



# 2023 IMPACT REPORT



**Bank on a**

*Mission*

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# A Message from the CEO

Last year, I shared how Southern Bancorp laid the groundwork for our plan to expand our geographic reach and, more importantly, our impact following a period of unprecedented investments.

Not only did we make great strides in serving our markets in 2023, but I'm excited to share that we also put our growth plan into action resulting in immensely impactful growth – which will require that we adopt a new and improved way to measure our impact.



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

## Our Big Hairy Audacious Goals

In 2017, we laid out a bold plan focused on increasing a family's net worth – a measurement that we still see as one of the most important in securing future financial success. A Pew Charitable Trust study found that most Americans born at the bottom of the income ladder never reach the middle rung...unless they acquire assets such as a home, an education, or monetary savings, which can be leveraged to move up the financial mobility ladder.

To support families in their wealth building journey, we launched a 10-year focus on increasing our customers' net worth by centering our work around three verticals proven to build wealth: homeownership, entrepreneurship, and asset accumulation. We gave each vertical its own "big hairy audacious goal" by which to motivate our team to push harder and reach higher. To say that effort has been successful would be an understatement, with our board pushing our goals higher in recent years because we were on track to surpass them early. (You can find our latest progress on page 28)

However, the world has changed quite a bit since we first set these goals. From a global pandemic to a seismic shift in how we view the racial wealth gap in America following the murder of George Floyd to an unprecedented investment in mission-focused financial institutions aimed at closing that gap across the country – the playing field has changed, which means the strategy must follow suit.



## Delivering Impactful Growth

With expanded resources following our own \$50 million capital campaign and the unprecedented investment of \$250 million by the U.S. Treasury's Emergency Capital Investment Program (ECIP), we realized that we must expand our ambitions as well. Therefore, we began a shift at the end of 2023 around how we measure our impact, one that moves us away from simply focusing on singular numbers around housing, jobs, and savings, to a greater variety of deeper impact metrics aimed at capturing the greatly expanded work with which we are now engaged.

Our new strategic plan is called Delivering Impactful Growth and was developed in partnership with McKinsey & Company to create a sound roadmap for maximizing the potential from new capital investments.

The overarching goal of this plan remains helping families build net worth through assisting them in obtaining homeownership, supporting entrepreneurs who create jobs, and empowering people to save money and accumulate assets; however, we are adopting new metrics aligned with the ECIP investment to measure whether our activities are reaching the people, communities, and projects in greatest need, specifically people who have historically been denied access to capital and low-wealth communities that have been starved of resources.

Though the nation's wealth continues to grow, the racial wealth gap has expanded. In recent years, wealth has increased for many Americans, yet many communities such as minority households saw the opposite. According to a Pew study released in 2023, a quarter of all Black households in the U.S. and 14% of Hispanic households either had no wealth or were in debt. Combine this with inflation affecting families across the board, and it points to a strong need for dedicated financial services for underserved people and places – which has been our focus for nearly four decades.

Now, with the resources needed to expand our work, both within our existing markets and new ones, we've launched our Delivering Impactful Growth plan with focused intentionality on serving those most in need, and we're already seeing the benefits of new talent, expanded expertise, products, and markets.

## Expanding Our Reach

In 2023, through a combination of acquisition and organic growth, we brought five new markets under the Southern Bancorp brand. Marion, West Memphis, and Jonesboro, Ark., along with the new markets of Canton, Miss., and Little Rock, Ark., all presenting new opportunities for expanded impact. These communities represent markets with significant potential for deep impact due to factors such as demographic makeup and poverty levels, with two falling into the Census category of Persistent Poverty Counties (PPC).

Our Little Rock, Ark., entry marks the first of several planned expansions outside of our traditional rural-focused communities. Though founded on the premise that rural communities often lack access to responsible and responsive capital and financial services, the same is often the case in urban neighborhoods.

The majority-minority neighborhood surrounding our first Little Rock branch was a banking desert primarily served by high-cost, predatory financial institutions for years before our arrival. Our experience serving this urban market is helping create a roadmap for similar urban expansions alongside our continued rural growth.

In addition, we've also expanded our focus on new communities, including Hispanic individuals across our market footprint. Long overlooked by many financial institutions, we are now creating and implementing targeted strategies for reaching these families through our first-ever Hispanic Market Strategy Executive.

Our expansion also includes new product lines with the launch of an expanded secondary mortgage business.

In July, we welcomed Jeremy Davis as our first President of Mortgage to pursue our lofty homeownership goals. With both a solid track record of serving underserved customers and a passion for helping families achieve homeownership, Jeremy hit the ground running by building a team of experienced lenders and support staff across the Southern United States, allowing us to assist new, first-time homebuyers building wealth in markets well beyond our branch network in communities such as Nashville, Atlanta, Birmingham, Montgomery, Tuscaloosa, and Memphis, in addition to the communities where we have bank branches.

Our homeownership goals continue to grow in 2024 as we reach underserved and minority borrowers with tailored products to help them achieve their dreams, such as down-payment assistance and homebuyer counseling programs provided through our nonprofit, Southern Bancorp Community Partners, and mission-minded investors and depositors who seek for their money and values to be aligned.

Southern Bancorp programs such as H.O.M.E. (Harnessing Opportunities for Mortgage Equity), provide low- and moderate-income borrowers with long-term, fixed-rate mortgages with forgivable down payment assistance, supported by mission-driven depositors who want their funds to support more than a bank's bottom line. Depositors can even double their impact by donating all or a portion of their interest to the program, resulting in a direct impact on first-time homebuyers realizing their dreams.

## **Balancing Profits and Purpose**

We expanded our reach and pursued our growth goals all while continuing to balance both mission and margin.

2023 was a tumultuous year for banking, with scrutiny around bank safety and security top of mind for people across the country in the wake of high-profile collapses at Silicon Valley Bank and Signature Bank.

Like many community banks, we took great care and effort to share with our customers how far removed we were from the high-risk situations those banks found themselves in; however, we also used it as an opportunity to highlight the strength and importance of community banks generally, giving voice to our industry in several national media appearances and through our published op-ed, "Too Important to Fail," which focused on the critical role that community banks play in serving communities.

Underscoring those messages was our performance during the year, hitting new records in both number and dollar amounts of new loan originations helping us surpass our income targets by more than \$4 million with a net income of \$18.01 million. This is a mark reached as a direct result of our mission-focused bankers' commitment to community, and our performance continues to be reflected in our strong price-per-share, seeing a 73% increase in value over the past six years.

## **Recognizing Our Impact**

Our impact would not be possible without the dedicated work and commitment shown by our 500+ strong team of wealth builders.

Their commitment to serving our customers and communities at the highest level was on display like never before during our annual customer survey, in which we asked customers how we're doing and how likely they are to recommend us to others – an industry standard measurement known as a Net Promoter Score (NPS).

While measuring throughout the year, I am beyond proud to share that our average NPS score for 2023 was an astounding 72.5, putting us in line with “world class” companies in terms of customer satisfaction.

Just as exciting, or even more so, was the fact that for the first time, we measured our employee satisfaction with the help of industry experts, McLean and Company. This employee survey went beyond measuring satisfaction to include employee engagement. I’m proud to share that Southern Bancorp employees ranked our company culture in the 90th percentile, 15 points above the benchmark, along with an employee NPS score of 53.9, which was 39 points above the benchmark.

## The Future is Bright

All of our growth in 2023 was but a precursor to what lies before us in 2024 and beyond. We have set lofty goals for ourselves, which requires us to look at everything differently, from our organizational structure and talent to our products, procedures, and customer experiences. We’re steadily making the changes necessary to meet our goals and doing it all without sacrificing our mission or culture. As I’ve told our team multiple times, our future is bright, and as a result, our impact will be profound.

I hope you’ll take time to look through all we accomplished in 2023, and if you haven’t already, consider joining us in 2024 and beyond as we continue to Deliver Impactful Growth.



Darrin L. Williams  
CEO, Southern Bancorp, Inc.



Darrin Williams (far right) advocates on behalf of CDFIs to members of the Senate Community Development Finance Caucus and lenders from corporate America.

# Our Why

The English-American author and inspirational speaker Simon Sinek is well-known for popularizing the concept of knowing one's "Why."

In books and talks, he shares that most companies can tell you what they do, but few can tell you why they do it.

At Southern Bancorp, our "Why" is a guiding principle and core belief.

**We believe wealth building isn't just for the wealthy. We believe it's for everyone. We were founded to invest in under-capitalized communities and people's dreams. We are wealth builders for everyone.**





**MILLER'S DRUG STORE**

OPEN

227 S. Main

Malvern, Ark.

# Growing Impact

2023 WAS A YEAR OF GROWTH AS WE CONTINUED TO EXPAND OUR MISSION AND IMPACT FOR THE PEOPLE AND PLACES WE SERVE. TO HELP US DELIVER THIS GROWTH WITH INTENTION AND PURPOSE, WE CREATED NEW POSITIONS, ATTRACTED EXCEPTIONAL TALENT, AND ADDED MORE VALUES-FOCUSED LEADERS TO OUR TEAM.



**Walter Pryor**  
*Chief Administrative Officer & General Counsel*

To strengthen our operational efficiency and effectiveness, we selected Walter Pryor to oversee our administrative and legal functions. Walter carries more than 25 years of experience in law and leadership, having held similar positions at Chicago State University, Career Education Corporation, The Podesta Group, and the National Association of Attorneys General.



**Michelle Hood**  
*Director of Product & Customer Experience*

To bolster our deliverables as a mission-focused financial institution, we tapped Michelle Hood to direct, update, and expand our products, services, and experiences for customers in new and existing markets. Michelle boasts an impressive background leading complex product strategies for Fortune 500 companies, including Home Depot and Walmart, Inc.



**Vance Smiley**  
*Chief of Enterprise Operations and Integration*

A long-time member of the Southern Bancorp leadership team, Vance Smiley took on an expanded role in 2023, transitioning from his post as Chief Innovation Officer to the newly created position of Chief of Enterprise Operations and Integration, now leading a division of innovative, forward-thinking problem solvers to help us better serve our customers and communities. Vance is also the founder of System61 and co-founder of Smiley Technologies, Inc.

## A Future Driven by Data

Filling the gaps of historic and systemic financial inequities is a manifold mission requiring a myriad of strategies. To more effectively measure how our work translates into impact, and thus be better prepared to navigate this growth period in the most meaningful way for our communities, we built a Data Analytics team to be the metrics behind our mission. Led by our Chief Strategy Officer, Will Lambe, the data division has created a clearer picture of what our future could — and should — look like.



Mehmet Adalar, Data Engineer, and David Berdimyradov, Business Intelligence Analyst, charting how our reduction in overdraft fees have borne out for us and our customers.

## Expanded Mortgage Division

Throughout our country's history, there has been a systemic inequity to the generational wealth building opportunities of homeownership. According to the latest data from the U.S. Department of the Treasury, the homeownership rate for **White households is around 75 percent**, compared to **45 percent for Black households** and **48 percent for Hispanic households**. This national demographic discrepancy is often even wider in underserved communities, particularly in the South and especially amid the recent interest rate climate.

In 2023, we continued our mission to reduce wealth gaps like these and increased our ability to do so by significantly expanding our mortgage division – in both numbers and geographic reach.



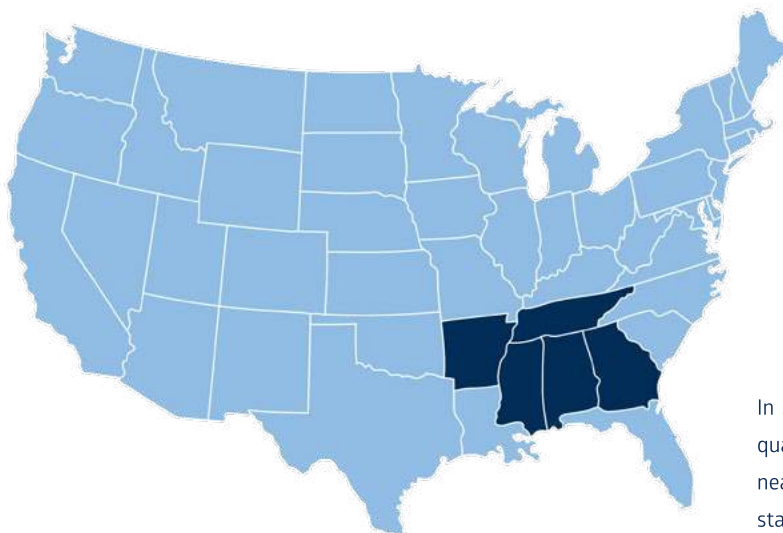
**Jeremy Davis**  
*President of Mortgage*

To address these historic challenges, we sought a mortgage leader with both a proven track record in the industry as well as a heart for our mission-focused work. Jeremy Davis met the mark perfectly on both and hit the ground running as our first President of Mortgage.

In less than a year at the wheel of our mortgage efforts, Davis has successfully built out a team of values-driven lenders and support staff across the entire Southern region – from San Antonio to Atlanta.

“ Homeownership is one of the most important ways for families to build generational wealth, and Southern Bancorp has for decades been working to bridge long-standing gaps in the homebuying industry. By expanding our reach and impact in this field, we can further those efforts and help even more families realize the American Dream. ”

– *Jeremy Davis*



In 2023, our mortgage capacity and reach more than quadrupled, growing from an original team of two to nearly two dozen, expanding from a two-state to six-state footprint.

## Hispanic Outreach



**Miguel López**  
Market Strategy Executive Hispanic / Latino Market

In 2023, we set out to be even more purposeful about how we serve the “everyone” in our mission to be “Wealth Builders for Everyone” by expanding our efforts to better reach and make a difference for Spanish-speaking communities.

To lead this vertical, we hired Miguel Lopez as our first-ever Market Strategy Executive, Hispanic/Latino Market. Miguel brought years of experience in banking and community outreach to the role, and has already begun expanding our internal resources and capabilities for Hispanic and Latino customers.

As we grow our mission, we’re committed to doing so in a way that ensures everyone always has a place and an opportunity at Southern Bancorp.

## Alcance Hispano



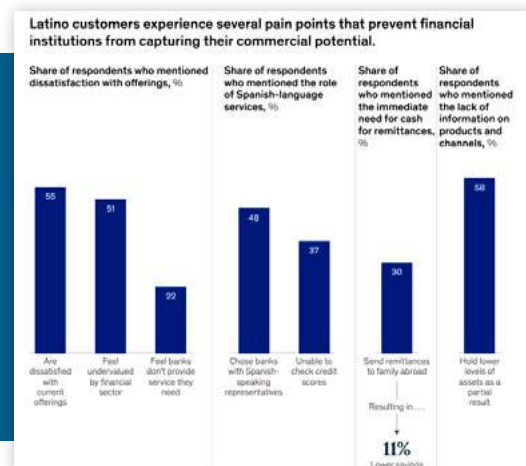
**Miguel López y Erick Villanueva, quienes pudieron obtener capital de Southern Bancorp para iniciar y hacer crecer su pequeña empresa, E&S Pallets, LLC.**

En 2023, nos propusimos ser aún más decididos en cómo servimos a la parte “todos” de nuestro lema de ser “Creadores de riqueza para todos” al ampliar nuestros esfuerzos para llegar mejor y marcar una diferencia para las comunidades de habla hispana.

Para liderar esta vertical, contratamos a Miguel López como nuestro primer ejecutivo de estrategia de mercado, mercado hispano/latino. Miguel aportó años de experiencia en banca y extensión comunitaria al puesto, y ya ha comenzado a desarrollar nuestros recursos y capacidades internos para clientes hispanos y latinos.

A medida que ampliamos nuestra misión, nos comprometemos a hacerlo de una manera que garantice que todos siempre tengan un lugar y una oportunidad en Southern Bancorp.

Despite representing 20% of U.S. GDP growth, 3% higher income growth than their peers, and a growing share of the population, **millions of Hispanic and Latino Americans remain un- and under-banked**. According to McKinsey & Co., reaching these communities with banking services could close a **\$200 billion business-lending gap**, and the financial industry could see **\$240 billion in potential revenue** from Hispanic/Latino savers by 2030.





“ I started my business with a \$10 mower from a yard sale. Everything I have today is because of Southern Bancorp. ”

-Noe Moreno  
Noe's Lawn Care & Dumpster Rental, LLC

## Metro Markets



**Charles Blake**  
Little Rock Market Executive

After opening our first branch in Little Rock, Ark., serving an underserved zip code and community that had been without a local bank for years, we knew that further expansion in the capital city would necessitate a specialized role to steer business development and community outreach initiatives. We selected **Charles Blake** to lead those efforts as our first **Little Rock Market Executive**. Charles is a former state representative with deep ties to the Little Rock community, well-versed in the challenges facing many of our neighbors and well-connected with the right partners and programs to help us make a difference.

As we expand into additional metros throughout the region, with specific attention on their underserved pockets, we'll look to replicate the success of this role in Little Rock to better serve those communities.

# Delivering Impact



For nearly two decades, volunteers from Southern Bancorp Bank and Southern Bancorp Community Partners have collaborated to lead one of our most impactful annual programs – VITA (Volunteer Income Tax Assistance). A tax refund is one of the largest lump sums of money a household will receive all year. By offering free tax preparation in our communities, whether one is a customer of ours or not, we're helping both our neighbors and our local economies.



We encourage every Southern Bancorp employee to be an Opportunity Center for their communities, because helping everyone in the community build wealth – no matter their income level or financial history – is at the heart of what we do. All of our wealth builders are trained to offer a variety of services that go beyond the traditional banking mold, from credit report reviews to scheduling counseling sessions. These tools are available at every branch and online at [banksouthern.com/opportunity](https://banksouthern.com/opportunity).



## Giving Back

Southern Bancorp employees support our communities outside of work just as much as they do at the branch.



## Financial Counselor of the Year

The Association for Financial Counseling and Planning Education (AFCPE) recognized 10 individuals and organizations from across the country as part of its 2023 AFCPE Awards, all of which were announced at the AFCPE Symposium in New Orleans. Award recipients are identified for their significant impacts and groundbreaking work in the personal finance field.

Southern Bancorp's very own **Charlestien Harris**, a Credit & HUD-Certified Housing Counselor, was among these distinguished honorees, being named the **2023 Financial Counselor of the Year**.

## Minority Business Empowerment Program

A recent study by the Brookings Institution found that 70% of Americans work for small businesses in their communities, and Black-owned businesses drive the highest percentage increases in employees, revenue, and payroll. However, Black Americans represent only 2.7% of employers. To help close this entrepreneurship gap in our communities, we partnered with Simmons Bank, the Winthrop Rockefeller Foundation, Little Rock's 50 for the Future, and Little Rock Mayor Frank Scott Jr. to create the Minority Business Empowerment Program (MBEP), a dual-track development resource for minority entrepreneurs in Central Arkansas.

In 2023, the MBEP supported another cohort of small business owners with technical skills and business development training, as well as **seven loans** totaling **\$429,223** to help finance the futures of these businesses.



MBEP participant Shelton Cole receiving a \$25,000 award at the 2023 Black Founders Summit.

## New Markets Tax Credits

We leveraged \$23 million in NMTC allocations into **\$116 million** in community development projects in 2023, all of which led to **294 jobs** created in severely distressed areas.



RedZone Ministries, an inner-city community development resource in Memphis, Tenn., was brought to life with the help of our NMTC funds.

## Small Business Association (SBA)

Our SBA team continued to receive much-deserved recognition for their work in 2023, once again being named as one of the top-volume SBA lenders in Arkansas and Mississippi, while growing into new markets and adding new team members to their ranks.



The Dao family poultry farm in Northwest Arkansas, which utilized financing from our SBA team to expand and grow its operations.



In 2023, **Kenya Davenport**, Interim President of Southern Bancorp Community Partners, was named to Arkansas Money and Politics' **"Achievers in their Forties"** listing, recognizing her among the state's most impactful and influential leaders.

# Recognizing Impact

Certified



Corporation



B-Corp Score

Certified B Corporations are recognized as leaders in the global movement for an **inclusive, equitable, and regenerative** economy. Only by meeting high standards of verified performance, accountability, and transparency can an organization earn a B-Corp certification.

On both our initial evaluation and our most recent recertification process, Southern Bancorp has scored not only high enough to register as a Certified B-Corporation, but also to be included on the **“Best for the World”** list for scoring in the top 5% of the Impact Assessment.

Community Reinvestment Act (CRA)

**OUTSTANDING**

The Community Reinvestment Act (CRA), which took effect in 1977, encourages financial institutions to meet the credit needs of the whole community, including low- and moderate-income neighborhoods. Regulators annually evaluate banks' CRA performance, and assign ratings based upon the findings. The “Outstanding” designation is reserved for the highest-performing institutions. **Southern Bancorp is proud to have earned an “Outstanding” score on our last five evaluations.**

**78.5  
NPS**

A **Net Promoter Score**, or how likely people are to recommend a business to others, is a measurement for gauging customer loyalty. The calculated score, which is typically derived from customer surveys, can range from -100 to 100, and Statista estimates that the average NPS for the banking sector in 2023 was 35.

Southern Bancorp finished the year with an average NPS of **78.5**, landing us among **industry leaders** for customer loyalty and satisfaction.



Our Director of Human Resources, **Broderick Daniels**, was recognized for his service, leadership, and contributions to the human resources industry. The Central Arkansas Human Resource Association (CAHRA) selected Broderick as the **2023 Russell Gunter Member of the Year Award winner.**





# Developing Innovation

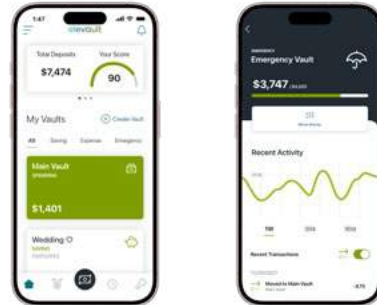


## TeamWALT (Wealth Accumulation Lifestyle Technology)

With innovation representing one of our five core values, the success of TeamWALT, our innovation division, is instrumental to the future potential of our organization.



**Elevault** is a full-service banking app which gives users the ability to create and maintain budgets, build savings foundations, and develop better financial habits. Money saved and stored in the app's "vaults" earns daily interest, rewarding users for this money-smart behavior. In 2023, Elevault reached a milestone of **\$4 million in total deposits**, from a user base of working families from all over the United States.

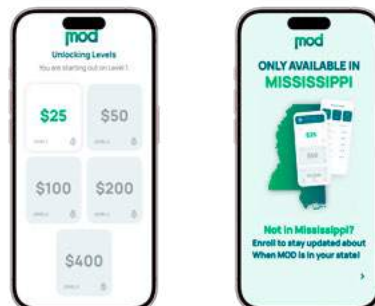


TeamWALT's second app, **Envie**, was created to give consumers a way to play and save at the same time. An innovation stemming from the viral "Envelope Challenge," Envie is a mobile savings game that provides daily challenges to help users reach a savings goal in 100 days – either \$350, \$550, \$1,000, \$2,500, or \$5,050. Such a broad range of goals makes it accessible to anyone's lifestyle and financial position. To date, Envie has empowered its users to save more than \$200,000.



## Coming Soon

The latest product of TeamWALT, **MOD (Money On Demand)**, continued through its pilot phase in 2023. With our other two apps checking the boxes of budgeting and savings, our innovators wanted to create a loan-based application to give people the ability to acquire new capital, responsibly. MOD was the result, which will serve as a micro loan app designed to one day disrupt the predatory lending industry.



# Cultivating Culture

## Our Core Values

In 2023, we made some small but important changes to the definitions behind our core values to further convey that each is built upon a foundation of **Diversity** (representation), **Equity** (fairness), and **Inclusion** (belonging).

We build relationships that foster belonging and lift up our customers, co-workers, and our communities.

### RELATIONSHIP

### ACCOUNTABILITY

We share a collective responsibility to fulfill our mission of creating equitable opportunities, and we hold each other to it.

### INNOVATION

We are not afraid to use our diverse experiences and thoughts to create new ideas, question traditional methods, or embrace new opportunities to better fulfill our mission.

We know that our success is measured by our impact on all people, the planet, and profits.

### SUSTAINABILITY

### EMPOWERMENT

We work with our customers, communities, and employees to ensure they have equal and equitable access to the financial resources, tools, and support they need to improve their financial health.

## RAISE Grand Prize Winners

In 2023, Southern Bancorp employees recognized their colleagues 1,903 times throughout the year with a core value award of up to \$50. At the end of the year, those who were rewarded with each core value letter – R.A.I.S.E. – are eligible to win a grand prize of extra paid time off and an expense-paid vacation.



**Ann Horrisberger** | Mount Ida, Ark.



**Heather McKewen** | DeWitt, Ark.



**Talisha Phifer** | Arkadelphia, Ark.

## Building Back



On March 31, 2023, a series of EF3 tornados devastated several Arkansas communities, including Little Rock, Ark., a community served by Southern Bancorp. The tornado that began in Little Rock was on the ground for 30 minutes over 30 miles, leaving a trail of destruction and despair in its wake. An estimated 2,700 structures were damaged, at least 54 people were injured, and one was killed. Southern Bancorp was proud to partner with other local organizations to help provide support and relief for those affected.



“DE&I AS WE SEE IT IS NOT ABOUT CHANGING YOUR VALUES AND BELIEF SYSTEMS, BUT MORE ABOUT CHANGING YOUR BEHAVIORS. WE WANT EVERYONE TO FEEL INCLUDED AND NO ONE TO FEEL EXCLUDED.”

— LaTricia Hill-Chandler  
Chief Diversity, Equity & Inclusion Officer

Our Diversity, Equity, and Inclusion team oversees the implementation and alignment of DEI as part of Southern Bancorp’s overall business strategy to impact our employees, company culture, current and future customers, and the communities we serve.

From regular webinars to monthly “inclusion breaks” for our employees and special events to education seminars for our communities, our DEI team keeps the foundation of our core values and mission at the forefront.



LaTricia Hill-Chandler, Chief DEI Officer, speaking at the 27th Annual Diversity, Equity, and Inclusion Conference in Brooklyn, NY.



BerThaddaeus Bailey, a nationally renowned orator, recreating Dr. Martin Luther King Jr.’s “I Have a Dream” speech at our DEI team’s inaugural Dreams & Opportunities MLK event. The event was held at Philander Smith College, an HBCU in Little Rock, Ark.

In 2023, Southern Bancorp was selected among Arkansas Money & Politics’ “Diversity in the Workplace” honorees for maintaining a diverse and inclusive workplace.





## | Dorothy Stuck Empowerment Award

Created to honor the legacy of one of our iconic founders, the Dorothy Stuck Empowerment Award is presented annually to an employee who demonstrates the following characteristics: Mission-Oriented, Bold/Brave Leader, Community-Minded, and Visionary – as these were all attributes of Dorothy Stuck.

The **2023 Dorothy Stuck Empowerment Award** was awarded to **Charlestien Harris** of Clarksdale, Miss., for her invaluable work for our company, our customers, and our communities as a Credit & HUD-Certified Housing Counselor. She is shown here with both the Dorothy Stuck Award and her AFCPE Financial Counselor of the Year Award.



## | Sherman E. Tate Customer Service Award

Last year, we set out to create another award for exemplary Southern Bancorp employees, which would also hold the namesake of a pillar of our past, present, and future – **Sherman Tate**, who in 2023 announced his retirement from his long-time post as a Board Member of Southern Bancorp Bank, most recently serving as Board Chair.

While the inaugural Sherman E. Tate Customer Service Award was given to its namesake, every future iteration of this award will be given annually to a Southern Bancorp employee who embodies the same spirit of service and stewardship for our customers as Sherman Tate has for so many years.

McLEAN &  
COMPANY

## | Engaging with Our Employees

To continue fostering a fulfilling and rewarding workplace for our staff, we partnered with the research firm McLean & Co. to gather anonymous feedback from all Southern Bancorp employees about how they feel about working here. While we approached this as a constructive opportunity to get better, we were equally proud of the results. Our **Employee Net Promoter Score** (eNPS) scored an impressively high **53.9**, compared to an industry benchmark of 14.8.



Southern Bancorp customer Ricardo Vega, who owns and operates Vega Concrete, LLC,  
Hot Springs, Ark.

# Community

Serving the community is a core part of working at Southern Bancorp. That's why our "Community Core" is engaged year-round – volunteering, giving back, and sharing the tools needed for everyone in the community to build wealth.



Arkadelphia, Ark.



Clarksdale, Miss



Jonesboro, Ark.



DeWitt, Ark.



Little Rock, Ark.



Indianola, Miss.



Blytheville, Ark.



Helena-West Helena, Ark.



Canton, Miss.

SOUTHERN BANCORP  
COMMUNITY  
CORE

# Culture

In October 2023, we unveiled a company-wide campaign to show our customers and communities how thankful we are for them – Customer Appreciation Month. From cookouts to fish fries and gameday snacks to credit building, each week of the month had a theme. Some weeks were all about food and fun, while others were instructive and developmental.



El Dorado, Ark.



Greenville, Miss.



Gurdon, Ark.



Hattiesburg, Miss.



Hernando, Miss.



Hot Springs, Ark.



Hot Springs, Ark.



Marion, Ark.



Webb, Miss.



# Southern Bancorp in the News

Southern Bancorp is proud to be a strong voice for CDFIs across the country. By bringing awareness to the value of the work that we and other mission-focused financial institutions do, we leverage additional support for our cause into increased financial access for our local economies – assuring equitable opportunities that are within reach of everyone.

Here are just a few of the opportunities we had to share our work and vision last year.



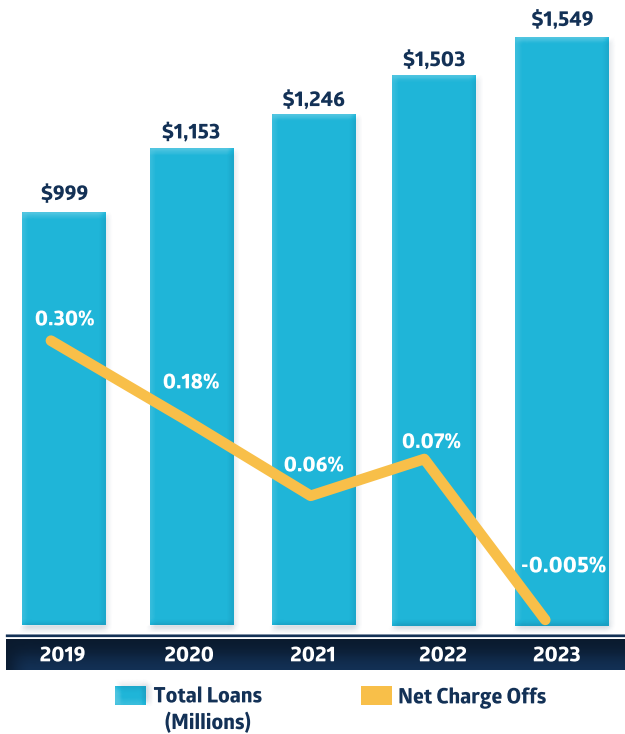




# Financial Highlights

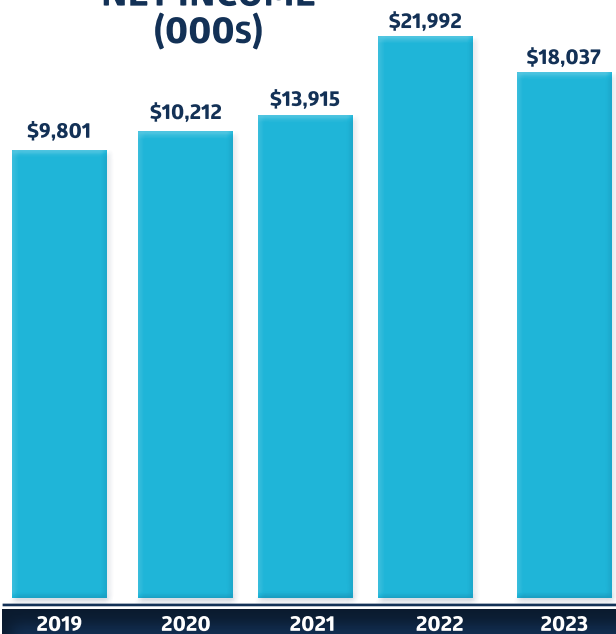
At Southern Bancorp, we strive to equally increase our profitability and performance alongside our impact because each lead to long-term sustainability. 2023 was a year that saw increases in both.

## LOANS

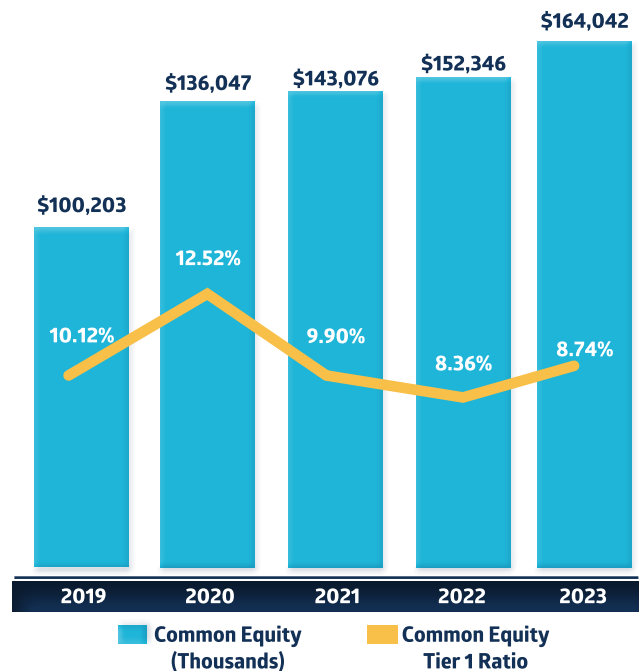


THROUGH 12/31/2023*	
% of loans (#) in CDFI Target Markets	96%
% of loans (\$) in CDFI Target Markets	88%
Total loans originated (#)	7,882
Total loan originations (\$)	\$577 million
% of total loans under \$1,000	35%
% of total loans under \$10,000	62%

## NET INCOME (000s)



## COMMON EQUITY



\*2023 metrics measured per ECIP guidelines.



Southern Bancorp Community Partners Credit Counselor Eboni Sanders discusses how an Opportunity Card can be a good first start or second chance toward a better financial future.

# A Multi-Year Plan for Economic Opportunity

Making an annual impact is important, but planning for and pursuing long-term success is key. In 2016, Southern Bancorp's Board of Directors established a 10-year plan that included three goals toward which we as a company would strive. The height of these goals was intentional, so that we would not only be motivated to work hard, but also innovative in our pursuits. Each goal focuses on an area that is vital to building net worth and therefore contributes to economic mobility. In just a few short years, we've had great success in advancing these goals faster than we could have imagined.

As noted in our CEO's message, because of both the success we have had in pursuing these goals and because the world looks a little different than it did in 2017, we are transitioning to a new set of goals and metrics based on expanded capital resources that will measure our deep impact in existing and new markets. Our new growth plan is called Delivering Impactful Growth, and details can be found on the next page. Future reports will detail our progress and growth as a result of this new initiative.

## HOUSING

Assist **20,000** people  
in attaining and/or sustaining  
affordable housing.

## JOBS

Support the creation or retention  
of **120,000** jobs.

## SAVINGS

Empower  
**2,000,000**  
people to save.

# Delivering Impactful Growth Strategic Roadmap

2023-2027

Southern Bancorp's strong track record of service and performance, combined with new funding opportunities, means that we can now broadly expand our impact to more communities and families than ever before.

We've set ambitious goals for how we want to deliver upon this unique moment in our company's history, the most lofty of which is to **double in size within the next five years**. To get there will mean opening ourselves up to new strategies, greatly expanding our footprint and workforce, and, most importantly, increasing our impact for underserved families.

**To put us on this path toward increased impact, we developed six workstreams that guide our preparations.**



## 1. Mortgage

Launch an expanded mortgage division that will originate **\$500M in home loans by 2027**, significantly bridging the homeownership gap for underserved people and places.



## 2. Market Expansion

Grow into **four new Metropolitan Statistical Areas (MSAs)** over the next five years, and greatly expand our **Hispanic outreach** across our footprint.



## 3. Financial Development Services

Refine and launch delivery model, required training, and deployment of **financial development services** throughout our markets.



## 4. Operations & Enterprise Integration

Stand up a consolidated **operations structure** and identify **systems updates** to support our growth, and build out a Project Management Office and Data Analytics Division to assist efficiency and innovation.



## 5. Product & Policy Alignment

Launch a thorough evaluation of **products, programs, and policies** to guide and enhance our customer experience and overall impact.



## 6. Talent

Design and implement a **strategic workforce plan** to attract experienced and mission-aligned talent for key roles, from market-level to the C-suite.

# Housing

Merkia Gaston, a 50-year-old single mom of three in Olive Branch, Miss., has spent her entire adult life renting. Hopping from apartment to apartment and most recently a rented house, she had long felt like the ability to own a home was out of her reach, a dream that began to feel even more distant as her children grew into adults.

She had conversations with other banks along the way that never amounted to anything. Merkia needed a financial partner to invest the time needed to open that door, one that would believe in her as much as she believed in herself.

After getting connected with Southern Bancorp's mortgage division, Merkia found the partner she was looking for. She had money saved, but not enough to cover the downpayment and closing costs. The mortgage team took Southern Bancorp's patient, mission-focused approach, and helped Merkia qualify for a downpayment assistance program to unlock the door, as well as a flexible first-time mortgage to open it completely.

Today, Merkia is proud to call herself a homeowner for the first time in her life. And after seeing their mom accomplish this dream, her children are now empowered to believe that they can also walk this path.

In 2023...

**1,034**

People supported or assisted  
in attaining affordable  
housing

Cumulative Progress (2017-2023)

**13,084**

People supported or assisted  
in attaining affordable  
housing

“ When I called my daughters and told them I finally got my home, they couldn't believe it. They just started crying. ”

– Merkia Gaston  
Homeowner, Mom

## Methodology

Affordable housing estimates are calculated based on loan originations for home purchases and construction (single- and multi-family), an assumption of average occupancy of 2.6 individuals per household, and a financial threshold of \$150,000.



Merkia Gaston



Drs. Merica and Ted Lyons



# Jobs

Drs. Merica and Ted Lyons are on a mission to create and promote a healthier Memphis, for everyone. No matter the neighborhood, race, or religion, their health service, ShotRX, meets people where they are to get them the health care they need, be it figuratively at their clinic or literally where they are through one of their mobile health units.

While both have extensive backgrounds in medicine and pharmacy, the motivation to create ShotRX stemmed from the COVID-19 pandemic. When vaccines became available, barriers plagued underserved communities – in a similar fashion as systemic wealth gaps – be it access, understanding, or all-out distrust of the medical community.

ShotRX sought to break down these barriers and bring the COVID-19 vaccine, in addition to other general immunization and health services, to everyone in their community, including the homeless. They emptied their 401ks to get the business up and running; however, to reach its full potential would require significant financial support from an institution that aligned with their mission.

Southern Bancorp was proud to finance ShotRX with the capital they needed to grow and fill the gaps between grants, both because we support the Lyons' overall vision and because we understand the inherent connection between health and wealth, and how these social determinants affect all aspects of one's well-being.

In just a few short years, ShotRX has grown from a two-person company to a team of nearly two dozen, and is now providing affordable access to health care for thousands of lives throughout the region – one shot at a time.

**9,222**

Jobs created or retained in 2023

**\$448M**

Estimated GDP Impact in 2023

Cumulative progress (2017-2023)

**100,305**

Jobs created or retained

Cumulative progress (2017-2023)

**\$7.5B**

Estimated GDP Impact



Southern Bancorp was right there with us as a member of the team. ”

– Dr. Ted Lyons

*Business Owner, Pharmacist, Health Advocate*

## Methodology

Jobs and GDP impact estimates are calculated based on business loans originated, median wages by state, and GDP per capita.

# Savings

Robby Hawkins of Lexa, Ark., is a single dad of three boys aged 10, 12, and 14. Raising three boys is a job in itself, but on top of his full-time occupation as a truck driver, through which he often hits six states or more in the same week, Robby had his hands full. Amid this juggling act, the three-bedroom trailer they were living in was becoming dilapidated. “Life” was taking a toll, and Robby was in need of a break. He had a dream to purchase a home for his family that was also closer to his parents, who help with the boys while he’s on the road, but the savings foundation needed to unlock this opportunity was out of his reach.

That’s when he found out about Southern Bancorp’s Individual Development Account (IDA) program, which, through a funding partnership with the Arkansas Department of Human Services’ TANF program in 2023, offered income- and dependent-eligible Arkansans the ability to receive three times their savings for a qualified purchase. After participants saved \$667 of their own money and completed financial literacy courses, the program matched them with an additional \$2,000, for a total of \$2,667 to purchase or make repairs to a home, open or grow a small business, or pay for education or vocational training.

While he was on the road on a big rig in New Mexico, Southern Bancorp’s nonprofit, lending, and IDA teams got Robby and his boys squared away with the application, approval process, IDA funding for his down payment, and an affordable home loan to seal the deal.

When all was said and done, Robby came out as a first-time homeowner and is living in a bigger and better space for his family’s needs, while simultaneously spending less money per month on his mortgage than he was for rent.

Southern Bancorp opened more than **200 IDA accounts** in 2023, empowering more than **200 low-income families** with the ability to save toward their dreams.

**95,531**  
People  
empowered to save  
in 2023

Cumulative progress  
(2017-2023)  
**404,222**  
People  
empowered to save

“ I finally got the break I needed this year. If it wasn’t for the IDA program and Southern Bancorp, I wouldn’t have a home. ”

– Robby Hawkins  
Saver, Homeowner, Dad

## Methodology

Savings estimates are calculated based on direct products and services, as well as from public policy changes led or otherwise facilitated by Southern Bancorp’s policy team.



Robby Hawkins

# Consolidated Balance Sheet

As of December 31<sup>st</sup>  
(\$ in thousands)

	2023	2022
<b>Assets</b>		
Cash and due from banks	\$ 38,505	\$ 35,229
Interest-bearing deposits in other banks	232,851	208,038
Cash and cash equivalents	271,356	243,267
Certificates of deposit in other banks	1,470	1,977
Investment securities, available for sale at fair value net of allowance for credit losses of \$211 and \$0, respectively	228,472	218,401
Investment securities, held to maturity; fair value of \$316,260 and \$331,995, respectively	397,333	419,027
Other equity investments	23,008	19,101
Loans, net of allowance of \$19,352 and \$15,568, respectively	1,530,398	1,487,923
Premises and equipment, net	42,430	40,943
Goodwill	53,794	53,794
Real estate owned, net	59	286
Bank owned life insurance	63,393	46,892
Accrued interest receivable and other assets	41,839	38,934
<b>Total assets</b>	<b>\$ 2,653,552</b>	<b>\$ 2,570,545</b>
<b>Liabilities</b>		
Deposits:		
Noninterest bearing	\$ 458,819	\$ 515,767
Interest bearing	1,518,422	1,578,613
<b>Total deposits</b>	<b>1,977,241</b>	<b>2,094,380</b>
Securities sold under agreements to repurchase	20,897	24,142
Federal Home Loan Bank advances	185,936	6,670
Subordinated debenture	3,003	3,003
Allowance for credit losses on off-balance sheet credit exposure	4,734	-
Accrued interest payable and other liabilities	20,750	15,127
<b>Total liabilities</b>	<b>2,212,561</b>	<b>2,143,322</b>
<b>Equity</b>		
Southern Bancorp Inc.'s equity:		
Preferred stock, \$1.00 par value; 5% noncumulative; 400,000 shares authorized		
Series E, 500 issued and outstanding, 5% noncumulative;		
Series F, 250,000 issued and outstanding, 0% noncumulative;		
per-share liquidation preference \$1,000	250,500	250,500
Common stock, \$0.01 par value; 30,000,000 shares authorized;		
16,423,116 and 16,142,740 shares issued; and		
14,728,760 and 14,672,386 shares outstanding	164	161
Additional paid-in capital	92,418	88,843
Retained earnings	150,089	138,635
Accumulated other comprehensive loss	(33,343)	(35,286)
Treasury stock, at cost; 1,694,356 and 1,470,354 shares, respectively	(19,246)	(15,998)
<b>Total Southern Bancorp, Inc. equity</b>	<b>440,582</b>	<b>426,855</b>
Noncontrolling interest	409	368
<b>Total equity</b>	<b>440,991</b>	<b>427,223</b>
<b>Total liabilities and equity</b>	<b>\$ 2,653,552</b>	<b>\$ 2,570,545</b>

# Consolidated Statements of Income

As of December 31<sup>st</sup>  
(\$ in thousands)

	2023	2022
Interest income:		
Loans, including fees	\$ 85,220	\$ 66,080
Investment securities:		
Taxable	7,596	5,388
Tax-exempt	8,186	8,389
Federal funds sold and other	8,510	2,842
Total interest income	109,512	82,699
Interest expense:		
Deposits	24,000	6,592
Federal funds purchased and repurchase agreements	210	44
Other borrowed money	4,512	960
Subordinated debentures	30	320
Notes payable and line-of-credit	-	349
Total interest expense	28,752	8,265
Net interest income	80,760	74,434
Credit loss expense	1,000	-
Net interest income after credit loss expense	79,760	74,434
Noninterest income:		
Interchange income	3,220	3,083
Overdraft fees	2,417	3,008
Service charges on deposit accounts	940	2,086
Other	10,800	15,849
Total noninterest income	17,377	24,026
Noninterest expense:		
Salaries and employee benefits	46,089	43,092
Net occupancy and equipment	7,839	7,120
Data processing	5,418	4,425
Foreclosed assets, net	213	59
Advertising	3,526	3,110
Amortization of intangibles	581	244
Other	12,740	15,390
Total noninterest expense	76,406	73,440
Income before income taxes:	20,731	25,020
Income tax provision	2,740	3,059
Net income	17,991	21,961
Less: net loss attributable to the noncontrolling interest	(46)	(31)
Net income attributable to common shareholders	18,037	21,992
Preferred stock dividends	31	19
Net income available to common shareholders	\$ 18,006	\$ 21,973

# Governing Boards

As of December 31, 2023

## SOUTHERN BANCORP, INC.



**Glendell Jones, Jr.**  
*Chair of Southern Bancorp, Inc.*

**Chair** · **Glendell Jones, Jr.** · Georgetown University · Senior Advisor to the President  
**John C. Edwards** · Helena-West Helena/Phillips County Port Authority · General Counsel & Economic Development Director  
**Donna Gambrell** · Appalachian Community Capital · President & CEO  
**Aurelia Jones-Taylor** · Aaron E. Henry Community Health Services, Inc. · CEO  
**Dan Koehler** · Koehler Software, Inc. · President  
**Mike Myers** · CPA, Financial/Operations Consultant  
**James L. Prouty** · Senior International Advisor  
**Diane Tatum** · Entergy Arkansas · Regional Customer Service Manager (Retired)  
**Darrin L. Williams** · Southern Bancorp, Inc. · CEO (Advisory Director)

## SOUTHERN BANCORP BANK



**Darrin Williams**  
*Chair of Southern Bancorp Bank*

**Chair** · **Darrin L. Williams** · Southern Bancorp, Inc. · CEO  
**Hugh Arant, Jr.** · Arant Farms · President  
**Jerry Damerow** · Ernst & Young · Partner (Retired)  
**Kim Evans** · Walton Family Foundation · Senior Program Officer—Special Projects  
**Jim Franks** · First National Bankers Bank · Arkansas Regional President (Retired)  
**Donna Gambrell** · Appalachian Community Capital · President & CEO  
**Glendell Jones, Jr.** · Georgetown University · Senior Advisor to the President  
**Michael Montgomery** · BankLabs · Chairman & CEO  
**Walter L. Morris, Jr.** · WLM Enterprises · President  
**John T. Olaimey** · Southern Bancorp Bank · President & CEO  
**Susie Smith** · Financial Consultant  
**Darryl D. Swinton** · Better Community Development, Inc. · Director of Housing & Economic Development

## SOUTHERN BANCORP COMMUNITY PARTNERS



**Donna Gambrell**  
*Chair of Southern Bancorp Community Partners*

**Chair** · **Donna Gambrell** · Appalachian Community Capital · President & CEO  
**Vice Chair** · **Amanda Johnson** · Clarksdale Collegiate Public Charter School · Executive Director  
**Raymond Christman** · Community & Economic Development Consultant  
**Aurelia Jones-Taylor** · Aaron E. Henry Community Health Services, Inc. · CEO  
**Tom Pittman** · Community Foundation of Northwest Mississippi · Co-Incorporator & President Emeritus  
**Darryl D. Swinton** · Better Community Development, Inc. · Director of Housing & Economic Development  
**Clark Tennyson** · Clark Timberlands, LLP · Vice President  
**Darrin L. Williams** · Southern Bancorp, Inc. · CEO  
**Kenya Davenport** · Southern Bancorp Community Partners · Interim President (ex officio)

# Executive Leadership



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



**John T. Olaimy**  
President & CEO  
Southern Bancorp Bank



**Kenya Davenport**  
Interim President, Southern  
Bancorp Community Partners



Members of Southern Bancorp's leadership team meeting with Brian Moynihan, CEO of Bank of America.

(left to right): **Walter Pryor**, Chief Administrative Officer and General Counsel of Southern Bancorp, Inc.; **Darrin Williams**, CEO of Southern Bancorp, Inc.; **Brian Moynihan**, CEO of Bank of America; **Darryl D. Swinton**, Board Member of Southern Bancorp Bank; **Glen Jones**, Board Chair of Southern Bancorp, Inc.



Memphis street art by Damon Lamar Reed and Pugs Atomz.

# Southern Bancorp

BankSouthern.com | SouthernPartners.org

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## Wealth Builders for **Everyone.**

