



Q1 2022

SHAREHOLDER ENGAGEMENT CALL

April 21, 2022

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Profits Through Purpose

Executive Leadership on This Call



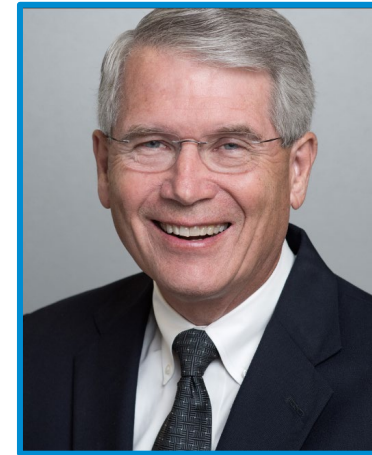
Darrin Williams
Southern Bancorp, Inc. CEO



John Olaimy
Southern Bancorp Bank,
President & CEO



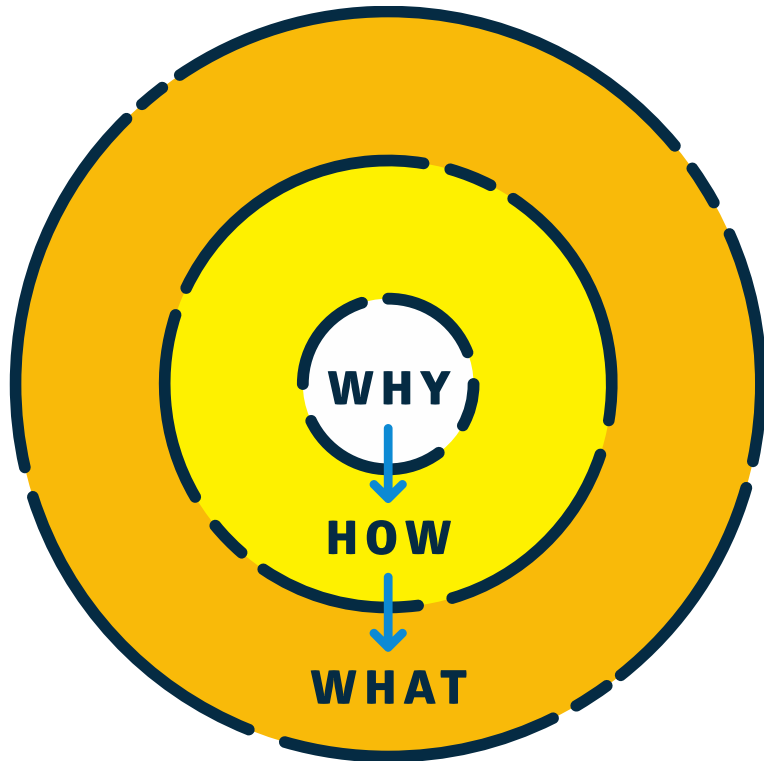
Chris Wewers
Southern Bancorp, Inc. CFO



Bill Wright
West Region CEO &
New Market Tax Credit Lead

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.

Voting Results for the 2022 Southern Bancorp, Inc. Annual Meeting

Proxy voting ended this morning 8:30 a.m. CDT

Eligible Votes	9,855,878
Voted Total:	9,142,496
Voted Total (%):	92.76%

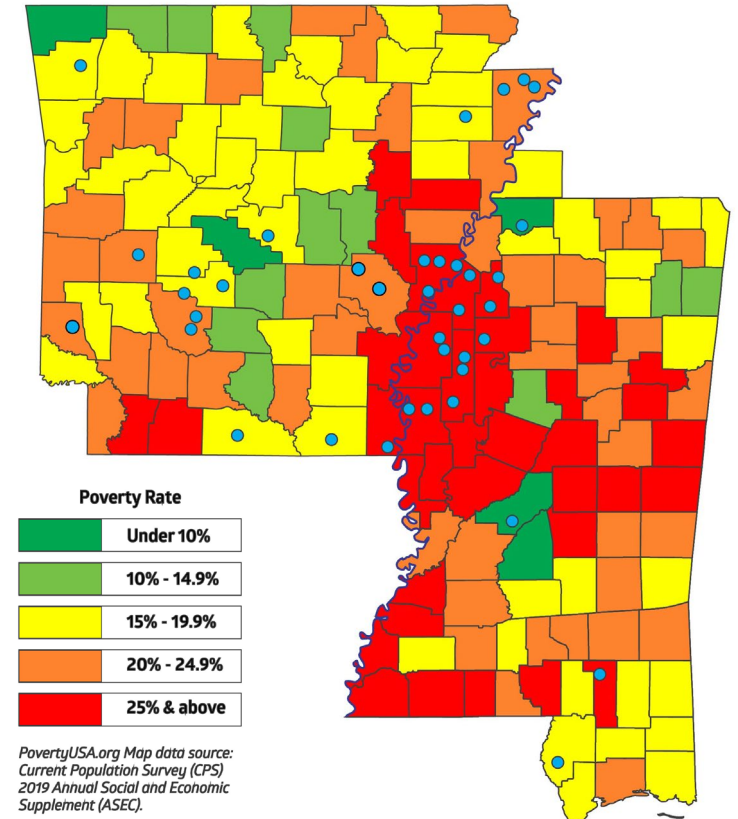
Proposal	Vote Type	Voted	Voted (%)	O/S (%)
Reappointment of John Edwards	<i>For</i>	9,142,496	100%	92.76%
	<i>Withheld</i>	0	0%	0%
Restate Articles (ECIP)	<i>For</i>	9,142,158	100%	92.76%
	<i>Against</i>	0	0%	0%
	<i>Abstain</i>	338	0%	0%
*Restate Bylaws (Board Terms)	<i>For</i>	7,315,867	80.02%	74.23%
	<i>Against</i>	0	0%	0%
	<i>Abstain</i>	1,826,629	19.98%	18.53%

*Requires a super majority vote (66% of all O/S)

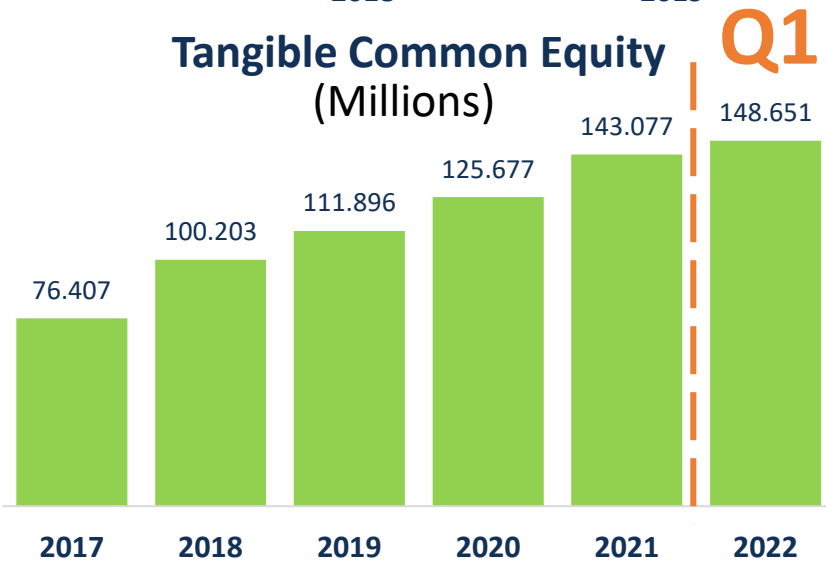
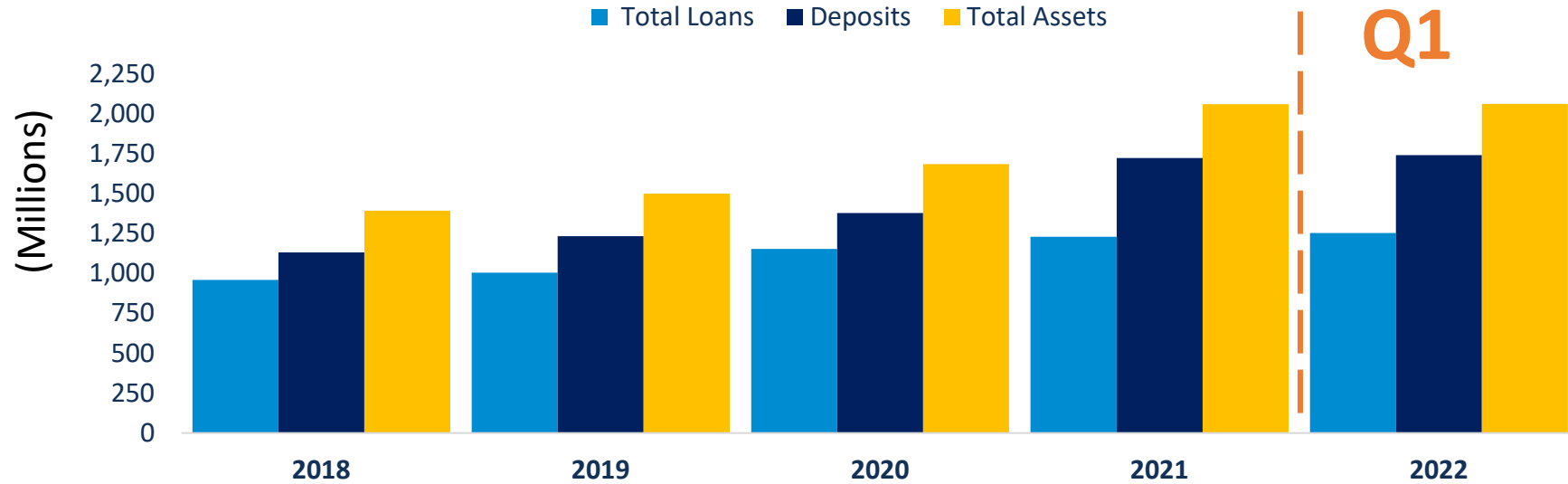
Providing Access to Credit in CDFI Targeted Underserved Communities

SBB 2021	Q1 YTD
% of loans (#) in CDFI tracts	96%
% of loans (\$) in CDFI tracts	84.79%
Loans originated (#)	1,499
Loan originations (\$ millions)	\$231
% of loans under \$10,000	38%
# of loans under \$1,000	109

Loans in persistent poor counties Q1 YTD: 567 loans Total: \$63M
 % of all loans made: 38% (#) 27% (\$)



Financial Highlights



Q1 Financial Highlights YOY – Balance Sheet (000's)

	2021	2022
Cash & Investments	\$472,541	\$657,470
Net Loans	\$1,154,804	\$1,236,947
Fixed Assets	\$38,505	\$43,007
Intangibles	\$37,257	\$44,963
Other Assets	\$63,225	\$78,976
TOTAL ASSETS	\$1,766,332	\$2,061,363
Deposits	\$1,420,321	\$1,741,066
Other Borrowings	\$164,001	\$131,572
Other Liabilities	\$14,294	\$12,535
Shareholder's Equity	\$167,716	\$176,190
TOTAL LIABILITIES & EQUITY	\$1,766,332	\$2,061,363

Q1 Financial Highlights YOY – Income Statement (000's)

	<u>2021</u>	<u>2022</u>
Interest Income	\$15,915	\$16,816
Interest Expense	\$(1,495)	\$(1,228)
Net Interest Revenue	\$14,420	\$15,588
PLLL	-	-
Non Interest Income	\$2,479	\$2,946
Non Interest Expense	\$(12,895)	\$(15,119)
Income Before Taxes	\$4,004	\$3,415
Taxes	\$(1,375)	\$(250)
Net Income	<u>\$2,629</u>	<u>\$3,165</u>

Southern Bancorp Bank (SBB) – New Market Tax Credit (NMTC)

Margin and Mission

Overview of the NMTC Program

- NMTC Program established by Congress in 2000 and administered by the CDFI Fund at US Treasury
- \$66 billion has been allocated for tax credits since 2001 which has supported \$205 billion in investments
- Historically for every dollar investment by Federal Government in NMTC program, there is an \$8 return
- Each \$1 of tax credit is valued based upon 39% or 39 cents, the maximum federal tax rate
- Typical example:
 - \$10 million project x .39 = \$3.9 million x .75 cents = \$2.925 million
 - \$10 million in credits multiplied by 39% = \$3.9 million in available tax credit offset to the income of the investor
- For a \$10 million allocation, \$2.925 million is available to be used to pay expenses and invest in the supported project

Southern Bancorp Bank (SBB) – New Market Tax Credit (NMTC)

Margin and Mission

SBB's NMTC Program

- NMTC Program requires all investments be made in Severely Distressed Areas which are characterized by poverty rates greater than 25%, family income not exceeding 70% of statewide median family income or an unemployment rate at least 1.25 times the national average
- In addition, SBB has committed that at least 50% of its NMTC allocation will be used in non-metropolitan communities
- SBB's NMTC service area included Arkansas and Mississippi; Southern has requested to add Tennessee to its service area
- SBB's investments promote economic development (job creation) and support healthcare and education within low-income communities
- SBB further agreed to use 30% of its allocation in the form of innovative investments, such as SBB's revolving loan fund

Southern Bancorp Bank (SBB) – New Market Tax Credit (NMTC)

Margin and Mission

SBB's Awards and Investments

- SBB has received \$100 million in NMTC allocations since 2020
- In 2021, the first full year of operation for SBB's NMTC program, we closed 3 NMTC transactions totaling \$21 million
- SBB also funded its first \$10 million revolving loan fund in 2021

Deal Name	Project Budget	Allocation Amount	County, State	Rural?	Jobs Created	Jobs Retained	LIP Served
Delta Peanut (POB) Processing Plant	\$81,147,506	\$8 million	Craighead, AR	No	34	78	0
University of the Ozarks	\$19,000,000	\$6 million	Johnson, AR	Yes	2	19	825
Walnut Ridge/Green House Cottages (Senior Care Facility)	\$14,000,000	\$7 million	Lawrence, AR	Yes	84	56	235

Southern Bancorp Bank (SBB) – New Market Tax Credit (NMTC)

Margin and Mission

SBB's Awards and Investments

- For 2022, SBB's board has approved projects totaling \$40 million, plus \$10 million in our second revolving loan fund.
- From the \$100 million allocation, SBB has \$9 million remaining
- SBB's projects have or will create 496 jobs, retain 1,044 others while injecting \$265.5 million in projects located in low-income communities. A ratio of \$6.8 private dollars to every federal tax dollar
- SBB earns fees of 8.5% on each dollar it allocates to administer the NMTC program for specific projects and 8% for the revolving loan fund allocation
- $8.5\% \times \$70 \text{ million} = \5.95 million earned over 7 years with 4% (\$2.8 million) paid upfront
- Revolving Loan Fund: $8\% \times \$30 \text{ million} = \2.4 million earned over 7 years paid quarterly

Emergency Capital Investment Program

A Transformational Opportunity

Emergency Capital Investment Program Overview

- Equity investments to support CDFIs and MDIs (Low- and Moderate-Income Community Financial Institutions)
- Target audiences: small businesses, minority-owned businesses and consumers, especially in low income and underserved communities, including persistent poverty counties, that have been disproportionately impacted by the economic effects of COVID-19
- \$8.75 billion to be awarded; \$250 million maximum award amount; ***SBI to receive \$237.5 million***; expected to close June 7, 2022
- Tier 1 regulatory treatment, non-cumulative perpetual, preferred stock
- No dividend for the first 24 months; maximum annual dividend of 2% with the opportunity for a rate reduction to 1.25% or 0.5% annually based on increased “qualified lending” to target market
- After year 10, the dividend rate will be fixed based on the average annual amount of lending in years 2 through 10 compared to the Baseline

Q & A

SAVE THE DATE:

Q2 2022 Shareholder Engagement Call

Thursday, July 21, 2022,

9:30 am CST



Kenya Davenport

All investor questions can be directed to

Kenya Davenport, Chief of Staff and SVP Stakeholder Engagement

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