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**Q2 2019**  
**Shareholder Engagement Call**  
*July 18, 2019*

# Profits Through Purpose

## Executive Leadership on This Call



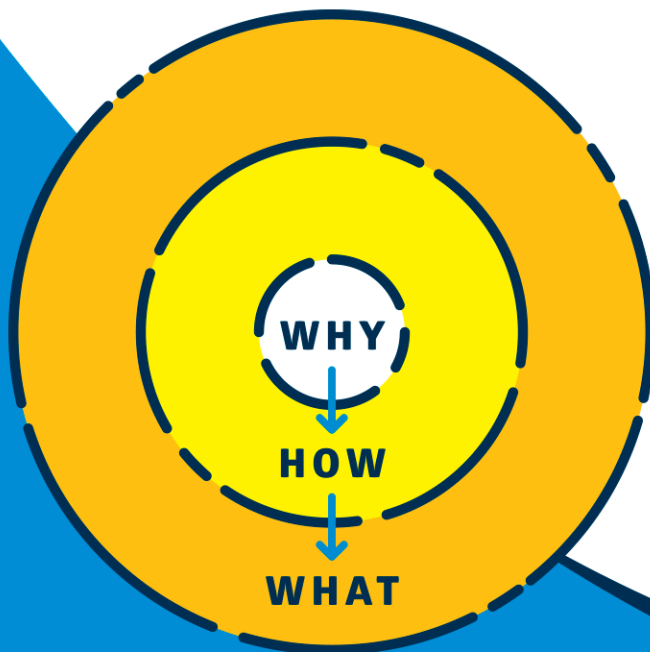
**Darrin Williams, CEO**  
Southern Bancorp, Inc.



**Chris Wewers, CFO**  
Southern Bancorp, Inc.

# We are Wealth Builders for Everyone.

## THE GOLDEN CIRCLE



### WHY

We believe that wealth building isn't just for the wealthy. We were founded to **INVEST** in rural towns, under-capitalized communities, and people's dreams. We are wealth builders for everyone.

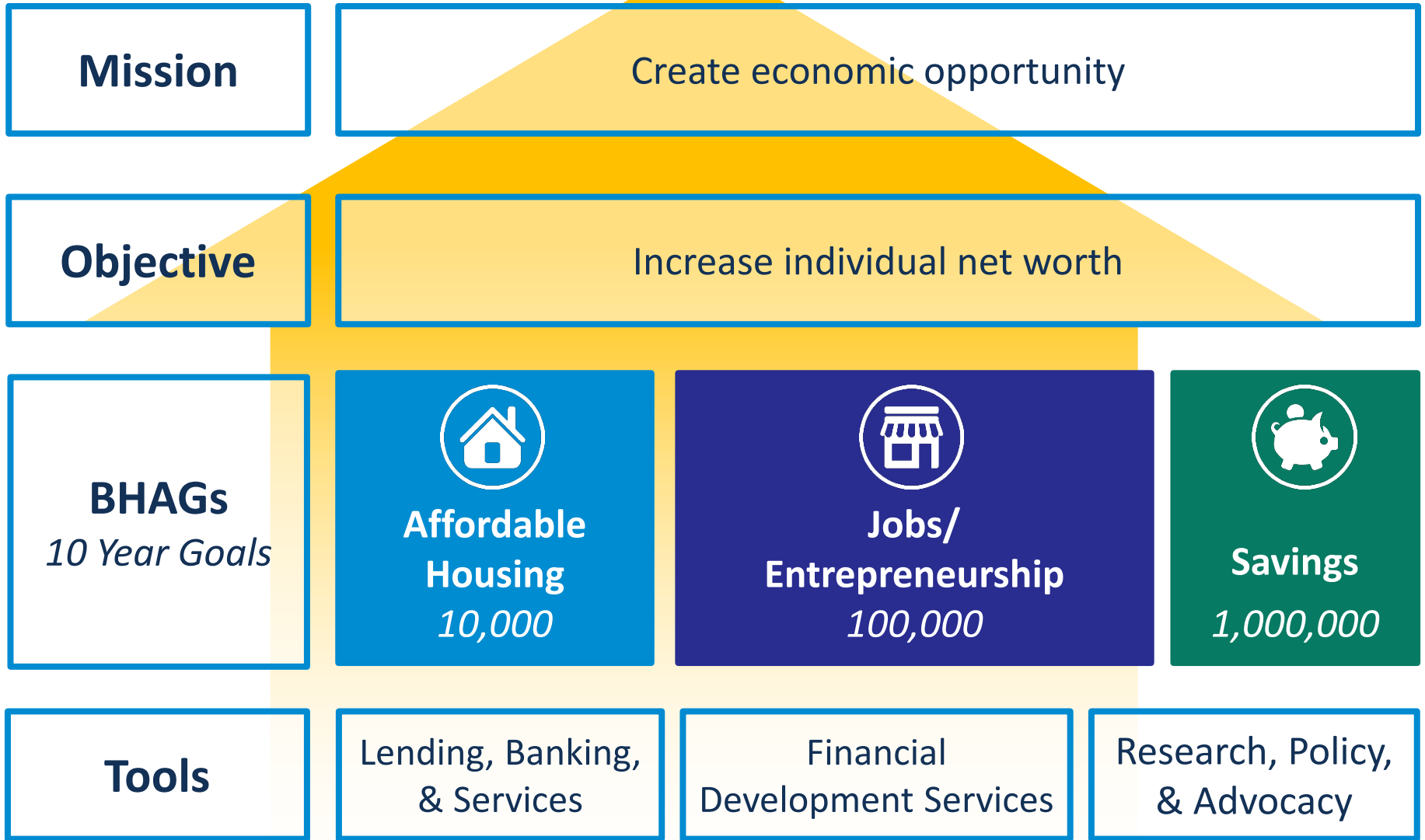
### HOW

We combine the strength of a billion dollar bank with the flexibility of a non-profit financial education and development company to **EMPOWER** our customers and communities.

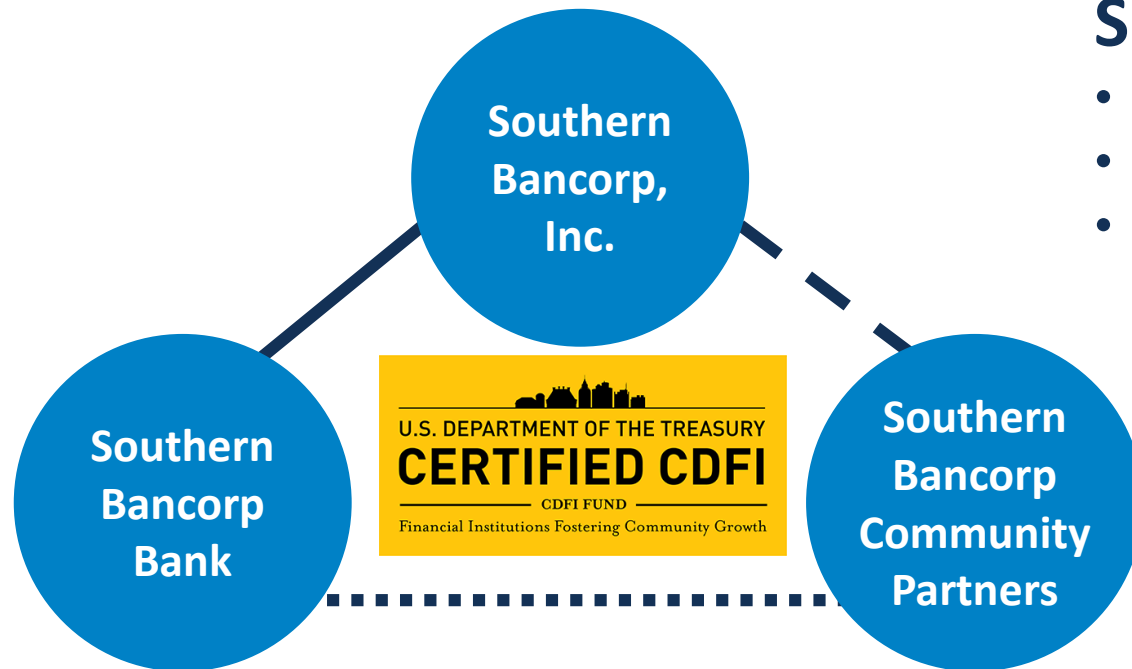
### WHAT

Southern Bancorp is a bank...and so much more. We offer financial products and services that improve financial health and **TRANSFORM** lives.

# Our Theory of Change



# Integrated Structure & Strategy



## SBI – Vision and Strategy

- Capital
- Communications
- Governance & Metrics

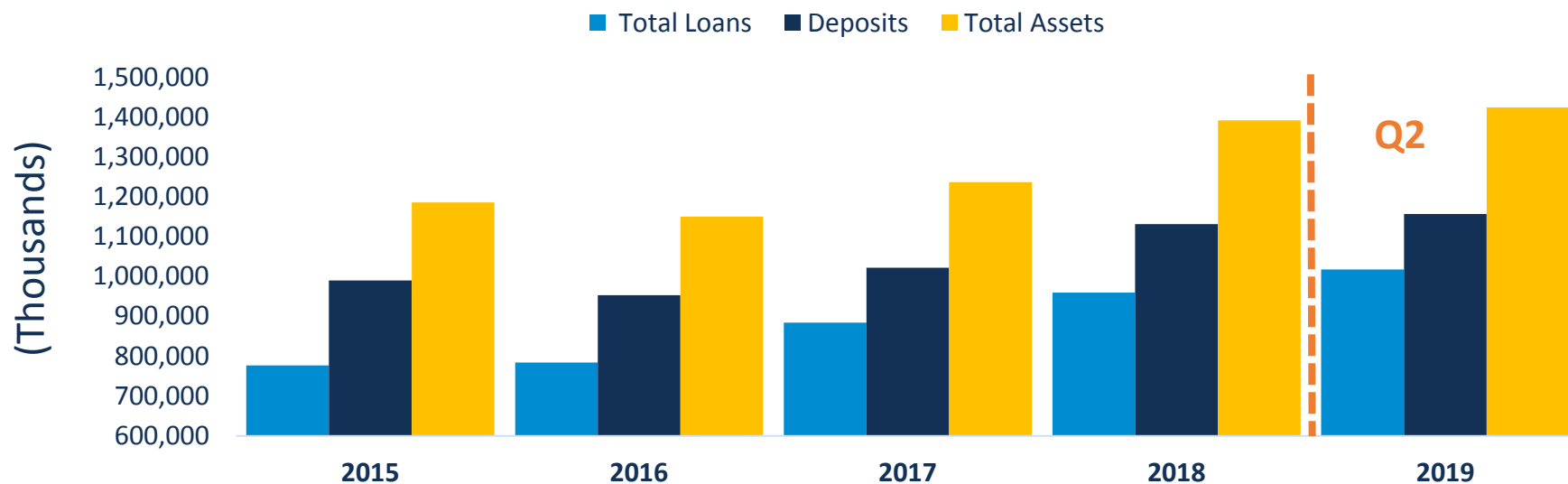
## SBCP – Financial Development

- Loans & Credit Enhancement
- Financial Education
- Research & Advocacy

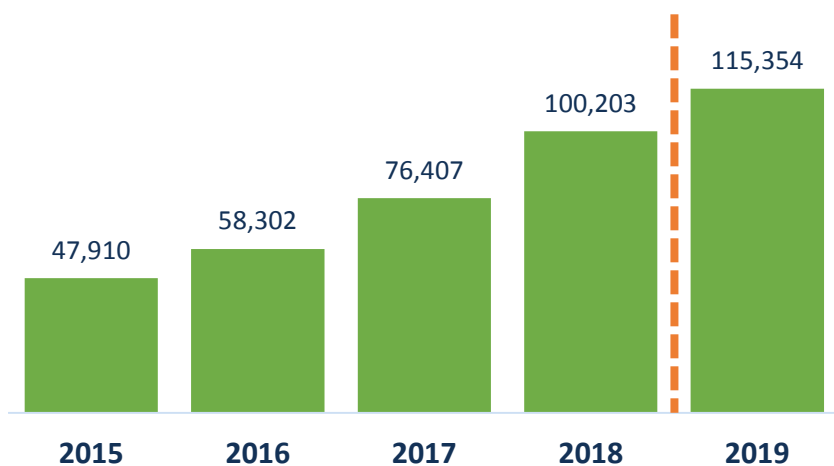
## SBB – Banking Services

- Loans
- Deposits
- Targeted Investment Portfolio

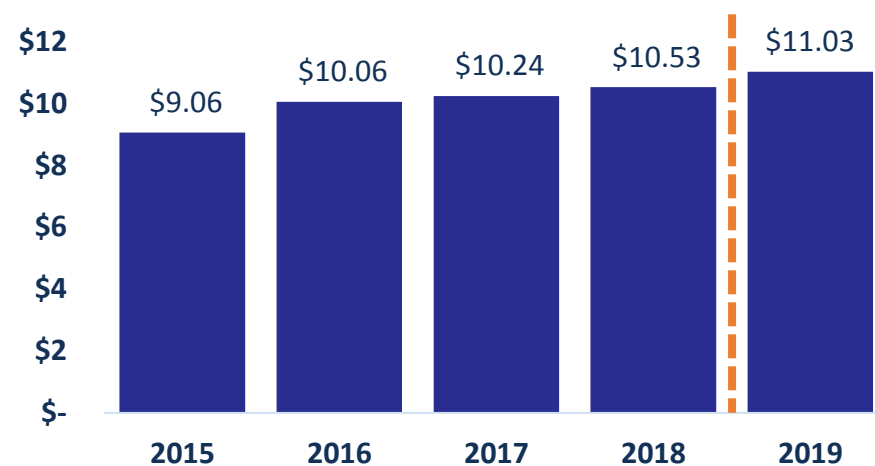
# Financial Highlights



## Tangible Common Equity Q2



## Book Value Q2



# Q2 Financial Highlights YOY – Balance Sheet (000's)

	<b>2018</b>	<b>2019</b>
Cash & Investments	\$221,743	\$283,310
Net Loans	\$914,996	\$1,006,162
Fixed Assets	\$40,154	\$40,581
Intangibles	\$37,448	\$37,402
Other Assets	\$58,687	\$57,259
<b>TOTAL ASSETS</b>	<b>\$1,273,028</b>	<b>\$1,424,714</b>
Deposits	\$1,001,327	\$1,156,505
Other Borrowings	\$135,053	\$103,526
Other Liabilities	\$6,779	\$10,166
Shareholder's Equity	\$129,869	\$154,217
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$1,273,028</b>	<b>\$1,424,714</b>



# Q2 Financial Highlights YOY – Income Statement (000's)

	<b>2018</b>	<b>2019</b>
Interest Income	\$25,118	\$28,855
Interest Expense	(\$2,348)	(\$5,444)
Net Interest Revenue	\$22,770	\$23,411
PLLL	(\$1,700)	(\$2,480)
Non Interest Income	\$5,832	\$6,091
Non Interest Expense	(\$21,840)	(\$20,433)
Income Before Taxes	\$5,062	\$6,589
Taxes	(\$265)	(\$1,075)
Net Income	\$4,797	\$5,514

# Providing Access to Credit in Low-to-Moderate Income Communities (LMI)

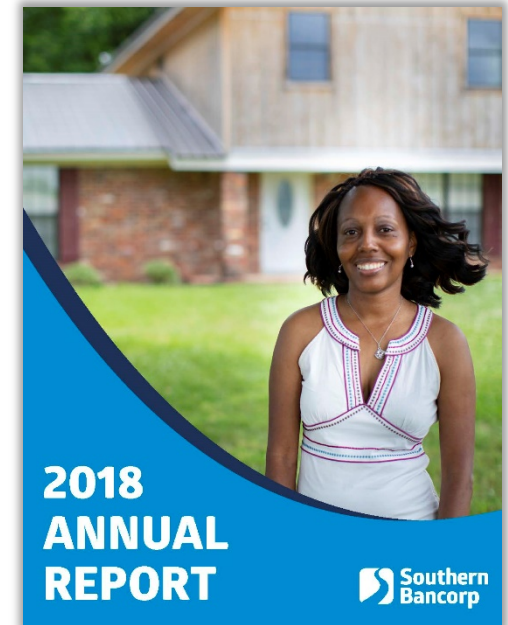
<i>SBB</i>	Q1 3/31/2019	Q2 6/30/2019	Q2 YTD 6/30/2019
% of loans (#) in LMI tracts	70.2%	67.5%	69.1%
% of loans (\$) in LMI tracts	71.0%	61.3%	67.4%
Loans originated (#)	1,367	1,574	2,941
Loan originations (\$ millions)	\$157	\$123	\$281
% of loans under \$10,000	44.0%	48.1%	46.2%
# of loans under \$1,000	133	146	279

# Report from Annual Shareholder Meeting

June 13, 2019

## Overview of Approved Shareholder Proposals

- To amend the convertibility feature of Series B, non-voting common stock to comply with the Federal Reserve Board's policy guidance
- To convert from a Delaware to an Arkansas Public Benefit Corporation
- To reduce from 80% to 66% the affirmative vote requirement to amend, alter or repeal provisions of SBI's Articles and By-Laws
- To repeal the age limit on board service
- To amend the board service term of years from three to four years
- To clarify that the SBI CEO is an advisory board member
- To reappoint John Edwards to the SBI Board of Directors



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# Building a New CDFI Model

## Capital Campaign

- \$10 million raised in Q2
- \$35 million raised

## Paying Regular Quarterly Dividends

- 10<sup>th</sup> consecutive and increasing quarterly dividend (7/10/2019)
- For information on how to receive dividend payments by ACH or wire, contact [Jayla.Wilson@banksouthern.com](mailto:Jayla.Wilson@banksouthern.com) | (501) 850-8960 | TF: (800) 789-3428



# Building a New CDFI Model

## Providing Liquidity for Shareholders - Share Buyback Program

- Total buyback fund for Q3 Share Buyback Program - \$3 million
- Share buyback price established by independent 3<sup>rd</sup> party valuation - \$9.83 p/sh
- Notice Date – July 22, 2019 (Notice will be mailed to each eligible shareholder)
- Share Buyback Program closing - 5:00 pm CT, August 21, 2019 (shareholders must submit forms indicating their interest by this time)
- Pro rata buybacks if oversubscribed
- Share buyback payments will be made on or before August 30, 2019

*Next Share Buyback Program Q4 (\$1 million)*

# Q & A

***SAVE THE DATE:***

**Q3 2019 Shareholder Engagement Call**

Thursday, October 17, 2019

9:30 am CST



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