

**DISCLAIMER:** This material in this presentation has been prepared by Southern Bancorp, Inc. (“SBI” or “the Company”) to engage with and inform its current shareholders about the activities of the Company. This presentation includes general background and summary information about SBI’s past, present and potential future activities. Nothing herein shall be construed as a representation or warranty by SBI or any other party. The information, including financial information, contained herein may not be interpreted as binding or guaranteed with respect to past, present or future results or operations. This information is given in summary form and does not purport to be complete. Information in this presentation, including financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products. This document does not represent and should not be interpreted to include, an offer of securities of any kind.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to SBI’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to rely on these forward looking statements. As SBI is not a publicly traded company, it is neither required to nor does it undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof that reflect the occurrence of unanticipated events. Any forecasts and hypothetical examples used herein are subject to uncertainty and contingencies outside SBI’s control. Further, past performance is not a reliable indication of future performance.



**Q3 2019**  
**Shareholder Engagement Call**  
*October 17, 2019*

# Profits Through Purpose

## Executive Leadership on This Call



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



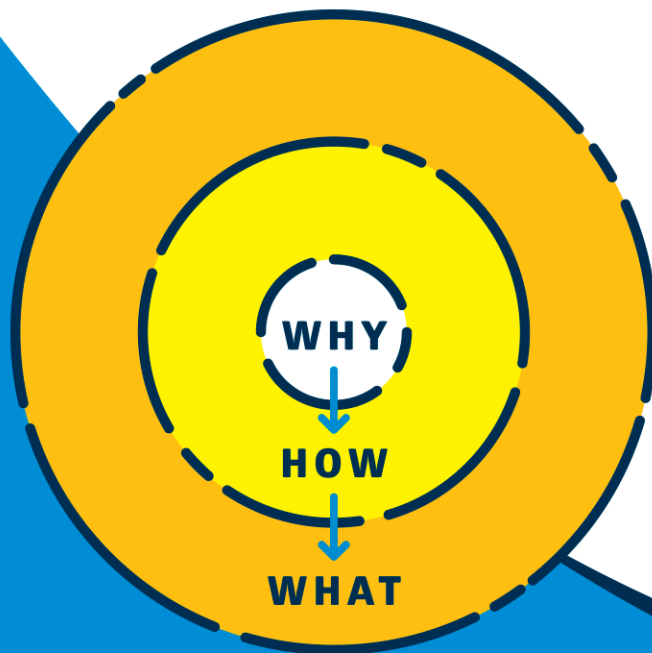
**Chris Wewers, CFO**  
Southern Bancorp, Inc.



**John Olaimsey, President and CEO**  
Southern Bancorp Bank

# 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.

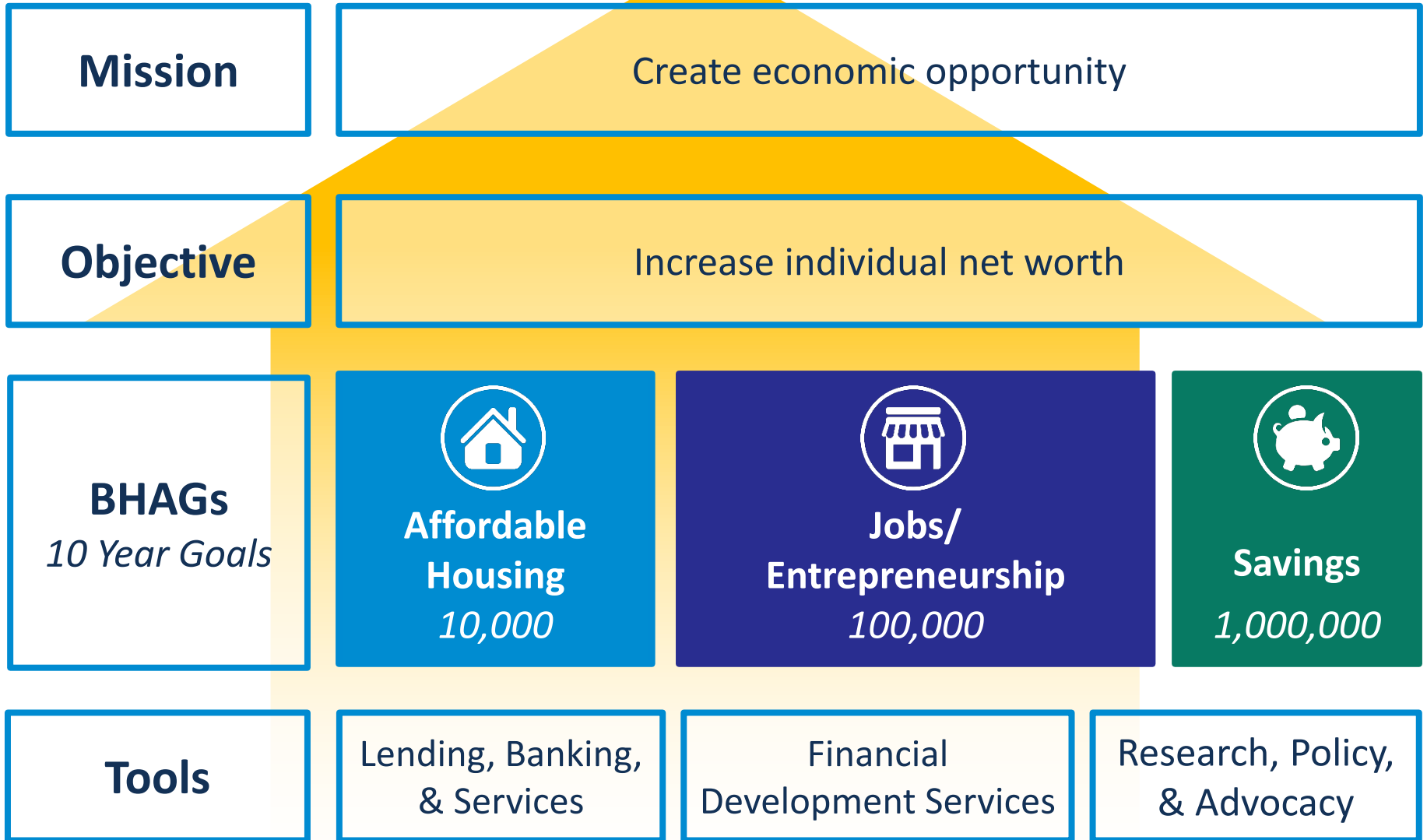
### HOW

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.

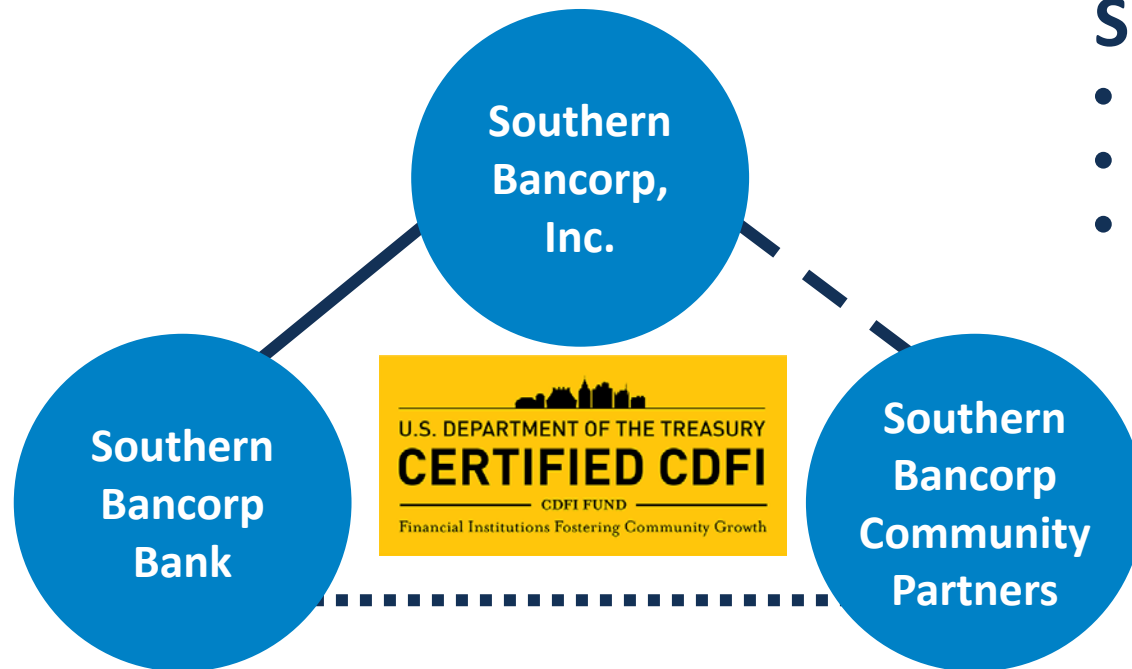
### WHAT

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

# Southern Bancorp, Inc. appoints members to the Southern Bancorp Bank board



Jerry Damerow  
(Reappointed)



Michael Montgomery  
(Reappointed)



Glendell Jones, Jr.  
(Appointed)

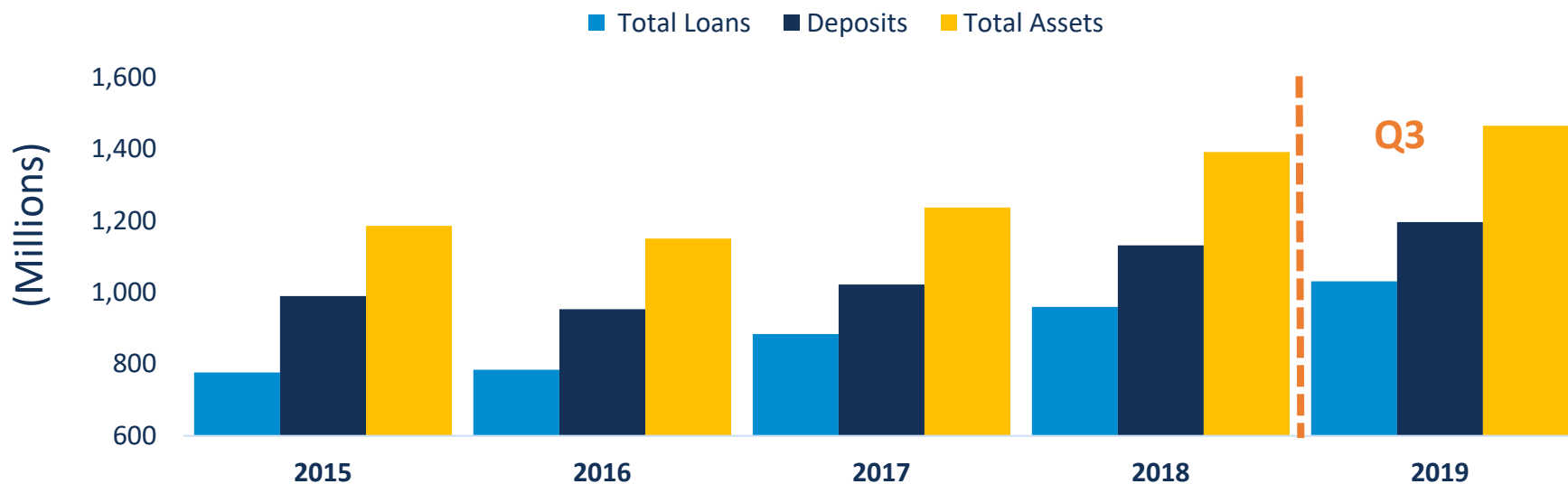


John Olaimy  
(Reappointed)

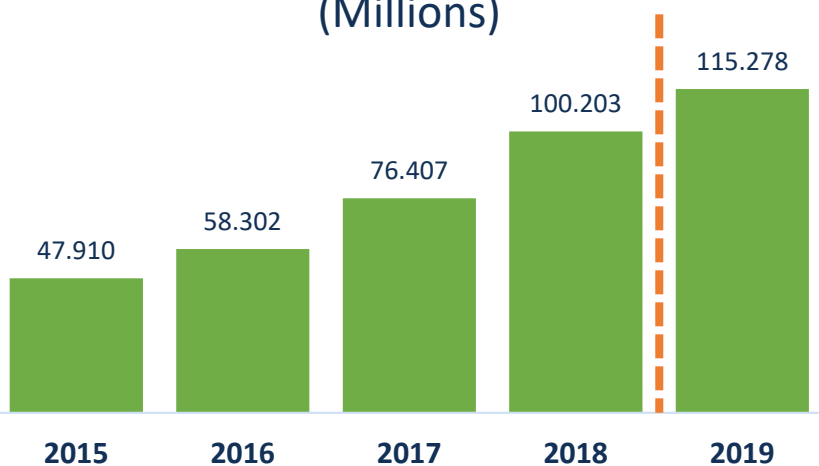


Darryl Swinton  
(Reappointed)

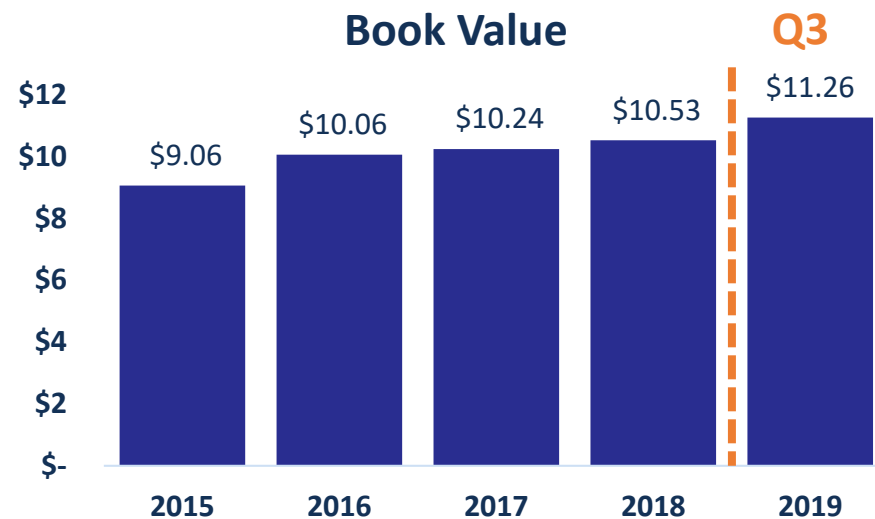
# Financial Highlights



## Tangible Common Equity (Millions)



## Book Value





# Q3 Financial Highlights YOY – Balance Sheet (000's)

|                                       | <b>2018</b>        | <b>2019</b>        |
|---------------------------------------|--------------------|--------------------|
| Cash & Investments                    | \$231,799          | \$308,867          |
| Net Loans                             | \$958,080          | \$1,017,499        |
| Fixed Assets                          | \$39,813           | \$41,609           |
| Intangibles                           | \$37,429           | \$37,402           |
| Other Assets                          | \$60,340           | \$59,853           |
| <b>TOTAL ASSETS</b>                   | <b>\$1,327,461</b> | <b>\$1,465,230</b> |
|                                       |                    |                    |
| Deposits                              | \$1,023,418        | \$1,196,358        |
| Other Borrowings                      | \$164,216          | \$103,321          |
| Other Liabilities                     | \$7,756            | \$11,164           |
| Shareholder's Equity                  | \$132,071          | \$154,387          |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$1,327,461</b> | <b>\$1,465,230</b> |

# Q3 Financial Highlights YOY – Income Statement (000's)

|                      | <b>2018</b> | <b>2019</b> |
|----------------------|-------------|-------------|
| Interest Income      | \$38,832    | \$44,646    |
| Interest Expense     | (\$4,210)   | (\$8,549)   |
| Net Interest Revenue | \$34,622    | \$36,097    |
| PLLL                 | (\$2,850)   | (\$4,130)   |
| Non Interest Income  | \$8,519     | \$9,030     |
| Non Interest Expense | (\$32,734)  | (\$31,796)  |
| Income Before Taxes  | \$7,557     | \$9,201     |
| Taxes                | (\$915)     | (\$1,375)   |
| Net Income           | \$6,642     | \$7,826     |

# Providing Access to Credit in CDFI Targeted Underserved Communities

| <b>SBB</b>                             | <b>Q1 YTD</b> | <b>Q2 YTD</b> | <b>Q3 YTD</b> |
|--|---------------|---------------|---------------|
| <b>% of loans (#) in CDFI tracts</b>   | 70.2%         | 69.1%         | 70.6%         |
| <b>% of loans (\$) in CDFI tracts</b>  | 71.0%         | 67.4%         | 70.2%         |
| <b>Loans originated (#)</b>            | 1,367         | 2,941         | 4,511         |
| <b>Loan originations (\$ millions)</b> | \$157         | \$281         | \$399         |
| <b>% of loans under \$10,000</b>       | 44.0%         | 46.2%         | 48.1%         |
| <b># of loans under \$1,000</b>        | 133           | 279           | 442           |

# Building a New CDFI Model

## Paying Regular Quarterly Dividends

- 11<sup>th</sup> consecutive and increasing quarterly dividend (10/10/2019)
- 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

## Providing Liquidity – Share Buyback Program

- Bought back \$3M or 305,188 shares in Q3
- Dates for Share Buyback for Q4:
  - *Notice Mail Out Date* *November 12, 2019*
  - *Closing Date* *December 13, 2019*
  - *Check Mail Out Date* *December 20, 2019*

## B Corp Certification Completed



# Reaching the Unbanked & Underbanked

**Southern Bancorp and Financial Health Network partnered to offer a FinX for 96 participants throughout Central Arkansas on 9/11 and 9/12**

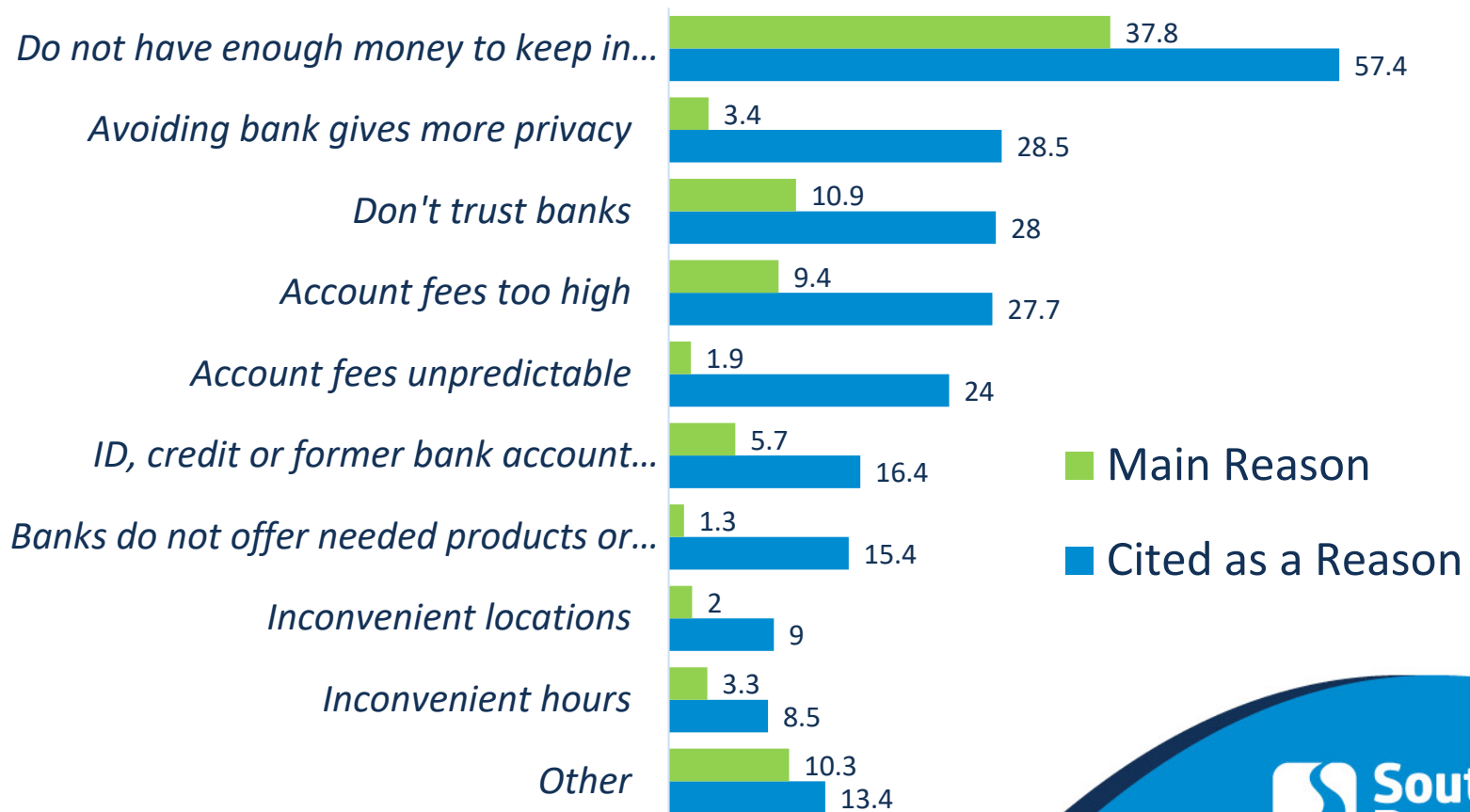
- Establish an understanding for the complexities faced by underserved consumers
- Increase empathy for the underbanked community
- Generate new ideas to transform the financial services industry



# Reaching the Unbanked & Underbanked

## Reasons for not having a bank account, 2017 FDIC Survey of Unbanked and Underbanked Households

Unbanked Households (%)



# Reaching the Unbanked & Underbanked

## The Opportunity Card

|                                      |  |
|--------------------------------------|--|
| Monthly Fee                          | \$5                                      |
| Minimum Opening Deposit              | \$0                                      |
| Overdraft or NSF Fees                | NONE                                     |
| Branch Access (during regular hours) | FREE                                     |
| Telephone Banking                    | FREE                                     |
| Use of In-Network ATM                | FREE (\$2.50 or less for out-of-network) |
| Bill Pay                             | FREE                                     |
| Check Cashing                        | FREE                                     |
| Online and Mobile Banking            | FREE                                     |
| Banking Alerts                       | FREE                                     |
| Electronic Monthly Statements        | FREE                                     |
| In Branch Deposits                   | UNLIMITED                                |
| Mobile Deposit                       | \$0.50 per deposit; limit 3 per day      |



# Strategic Growth – Expanded Footprint Mount Ida, Arkansas



Wealth  
Builders for  
Everyone!

Welcome

Our mission is to create economic opportunity in rural and underserved communities by providing responsible and responsive financial products and services that balance *profits with purpose*.

Southern  
Bancorp



# Mount Ida – By The Numbers

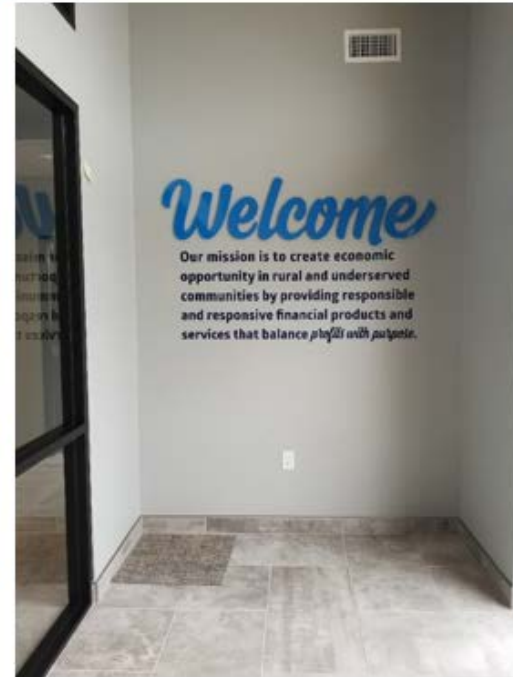
## Community Data

- Population: 1,076
- Median Household Income: \$40,436
- Under CRA, classified as Economically Distressed

## Loans and Deposits (as of Sept. 30, 2019)

- 241 loans
  - \$19,022,854
- 563 deposit accounts
  - \$16,315,327

# Strategic Growth – Expanded Footprint Glenwood, Arkansas



# Glenwood – By The Numbers

## Community Data

- Population: 2,228
- Median Household Income: \$30,788
- Under CRA, classified as Economically Distressed

## Loans and Deposits (as of Sept. 30, 2019)

- 47 loans
  - \$2,861,515
- 475 deposit accounts
  - \$2,787,504

# Q & A

***SAVE THE DATE:***

**Q4 2019 Shareholder Engagement Call**

Thursday, January 16, 2019

9:30 am CST



*BankSouthern.com*

*SouthernPartners.org*

*southernbancorp*



*@southernbancorp*



*southern*



*company/southern-bancorp*

