on sale of indirect auto loans previously HFI		-		-		3,477
Employment contract buyouts and severance		16,519		2,306		5,588
Branch acquisition and conversion costs		731		-		-
Loss on early extinguishment of debt		2,086		2,029		821
Visa-related litigation		(863)		881		-
Loss on derivative collateral		1,061		-		-
Pre-tax Operating Income (Loss) (income (loss) before taxes, excluding non-operating items)		<u>(194,121)</u>		<u>116,515</u>		<u>163,899</u>
Add: Provision for credit losses		344,589		68,568		32,789
Pre-Tax, Pre-Provision Operating Earnings (income before taxes and provision, excluding non-operating items)		<u>150,468</u>		<u>185,083</u>		<u>196,688</u>
Less: Provision for credit losses		(344,589)		(68,568)		(32,789)
Related income taxes		(81,257)		36,587		48,798
Operating Income (Loss) (net income (loss), excluding non-operating items)		<u>(112,864)</u>		<u>79,928</u>		<u>115,101</u>
Preferred stock dividends		(21,504)		-		-
Operating Income (Loss) Available to Common Shareholders (net income (loss) available to common shareholders, excluding non-operating items)		<u>(134,368)</u>	\$ (1.84)	<u>79,928</u>	1.08	<u>115,101</u>
Amortization of intangibles		6,138		7,897		8,775
Related income taxes		(2,302)		(2,359)		(2,474)
Cash Operating Income (Loss) Available to Common Shareholders (net income (loss) available to common shareholders, excluding non-operating items and amortization of intangibles)	<u>\$</u>	<u>(130,532)</u>	<u>\$</u>	<u>85,466</u>	<u>\$</u>	<u>121,402</u>
		\$ (1.78)		\$ 1.15		\$ 1.61
Average Common Shares Outstanding, Diluted		73,136,936		74,085,440		75,542,848
Select Balance Sheet (Averages)						
Total assets	\$	13,833,355	\$	14,044,565	\$	14,202,649
Intangible assets		(532,517)		(681,628)		(689,116)
Tangible assets		<u>13,300,838</u>		<u>13,362,937</u>		<u>13,513,533</u>
Preferred stock		181,849		-		-
Common equity		<u>1,376,232</u>		<u>1,543,552</u>		<u>1,506,195</u>
Shareholders' equity		1,558,081		1,543,552		1,506,195
Intangible assets		(532,517)		(681,628)		(689,116)
Tangible equity		<u>1,025,564</u>		<u>861,924</u>		<u>817,079</u>
Return on Average Assets ⁽¹⁾						
GAAP earnings (loss)		(3.96) %		0.52 %		0.79 %
Return on Average Equity ⁽¹⁾						
GAAP earnings (loss)		(35.11)		4.75		7.49
Return on Average Common Equity ⁽²⁾						
GAAP earnings (loss) available to common shareholders		(41.32)		4.75		7.49

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

⁽²⁾ 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) (unaudited)

	Three Months Ended			
	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>
Select Financial Data Used in Ratios Calculated Below				
Net interest income	\$ 91,633	\$ 95,619	\$ 100,205	\$ 92,706
Tax-equivalent adjustment	1,265	1,304	1,335	1,450
Net interest income (tax-equivalent)	<u>\$ 92,898</u>	<u>\$ 96,923</u>	<u>\$ 101,540</u>	<u>\$ 94,156</u>
Total noninterest income, as reported (GAAP)	\$ 29,729	\$ 28,665	\$ 32,187	\$ 31,103
Adjustments for non-operating items:				
(Gain) loss on securities	(1,561)	725	(1,876)	(396)
Gain on Visa IPO share redemption	-	-	-	(1,904)
Operating noninterest income (noninterest income, excluding non-operating items)	<u>\$ 28,168</u>	<u>\$ 29,390</u>	<u>\$ 30,311</u>	<u>\$ 28,803</u>
Total noninterest expenses, as reported (GAAP)	\$ 341,810	\$ 94,157	\$ 87,617	\$ 268,366
Adjustments for non-operating items:				
Goodwill impairment	(237,618)	-	-	(188,431)
Employment contracts and severance	(9,599)	(4,621)	(2,299)	-
Branch acquisition and conversion costs	-	-	(731)	-
Gain (loss) on early extinguishment of debt	(1,747)	125	83	(547)
Visa-related litigation	-	-	-	863
Loss on derivative collateral	(1,061)	-	-	-
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	91,785	89,661	84,670	80,251
Less: amortization of intangibles	<u>(1,417)</u>	<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>\$ 90,368</u>	<u>\$ 88,187</u>	<u>\$ 83,081</u>	<u>\$ 78,593</u>
Total Revenue ⁽¹⁾				
GAAP	\$ 121,362	\$ 124,284	\$ 132,392	\$ 123,809
Operating ⁽²⁾	121,066	126,313	131,851	122,959
Noninterest Income as a % Total Revenue ⁽³⁾				
GAAP	24.50 %	23.06 %	24.31 %	25.12 %
Operating ⁽²⁾	23.27	23.27	22.99	23.42
Efficiency Ratios ⁽⁴⁾				
GAAP	281.64	75.76	66.18	216.76
Operating ⁽²⁾	75.81	70.98	64.22	65.27
Cash operating ⁽²⁾	74.64	69.82	63.01	63.92
Noninterest Expense as a % of Average Assets (Annualized)				
GAAP	9.86	2.71	2.54	7.80
Operating ⁽²⁾	2.65	2.58	2.46	2.33
Cash operating ⁽²⁾	2.61	2.54	2.41	2.28

⁽¹⁾ The sum of net interest income and noninterest income.

⁽²⁾ 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.

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

⁽⁴⁾ 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>
Select Financial Data Used in Ratios Calculated Below				
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)	\$ 28,991	\$ 29,905	\$ 27,711	\$ 27,105
Adjustments for non-operating items:				
(Gain) loss on securities	<u>1,288</u>	<u>(287)</u>	<u>2,237</u>	<u>1,385</u>
Operating noninterest income (noninterest income, excluding non-operating items)	<u>\$ 30,279</u>	<u>\$ 29,618</u>	<u>\$ 29,948</u>	<u>\$ 28,490</u>
Total noninterest expenses, as reported (GAAP)	\$ 80,731	\$ 78,727	\$ 80,179	\$ 81,612
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	<u>(881)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	79,351	77,428	79,402	79,852
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>\$ 77,498</u>	<u>\$ 75,521</u>	<u>\$ 77,266</u>	<u>\$ 77,851</u>
Total Revenue ⁽¹⁾				
GAAP	\$ 123,939	\$ 126,679	\$ 124,232	\$ 121,643
Operating ⁽²⁾	126,739	127,930	128,024	124,669
Noninterest Income as a % of Total Revenue ⁽³⁾				
GAAP	23.39 %	23.61 %	22.31 %	22.28 %
Operating ⁽²⁾	23.89	23.15	23.39	22.85
Efficiency Ratios ⁽⁴⁾				
GAAP	65.14	62.15	64.54	67.09
Operating ⁽²⁾	62.61	60.52	62.02	64.05
Cash operating ⁽²⁾	61.15	59.03	60.35	62.45
Noninterest Expense as a % of Average Assets (Annualized)				
GAAP	2.30	2.23	2.28	2.34
Operating ⁽²⁾	2.26	2.19	2.26	2.29
Cash operating ⁽²⁾	2.21	2.14	2.20	2.23

⁽¹⁾ The sum of net interest income and noninterest income.

⁽²⁾ 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.

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

⁽⁴⁾ 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>2008</u>	<u>2007</u>	<u>2006</u>
Select Financial Data Used in Ratios Calculated Below			
Net interest income	\$ 380,163	\$ 382,781	\$ 401,371
Tax-equivalent adjustment	5,354	6,246	6,903
Net interest income (tax-equivalent)	\$ 385,517	\$ 389,027	\$ 408,274
Net interest margin (tax-equivalent)	3.09 %	3.10 %	3.22 %
Total noninterest income, as reported (GAAP)	\$ 121,684	\$ 113,712	\$ 118,210
Adjustments for non-operating items:			
(Gain) loss on securities	(3,108)	4,623	(4,037)
Gain on Visa IPO share redemption	(1,904)	-	-
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>\$ 116,672</u>	<u>\$ 118,335</u>	<u>\$ 115,152</u>
Total noninterest expenses, as reported (GAAP)	\$ 791,950	\$ 321,249	\$ 326,244
Adjustments for non-operating items:			
Goodwill impairment	(426,049)	-	-
Employment contract buyouts and severance	(16,519)	(2,306)	(5,588)
Merger-related costs	(731)	-	-
Loss on early extinguishment of debt	(2,086)	(2,029)	(821)
Visa-related litigation	863	(881)	-
Loss on derivative collateral	(1,061)	-	-
Operating noninterest expenses (noninterest expenses, excluding non-operating items)	346,367	316,033	319,835
Less: amortization of intangibles	<u>(6,138)</u>	<u>(7,897)</u>	<u>(8,775)</u>
Cash operating noninterest expenses (noninterest expenses, excluding non-operating items and amortization of intangibles)	<u>\$ 340,229</u>	<u>\$ 308,136</u>	<u>\$ 311,060</u>
Total Revenue ⁽¹⁾			
GAAP	\$ 501,847	\$ 496,493	\$ 519,581
Operating ⁽²⁾	502,189	507,362	523,426
Noninterest Income as a % of Total Revenue ⁽³⁾			
GAAP	24.25 %	22.90 %	22.75 %
Operating ⁽²⁾	23.23	23.32	22.00
Efficiency Ratios ⁽⁴⁾			
GAAP	157.81	64.70	62.79
Operating ⁽²⁾	68.97	62.29	61.10
Cash operating ⁽²⁾	67.75	60.73	59.43
Noninterest Expense as a % of Average Assets			
GAAP	5.72	2.29	2.30
Operating ⁽²⁾	2.50	2.25	2.25
Cash operating ⁽²⁾	2.46	2.19	2.19

⁽¹⁾ The sum of net interest income and noninterest income.

⁽²⁾ 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.

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

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