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Q1 2023

SHAREHOLDER ENGAGEMENT CALL

April 20, 2023

# Profits Through Purpose

*Executive Leadership on This Call*



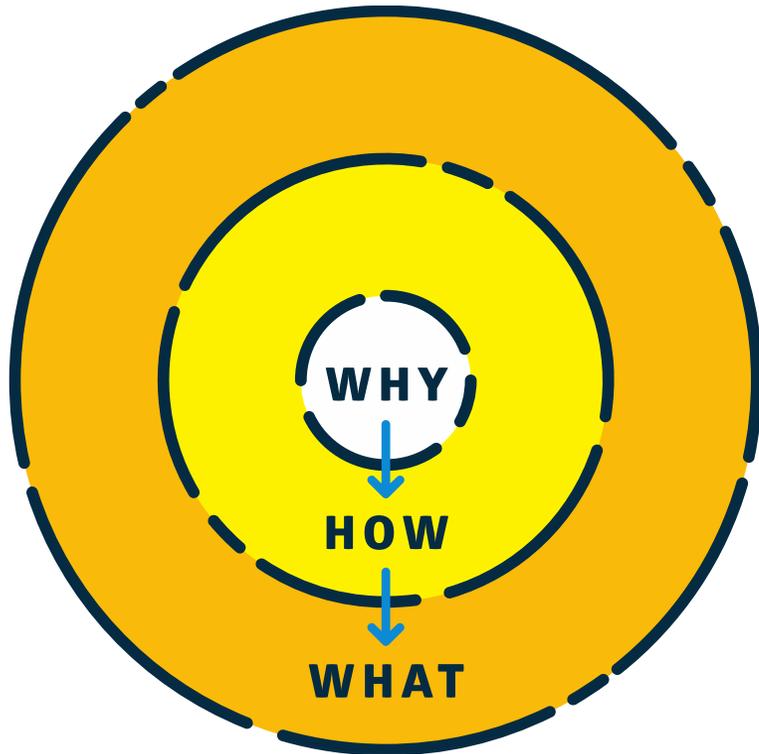
**Darrin Williams**  
Southern Bancorp, Inc. CEO



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

# 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.



Bloomberg  
**WALL STREET**  
WEEK

**WILLIAMS: COMMUNITY BANKS TOO  
IMPORTANT TO FAIL**

# Current SBB Deposit Information

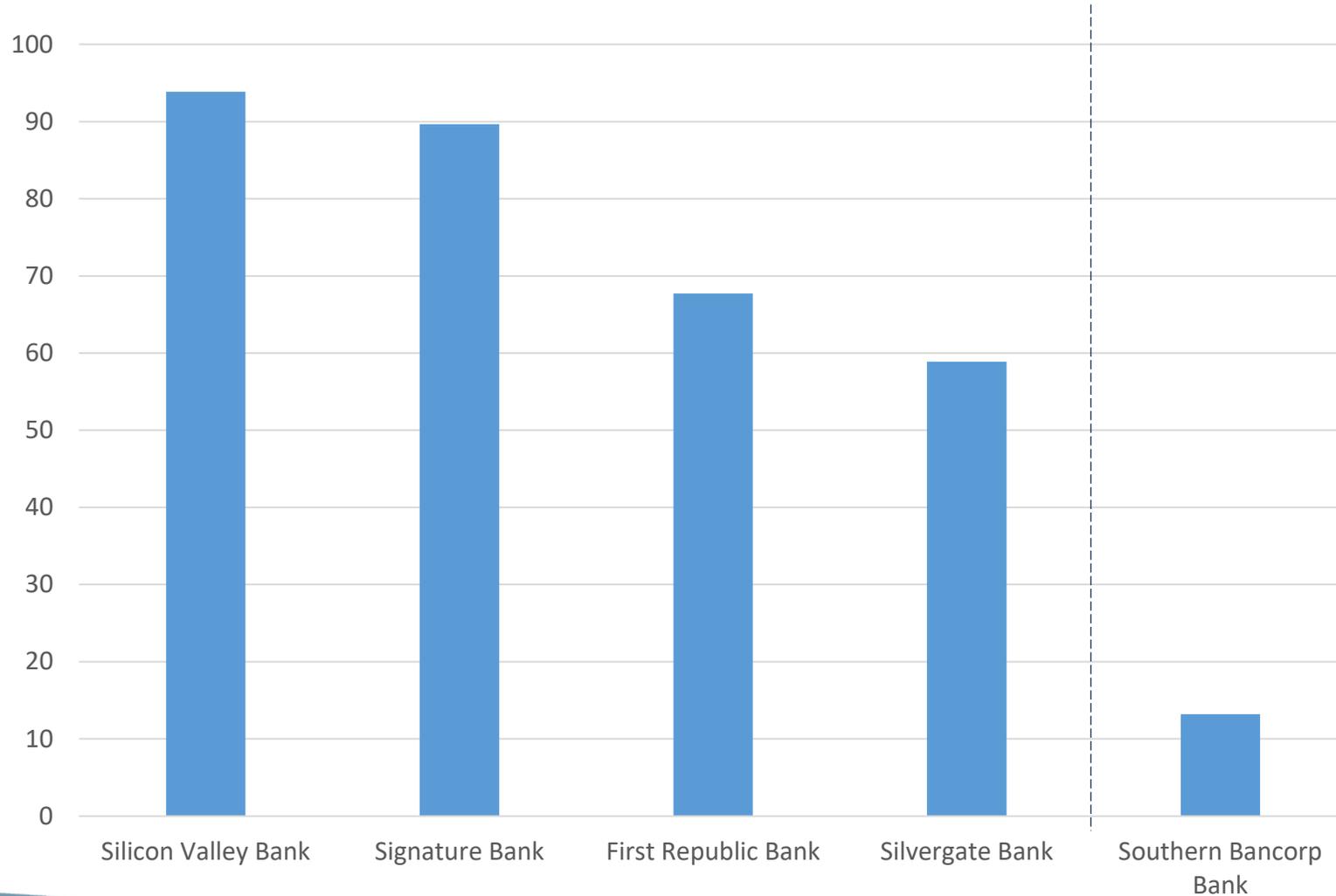
- SBB has 88,387 different deposit accounts, representing over \$2 billion in deposits.
- SBB has roughly \$268 million in deposits above the \$250,000 FDIC Insurance Limit which represents 868 accounts.
- The top 20 accounts represent approximately \$50 million in deposits. (This is conservative as it includes both time deposits and demand deposits.)
- The \$268 million equals **13.21%** of SBB's \$2 billion in total deposits.
- For comparison purposes, **over 90%** of Silicon Valley Bank's deposits were over the \$250,000 FDIC Insurance Limit.

**Note:** This does not include any deposits that are:

1. Public Funds (Secured by FHLB Letters of Credit or Bonds)
2. Reich and Tang (CDARs for Money Market Accounts which utilize FDIC Insurance)
3. SBI Deposits
4. SBCP Deposits
5. Deposits that have holds on the account for various reasons

# % of Uninsured Deposits Comparison

% of total deposits that are uninsured



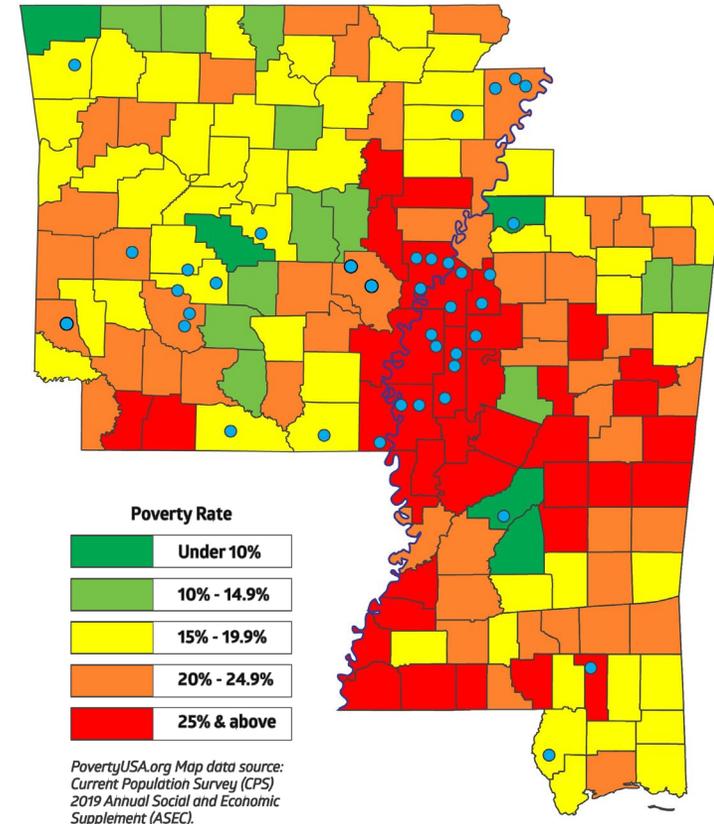
# Southern Bancorp Liquidity Position

SOURCE	AMOUNT
CASH	\$164 MLN
FHLB	\$369 MLN
FED FUNDS	\$109 MLN
FED (BTFP)	\$250 MLN
SBI-OWNED TREASURY BONDS	\$67 MLN
<b>TOTAL:</b>	<b>\$959 MLN</b>

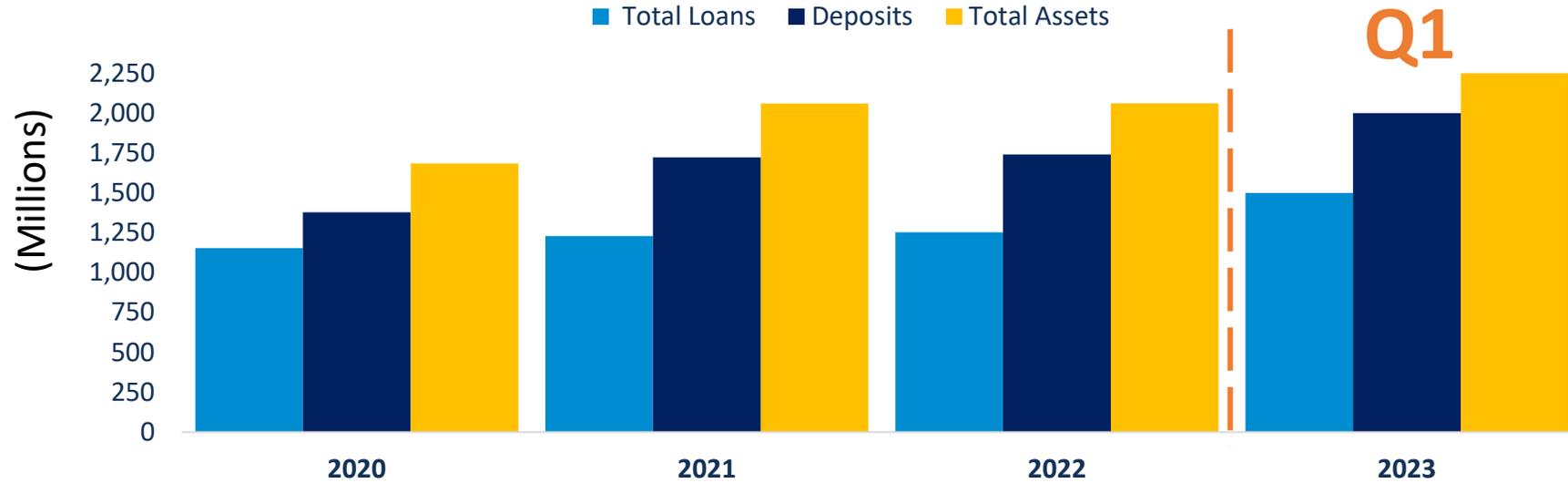
# Providing Access to Credit in CDFI Targeted Underserved Communities

SBB 2023	Q1 YTD
% of loans (#) in CDFI tracts	96.23%
% of loans (\$) in CDFI tracts	95.95%
Loans originated (#)	1,325
Loan originations (\$ millions)	\$174.59
% of loans under \$10,000	41.28%
# of loans under \$1,000	107

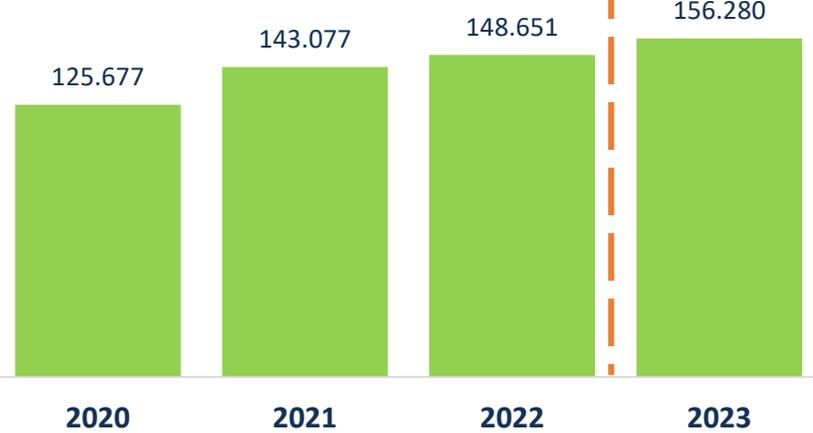
Loans in persistent poor counties Q1 YTD: 521 loans Total: \$80.55M  
 % of all loans made: 39.32% (#) 46.14% (\$)



# Financial Highlights



## Tangible Common Equity (Millions) Q1



## Book Value Q1



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

	<b>2022</b>	<b>2023</b>
Cash & Investments	\$657,470	\$792,580
Net Loans	\$1,236,947	\$1,483,971
Fixed Assets	\$43,007	\$40,705
Intangibles	\$44,963	\$59,536
Other Assets	\$78,976	\$107,558
<b>TOTAL ASSETS</b>	<b>\$2,061,363</b>	<b>\$2,484,350</b>
Deposits	\$1,741,066	\$2,000,614
Other Borrowings	\$131,572	\$35,866
Other Liabilities	\$12,535	\$14,723
Shareholder's Equity	\$176,190	\$433,147
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$2,061,363</b>	<b>\$2,484,350</b>

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

	<u>2022</u>	<u>2023</u>
Interest Income	\$16,816	\$24,956
Interest Expense	\$(1,228)	\$(4,011)
Net Interest Revenue	\$15,588	\$20,945
PLLL	-	-
Non Interest Income	\$2,946	\$3,122
Non Interest Expense	\$(15,119)	\$(19,069)
Income Before Taxes	\$3,415	\$4,998
Taxes	\$(250)	\$(1,126)
Net Income	<u>\$3,165</u>	<u>\$3,872</u>

# Delivering Impactful Growth

## Strategic Roadmap 2023-2027

### Ambitious Goals Shaping Our Strategic Roadmap

#### Maintain safe & sound operations

First and foremost, we will maintain the safe and sound operations of all three Southern entities throughout the growth plan, ensuring the foundation upon which it is built remains strong.

#### Deliver mission & margin together

Deliver a strategy that **combines mission and margin**, ensuring profitability while strengthening Southern's role as a leading provider and innovator of financial products and financial development services for underserved people, businesses and communities

#### Double in size within five years

Rapidly scale up Southern's operations, reaching **\$5bn assets within five years** to expand Southern's impact to a much broader population

#### Achieve 0.5% ECIP dividend

Maximize the financial value of ECIP by locking in the lowest **0.5% dividend rate** at the end of ECIP's 10-year program period

# *Delivering Impactful Growth: Strategic Roadmap 2023-27*

1. **Grow our core service model in an expanded footprint** – reaching around 18-20,000 consumers in four new urban markets over the next decade, starting in Little Rock, expanding to other mid-South markets (possibly Memphis, Nashville, St. Louis, etc.)
2. **Enhance and magnify our support for small businesses** through new lending products and financial development services tailored to them, as well as new digital tools to provide support.
3. **Expand our commitment to homeownership by creating a mortgage business unit** focused on underserved communities, reaching \$500 million in annual originations in five years.
4. **Develop new and expanded business lines to deploy development capital into underserved areas** using experts in areas such as SBA, Commercial Real Estate, Tax Credits, and more.
5. **Develop a more consistent focus for SBCP** centered on financial education, development lending products and public policy.
6. **Develop a growth-focused operations model** that increases specialization across our front line to compete in urban markets, optimizes operational processes, integrates and upgrades technology and combines our current regional retail administration over time into a single unit serving the entire organization.

# Southern will look materially different in 2027...



**2x**

Double our **asset base**, through rapid but focused scale-up among broader population



**\$25M**

Make **significant investments** in order to facilitate asset growth and future revenue

## ...which will drive significant impact



**10 hubs**

New **hub locations to serve communities in** locations where most banks would not show up



**18-20k+**

New **consumer customers**, deploying \$10M+ to build wealth through mostly small-dollar loans



**3-4k+**

New **small business customers**, supporting jobs and wealth creation through lending and financial development services



**5k+**

New **mortgage customers**, enabling home purchases that will drive economic mobility



**170+**

New **wealthbuilder employees**, enabling wealth creation for customers and communities



**\$5-10**

New **shareholder value** created, expected increase in share price over current value (\$14.50) based on \$100-200M growth intrinsic valuation\*

\*Maximum ECIP dividend rate reduction to .5% could result in share price increase of \$25 to \$33 per share above current value at year 10.

# Exciting Announcements

## New Branch Openings



Little Rock, Arkansas



Canton, Mississippi

# Exciting Announcements

## Equitable Recovery Program – April 10, 2023

- \$1.73B in response to economic impacts caused by COVID-19 pandemic
- SBCP awarded **\$4,957,678** to support increase access to homeownership for LMI consumers
- SBI awarded **\$4,957,678** to support small businesses with limited access to capital

“The grants provided by CDFI ERP will provide opportunity to borrowers and communities disproportionately impacted by the pandemic, helping them to regain stability and get back on their feet.”

**JODIE HARRIS**  
CDFI Fund Director



# Q & A

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## ***SAVE THE DATE:***

### **Q2 2023 Shareholder Engagement Call**

*Thursday, July 20 2023,*

*9:30 am CST*

Visit [banksouthern.com/investors](https://banksouthern.com/investors)



**Kenya Davenport**

All investor questions can be directed to

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