

Optimizing Mission and Margin with Organizational Structure



banksouthern.com

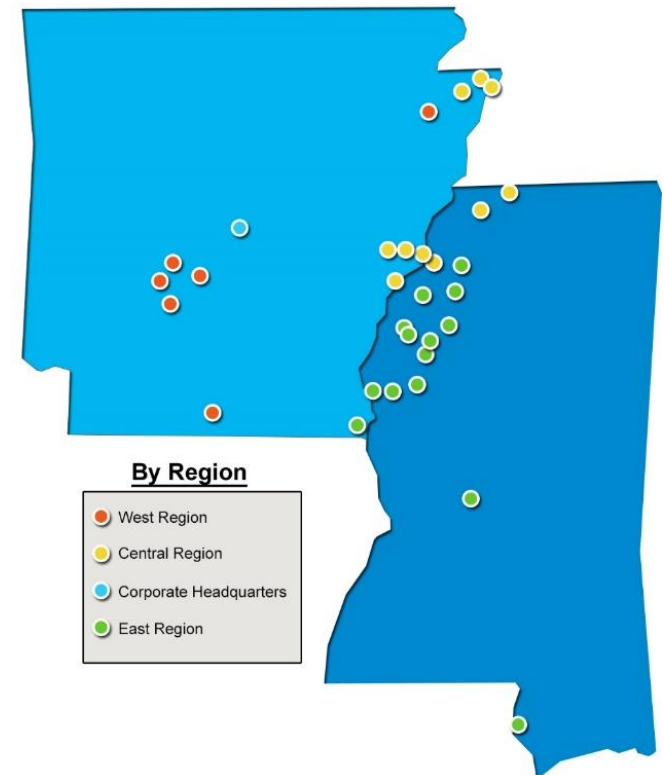
southernpartners.org

About Us



- Founded in 1986
- 80,000 customers
- 42 branches in AR and MS
- 23 in AR
- 19 in MS
- 3 CDFIs – SBI, SBB, SBCP
- \$1.15 billion in assets

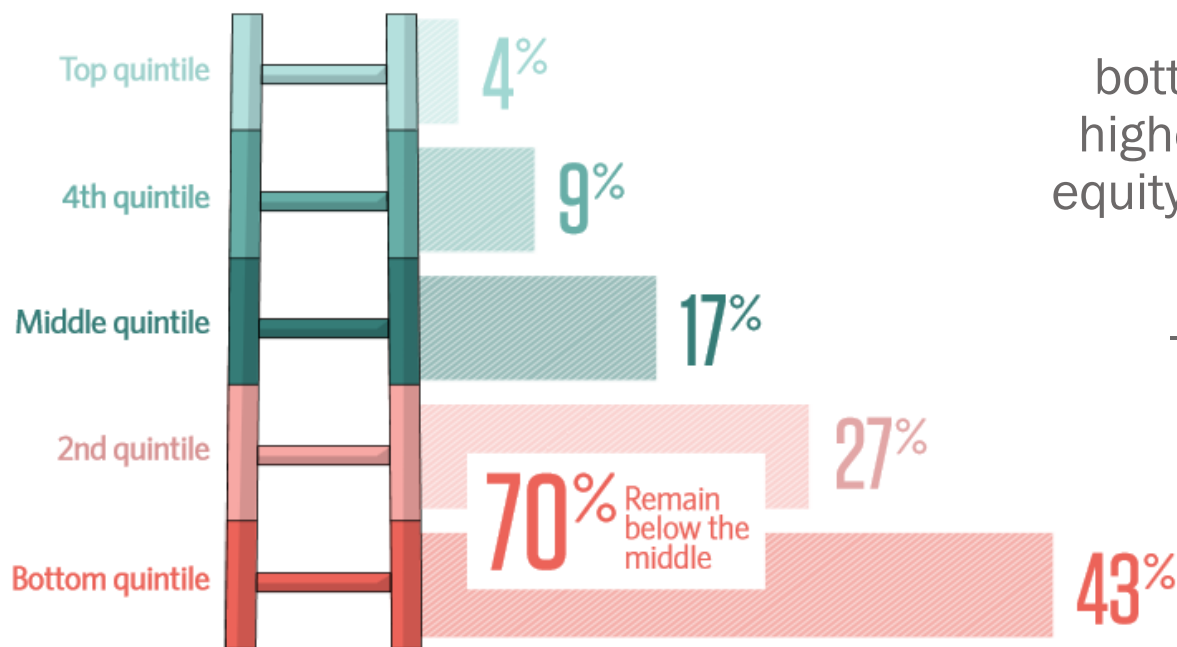
Southern Bancorp Locations



Net Worth Drives Economic Opportunity

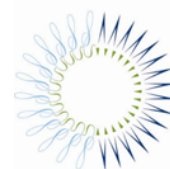
Most Americans Born at the Bottom of the Income Ladder Never Reach the Middle Rung

Percent of Americans raised in the bottom income quintile who stay put or move up as adults



“Those who moved out of the bottom quintile had considerably higher savings, wealth, and home equity than did their peers who did not move up.”

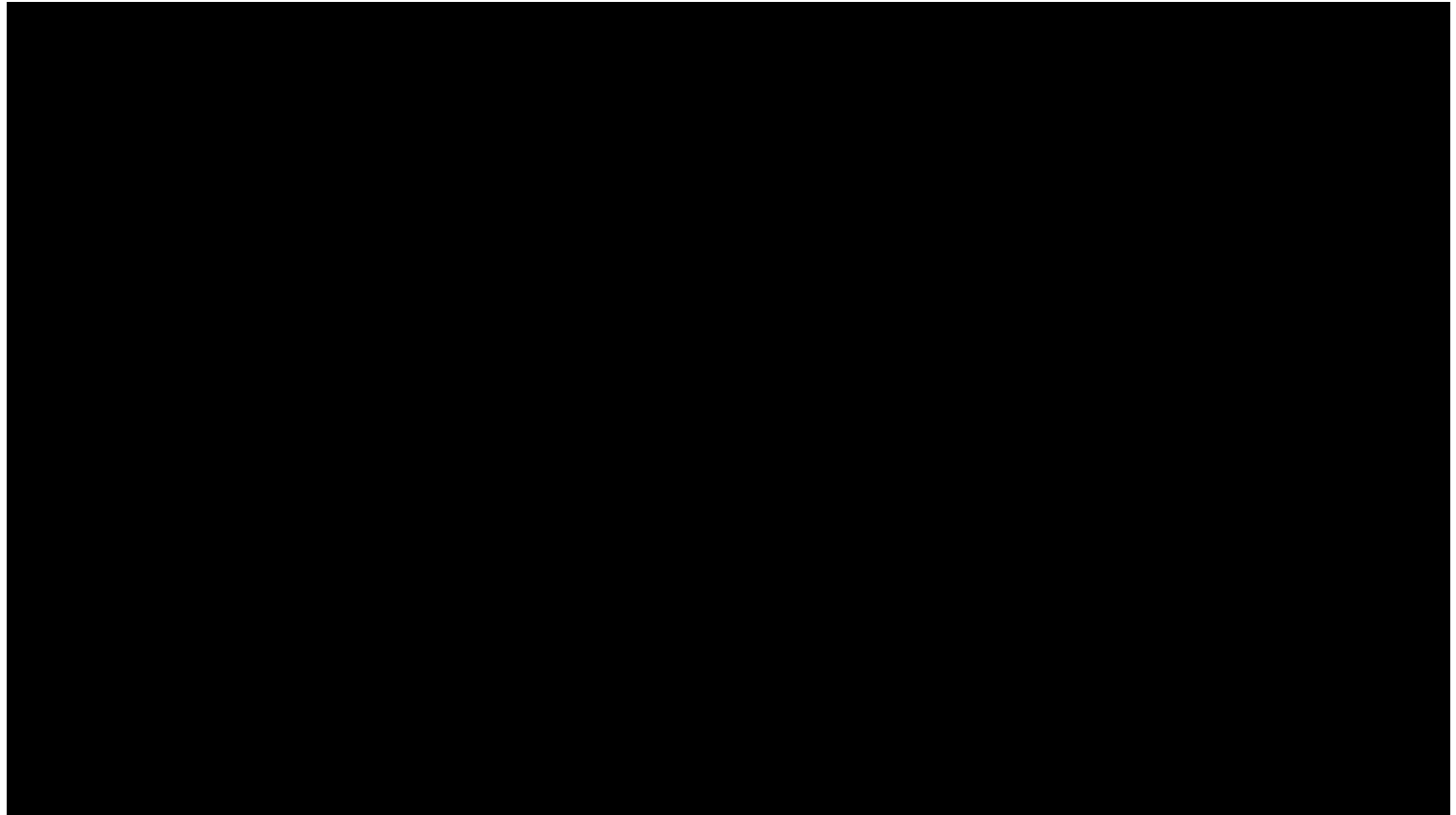
- Pew Charitable Trusts, 2013



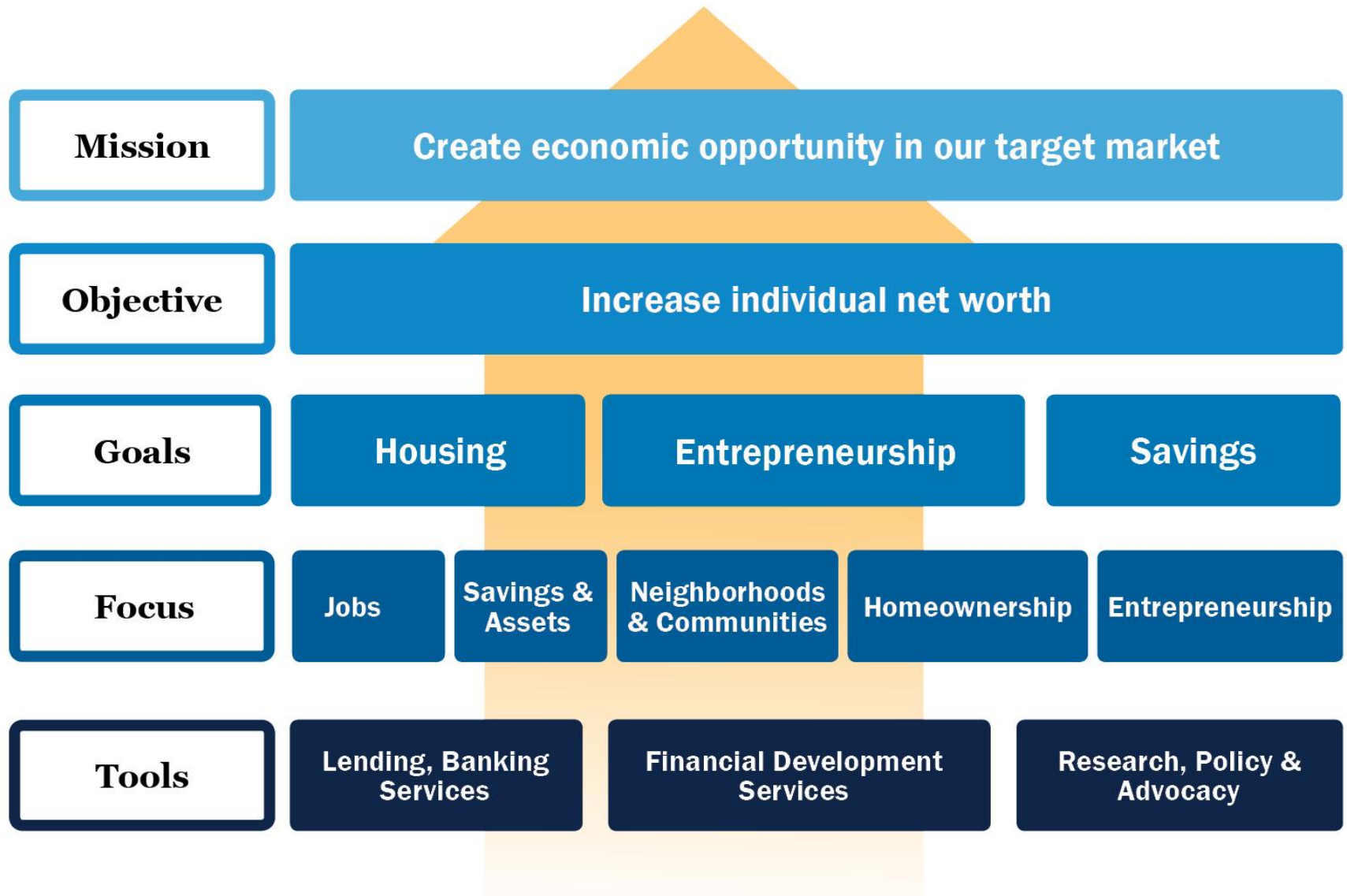
THE
PEW
CHARITABLE TRUSTS

Net Worth Drives Economic Opportunity

The Delta Icebox – Helena, Arkansas

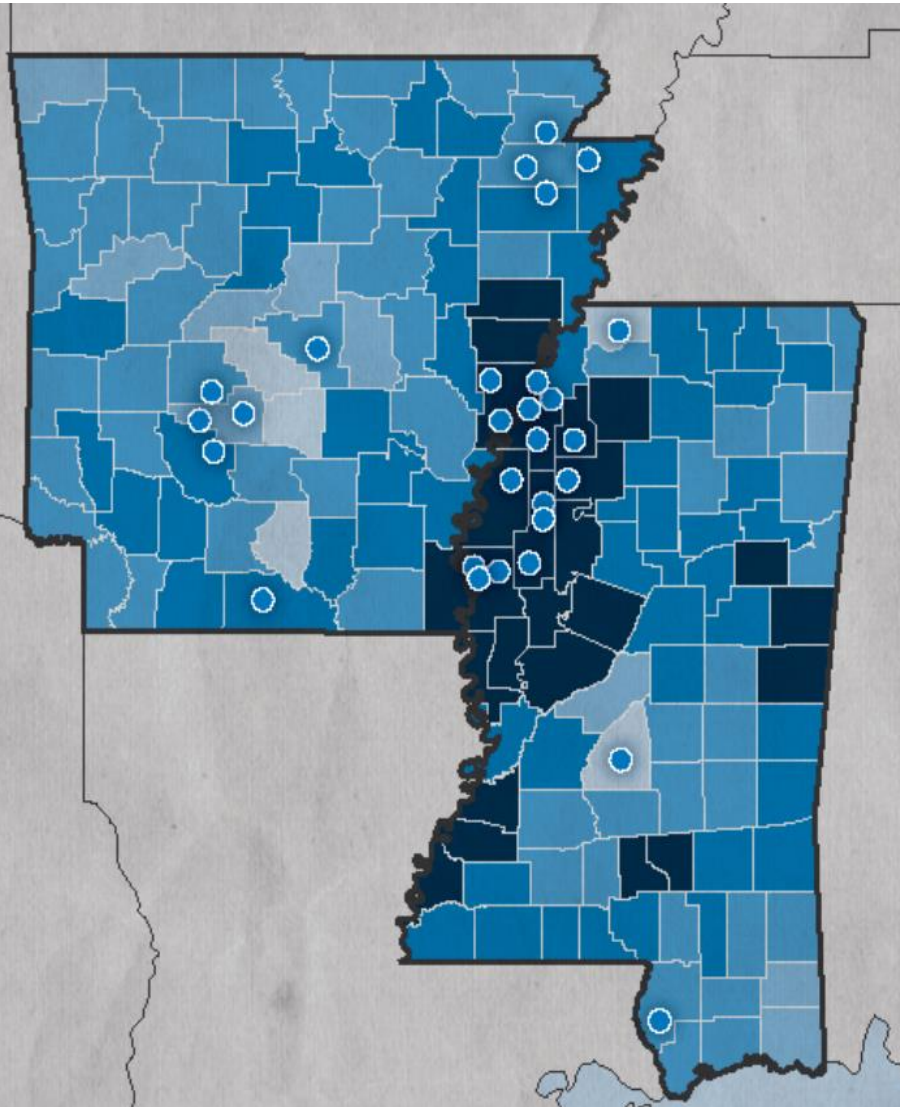


Theory of Change



Our Markets

Poverty Rates



27% The average poverty rate in the counties we serve.

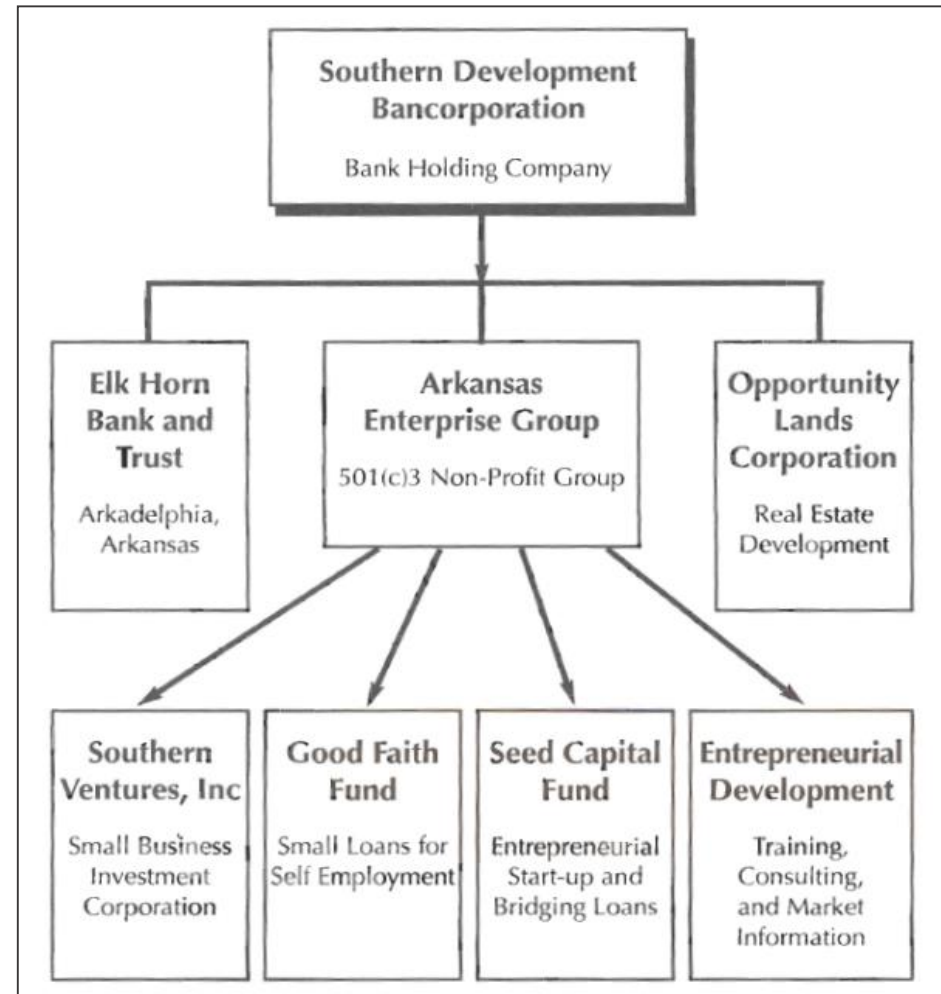
37% The average child poverty rate in the counties we serve.

The counties in dark blue represent an average poverty rate of **28%** or more.*

*American Community Survey,
US Census, 2007-2011

Initial Structure

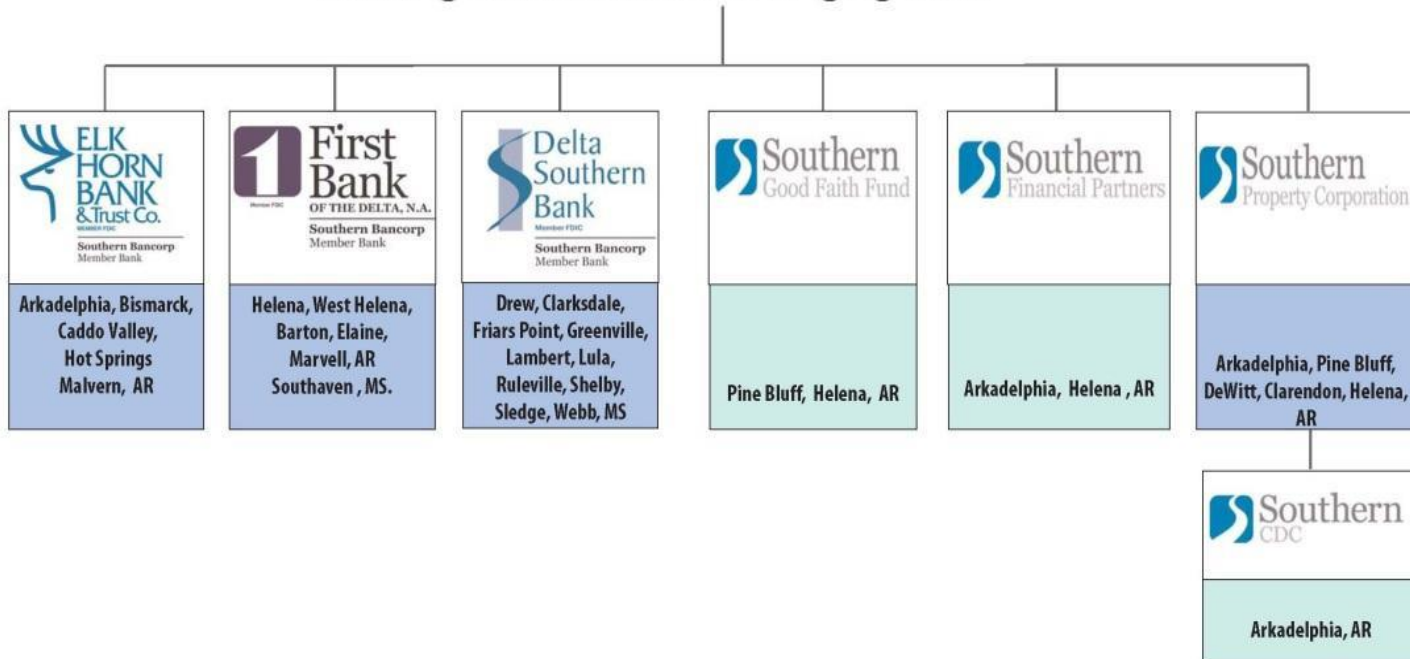
- Under management of Chicago-based ShoreBank, founded with approx. \$10MM (\$5MM bank capital, \$5MM grants and nonprofit capital)
- Primary focus on microenterprise and small business development loans
- Elk Horn Bank purchased



Evolution of Structure



Building communities. Changing lives.



One Southern. One Mission

100% Ownership
of SBB

**Southern
Bancorp, Inc.**

CDFI Bank Holding
Company

**Southern
Bancorp Bank**

CDFI Depository
Institution

ONE SOUTHERN.
ONE MISSION.

—  Southern Bancorp —
Building communities. Changing lives.

**Southern
Bancorp
Community
Partners**

Nonprofit CDFI
Loan Fund

Scope and Scale

100% Ownership
of SBB

SBI

- \$1.15 billion in assets
- \$127 million in equity
- Founded in 1986 with \$10 million

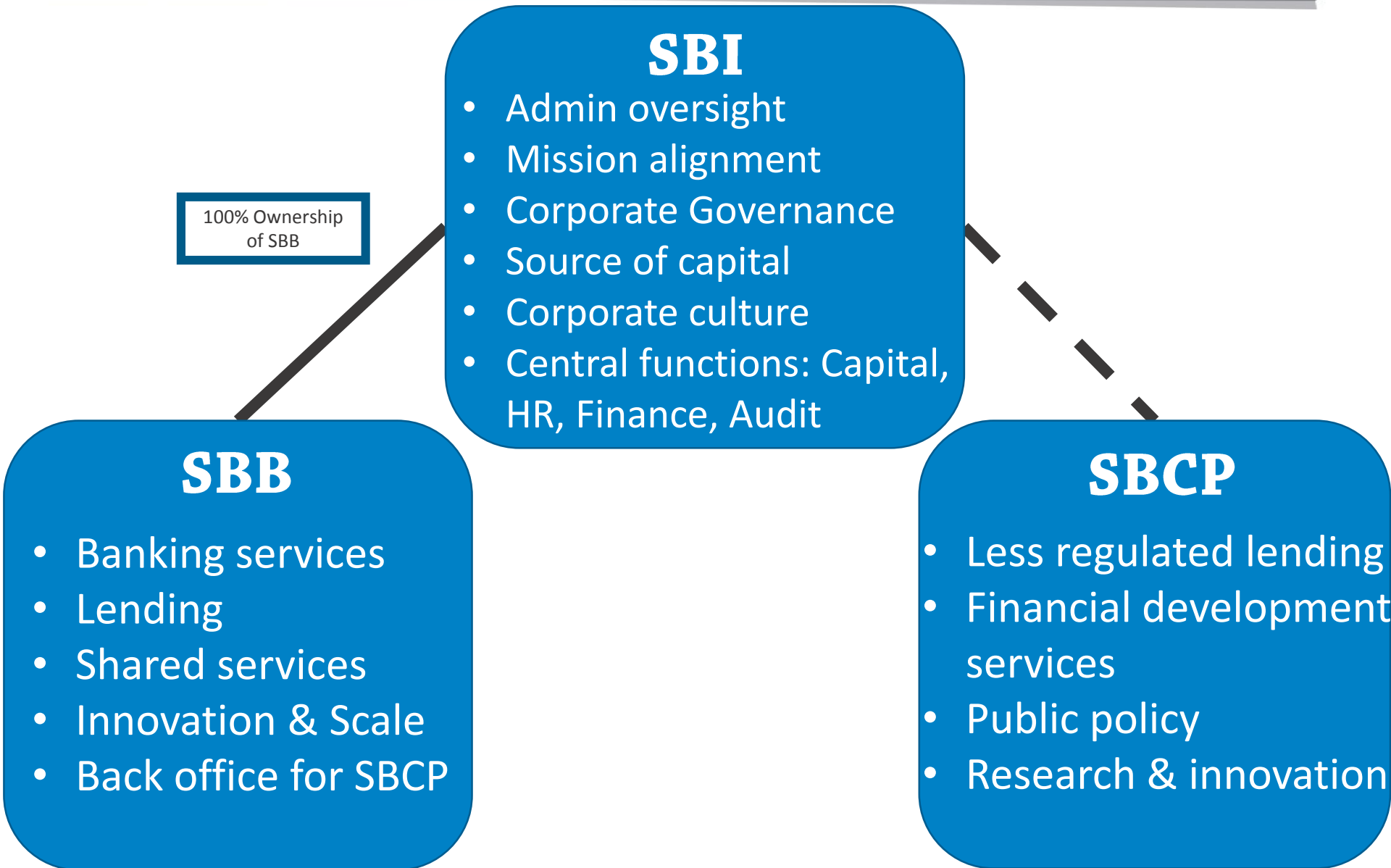
SBB

- \$1.15 billion in assets
- \$776 million in loans
- \$920 million in deposits
- Founded in 1884

SBCP

- \$25 million in assets
- \$16 million in loans
- \$10 million in equity
- 7% Shareholder in Southern
- Founded in 1988

Functions



Financial Development Services

1,202 # of counseling clients served since 2005

1,132 # of Matched Savings Account Purchases since 1999

18,185 # of tax returns prepared through VITA since 2005

\$36.1 million Total credits and refunds back into the community since 2005

Over half of which came from the Earned Income Tax Credit, one of the nation's most effective anti-poverty tools.

Impact Lending

\$400 Million in new loans in high poverty markets annually

\$40 Million in home loans annually

\$6 Million in average microloans annually

\$62,000 median mortgage (2014)

6,000 new loans annually

540 annual small business & microloans for less than \$50,000

55% of all loans for less than \$10,000



Scope and Scale (4/30/2016)

SBB

SBCP

	SBB	SBCP
Total Loans \$	\$776 million	\$16.3 million
Total Loans #	11,963	110
Classified Loans	3.54%	2.72%
Avg. Charge Offs/Year	0.14%	0.14%
Deployment	84.35%	97%

Benefits and Challenges

Benefits

Less regulation – more flexible lending

Complementary lending

CDFI Fund benefits

Tax free status – grants

Non-bank services

Long term funding options

Opportunity for innovation

Challenges

High cost of funds

Internal culture divide

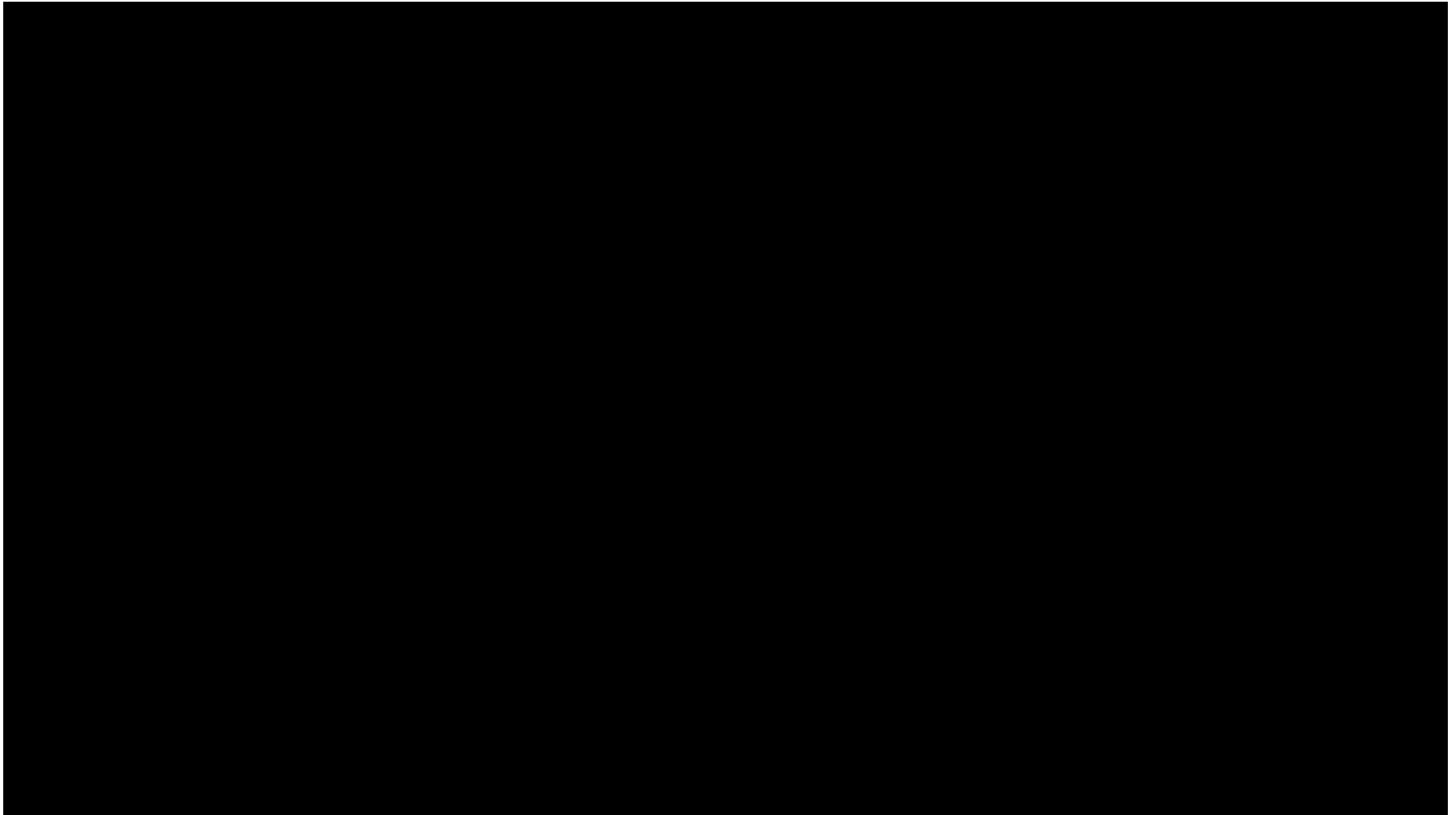
Limited earnings/self-sufficiency

Limited scale

Reg W and affiliate rules

Example of One Southern

RP Detail – Arkadelphia, Arkansas





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