



Q4 2024

STAKEHOLDER ENGAGEMENT CALL

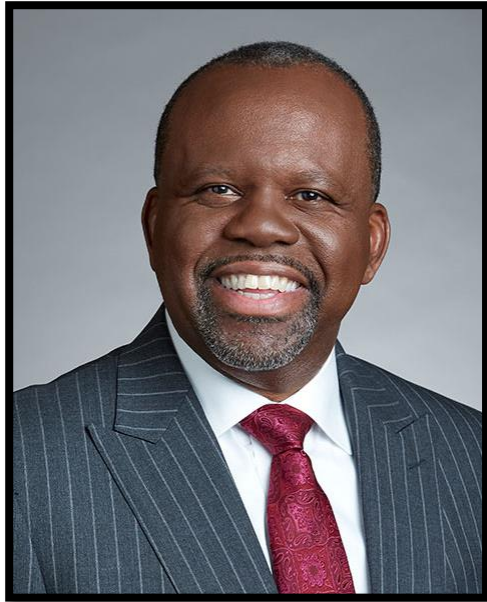
January 16th, 2025

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Profits Through Purpose

Executive Leadership on This Call



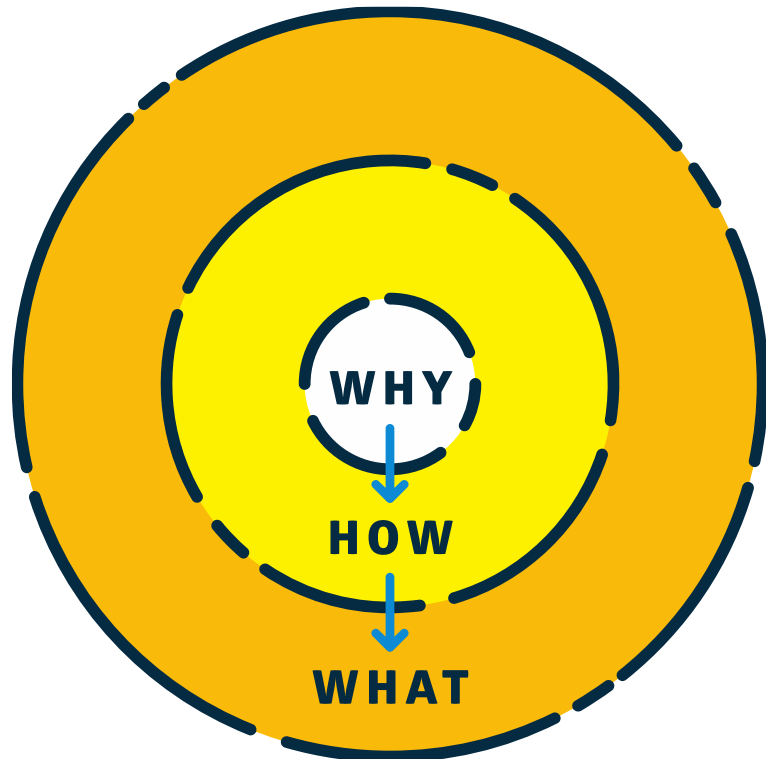
Darrin Williams
Southern Bancorp, Inc. CEO



Collins Cook
Southern Bancorp, Inc. Controller

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 under-capitalized communities, and people's dreams. We are wealth builders for everyone.

HOW

We combine the strength of a multi- 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.

Providing Access to Credit in CDFI Targeted Underserved Communities

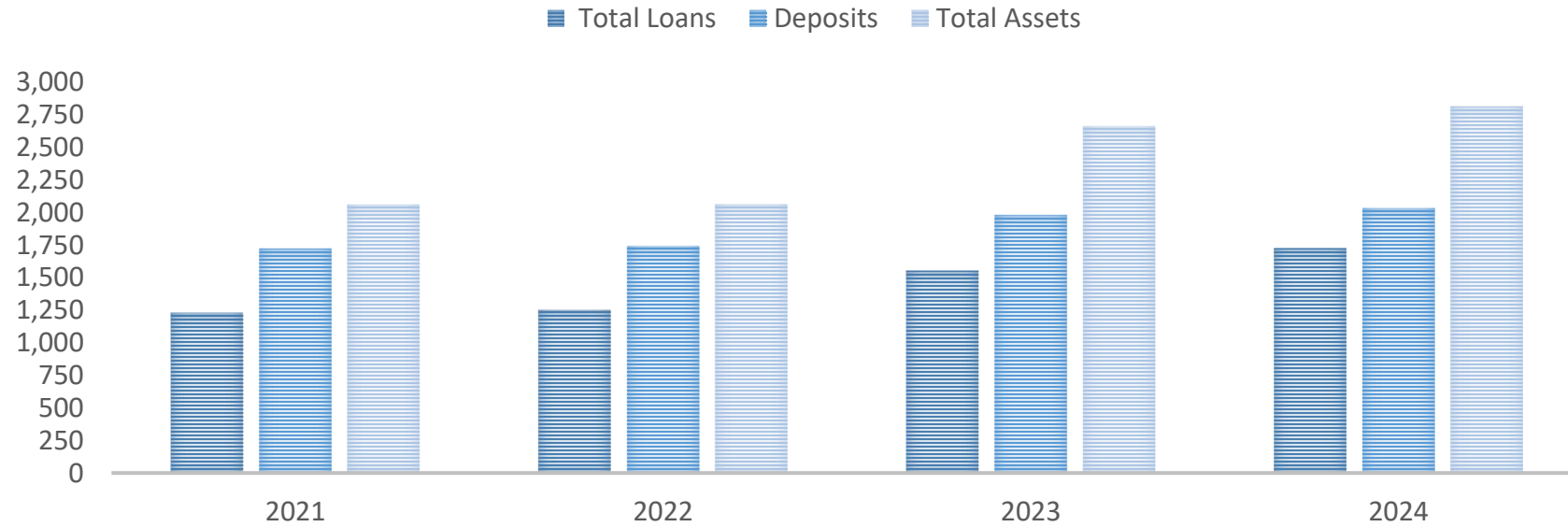
Lending	2023	2024
% of loans (#) in CDFI tracts	96%	85%
% of loans (\$) in CDFI tracts	88%	74%
Loans originated (#)	7,934	9,270
Loan originations (\$ millions)	\$586	\$938
% of loans under \$10,000	62%	62%
# of loans under \$1,000	2,786	3,458

Loans in persistent poor counties 2024: 3,298 (#) \$211.98M (\$)
 % of all loans made: 37% 25%

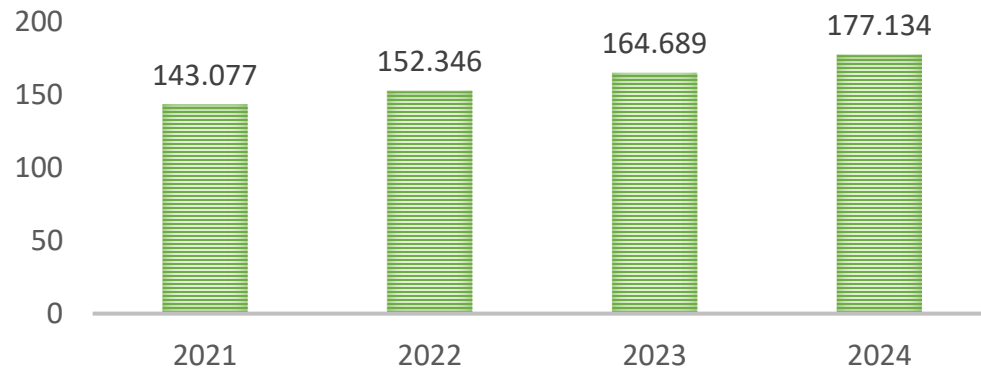


Financial Highlights

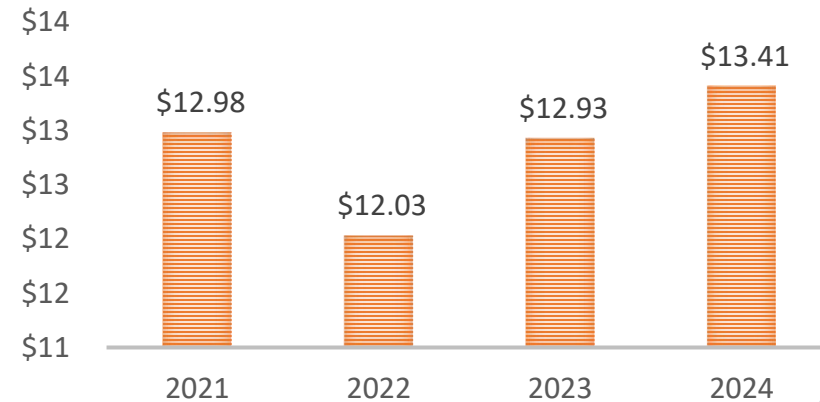
(Millions)



TANGIBLE COMMON EQUITY



BOOK VALUE



Q4 Financial Highlights YOY – Balance Sheet (000's) *Unaudited*

	2023	2024
Cash & Investments	\$899,099	\$840,679
Net Loans	\$1,535,267	\$1,731,786
Fixed Assets	\$42,430	\$42,871
Intangibles	\$59,034	\$59,053
Other Assets	\$122,509	\$139,392
TOTAL ASSETS	\$2,658,339	\$2,813,781
Deposits	\$1,978,170	\$2,076,993
Other Borrowings	\$209,836	\$260,759
Other Liabilities	\$24,579	\$27,157
Shareholder's Equity	\$445,754	\$448,872
TOTAL LIABILITIES & EQUITY	\$2,658,339	\$2,813,781

Q4 Financial Highlights YTD – Income Statement (000's) *Unaudited*

	<u>2023</u>	<u>2024</u>
Interest Income	\$110,292	\$135,021
Interest Expense	\$(28,793)	\$(47,594)
Net Interest Revenue	\$81,499	\$87,427
PLLL	\$(1,000)	\$(900)
Non Interest Income	\$17,354	\$13,906
Non Interest Expense	\$(77,020)	\$(84,800)
Income Before Taxes	\$20,833	\$15,633
Taxes	\$(2,821)	\$(538)
Net Income	<u>\$18,012</u>	<u>\$15,095</u>

Q4 Financial Highlights YOY – Income Statement (000's) *Unaudited*

	Q4 2023	Q4 2024
Interest Income	\$31,087	\$36,778
Interest Expense	\$(9,814)	\$(12,860)
Net Interest Revenue	\$21,273	\$23,918
PLLL	\$(100)	\$(250)
Non Interest Income	\$7,192	\$3,463
Non Interest Expense	\$(20,368)	\$(21,914)
Income Before Taxes	\$7,997	\$5,217
Taxes	\$(930)	\$(592)
Net Income	\$7,067	\$4,625

Delivering Impactful Growth

Strategic Roadmap 2023-2027

Year 2: Progress Report – Investments in our future growth

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 2023-2027

Year 2: Progress Report – Investments in our future growth

Mortgage

- Hired 15 diverse community lenders, along with foundational operations team & leadership
- Modernized technology stack fully implemented and integrated into business systems allowing for operational efficiency, safety and soundness in lending practices and able to scale with growth
- FHA/HUD approval
- Established relationships with 5 new secondary investors
- New markets: AL (Birmingham, Tuscaloosa), GA (Atlanta and surrounding communities), and TN (Chattanooga, Memphis and Nashville)
- Declining home affordability and interest rate environment continue to dampen growth plans but still committed to strategy

Market Expansion

- Hired new Chief Retail Officer – retail realignment underway; focus on customer experience across all channels (branch, online, mobile and call center)
- Several M&A opportunities under consideration
- Hired new specialized lenders (SBA, Agriculture)
- Hispanic strategy being implemented (new Spanish speaking lenders, full Spanish website and financial education materials)

Delivering Impactful Growth

Strategic Roadmap 2023-2027

Year 2: Progress Report – Investments in our future growth

SBCP Financial Development Services

- Hired new Vice President of Lending Operations
- Streamlined product offerings to align with new strategy: small business and microenterprises. downpayment assistance financing (Wealth Builder 2nd Mortgage), and savings
- Financial counseling playbook development and implemented to standardize content, training and delivery across Southern Bancorp's physical and virtual footprint

Operations and Enterprise Integration

- Restructured key operational units to facilitate efficient growth
- Selected and implementing new planning, budgeting and forecasting software/process
- Data Analytics Division and Project Management Office – additional talent onboarded
- Fully implemented new loan origination system
- Completed Phase One of new debit card issuance:
 - \$1.3 MLN in incentive payments
 - 35% projected increase in interchange revenue
- Onboarded new Head of Information Security

Delivering Impactful Growth

Strategic Roadmap 2023-2027

Year 2: Progress Report – Investments in our future growth

Product and Policy Alignment

- Continued product evaluation with plans to streamline product offerings
- Continued evaluation of product offerings to support ECIP lending goals
- Treasury Management (upgrading small business offerings)
- Green lending products and pipeline in development in alignment with Greenhouse Gas Reduction Fund (GGRF) program [applying for first round GGRF funding at SBI/SBB and SBCP]

New Talent Win Room

- 86 new FTEs onboarded (15 mortgage producers) & other key hires:
 - Chief Retail Officer
 - Head of Information Security
 - Stakeholder Engagement/Investor Relations manager
 - SBCP VP of Lending Operations
- Launched new onboarding program for key DIG hires
- Launched development lender education program to train diverse lenders
- Developed 3-year roadmap for company-wide Learning & Develop strategy (beginning implementation of 2025 action plan)

Delivering Impactful Growth

Strategic Roadmap 2023-2027

Year 2: Progress Report – Early Indications of Success

ECIP Dividend Reduction

- Achieved dividend reduction from 2% to 1.25%, 2 years ahead of projections – \$1.875 MLN in savings
- Annual ECIP reporting periods runs July 1st – June 30th
- 2023 Total ECIP Originations – \$586 MLN (\$279 MLN Deep Impact Originations)
- 2024 Total ECIP Originations – \$938 MLN (\$478 MLN Deep Impact Originations)
- 85% of Mortgage Originations were ECIP Qualified (75% Deep Impact)
- More than 200 first time homebuyers (63% were minority borrowers)

Other Key Indicators

- \$155 MLN in Asset Growth
- 12.6% Loan Growth - \$1.6 BLN to \$1.8 BLN
- \$1.8 MLN in CDFI Award grants:
 - Bank Enterprise Award - \$163,012.00
 - Financial Assistance Award - \$1,285,000.00
 - Small Dollar Loan - \$383,223.00
- \$60+ MLN in Institutional Mission Deposits – deposit where we pay customer below market interest rates
- 2x SBA loan production in 2024 vs. 2023 (\$33 MLN total SBA loan production in 2024)
- Credit Quality remains strong – Texas Ratio: 4.01% (nonperforming loans \$12.898MLN)

Delivering Impactful Growth

Strategic Roadmap 2023-2027

Year 2: Progress Report – Investments in our future growth

	YE 2023	YE 2024	Difference	%
Total Assets	\$2,658,339	\$2,813,781	\$155,442	5.8%
Total Deposits	\$1,978,170	\$2,076,993	\$98,823	4.9%
Total Loans	\$1,554,830	\$1,751,127	\$196,297	12.6%
Shareholder Equity	\$445,754	\$448,872	\$3,118	0.69%
Book Value	\$12.93	\$13.41	\$0.48	3.7%
Net Income	\$18,012	\$15,095	(\$2,917)	-16.2%
DIG Investments	\$2,000	\$7,000	\$5,000	250%
Add back DIG Investments to Net Income	\$20,012	\$22,095	\$2,083	10.4%

Q & A

SAVE THE DATE:

Q1 2025 Shareholder Engagement Call

Thursday, April 17th, 2025

9:30 am CST

Visit banksouthern.com/investors



Kenya Davenport



All investor questions can be directed to

Kenya Davenport, Chief of Staff and SVP Stakeholder Engagement

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