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As filed with the United States Securities and Exchange Commission on July 15, 2021

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Southern States Bancshares, Inc.
(Exact name of registrant as specified in its charter)

Alabama	6022	26-2518085
(State or other jurisdiction of Incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

615 Quintard Ave.
Anniston, AL 36201
(256) 241-1092
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Stephen W. Whatley
Chairman and Chief Executive Officer
Southern States Bancshares, Inc.
615 Quintard Ave.
Anniston, AL 36201
(256) 241-1092
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock, $5.00 par value per share	$35,000,000	$3,818.50

(1) Includes shares of common stock to be sold by the selling stockholders and shares of common stock that may be purchased by the underwriters pursuant to their option to purchase additional shares in this offering.
(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement will become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor is it soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated July 15, 2021

PRELIMINARY PROSPECTUS

Shares

SOUTHERN STATES BANCSHARES, INC.

Common Stock

This is the initial public offering of shares of common stock of Southern States Bancshares, Inc. We are a bank holding company for Southern States Bank, an Alabama state-chartered commercial bank with executive offices in Anniston, Alabama.

We are offering shares of our voting common stock. The selling stockholders identified in this prospectus are offering an additional shares. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no established public trading market for our common stock. We have applied to list our common stock on the NASDAQ Global Select Market ("NASDAQ") under the symbol "SSBK." We currently estimate that the initial public offering price per share of our common stock will be between $ and $ per share.

We are an "emerging growth company" under applicable federal securities law and, as such, will be subject to reduced public company reporting requirements. See "Implications of Being an Emerging Growth Company."

Investing in our common stock involves risks. See "Risk Factors," beginning on page 25, for a discussion of certain risks that you should consider before investing in our common stock.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount(1)	$	$
Proceeds to us before expenses	$	$
Proceeds to the selling stockholders before expenses	$	$

(1) See "Underwriting" for additional information regarding the underwriting discounts and commissions and certain expenses payable to the underwriters by us.

The underwriters have an option for a period of 30 days to purchase up to an additional shares of our common stock from us on the same terms set forth above.

Neither the Securities and Exchange Commission, nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Our common stock is not a deposit and is not insured or guaranteed by the FDIC or any other governmental agency.

The underwriters expect to deliver the shares of our common stock to purchasers on or about , 2021 through the book-entry facilities of The Depository Trust Company.

KEEFE, BRUYETTE & WOODS
A Stifel Company

TRUIST SECURITIES

The date of this Prospectus is , 2021

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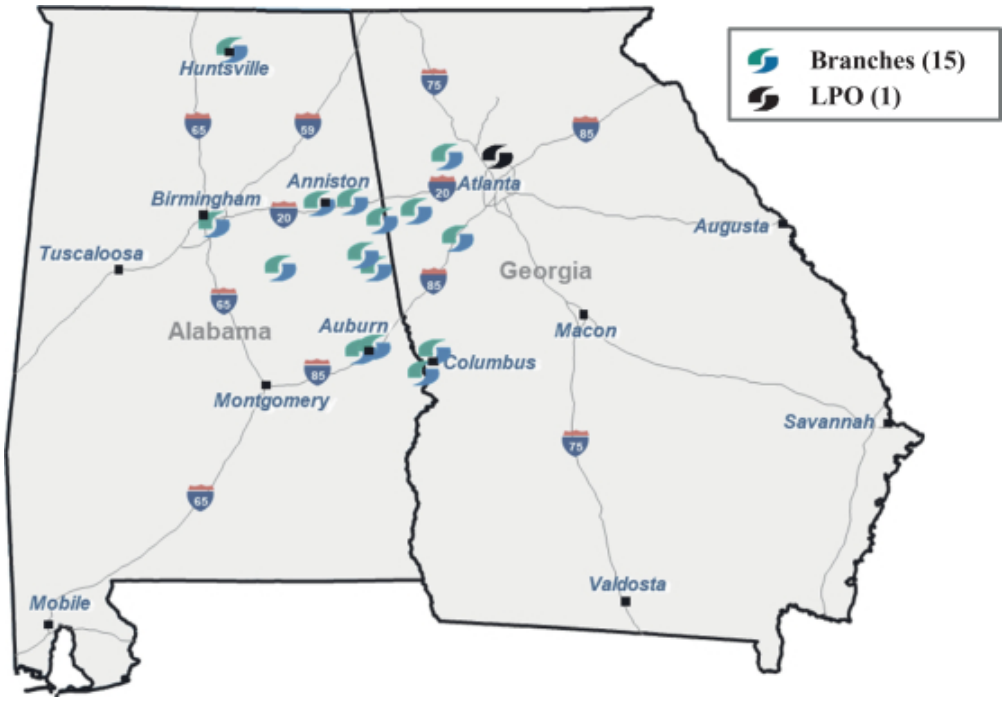
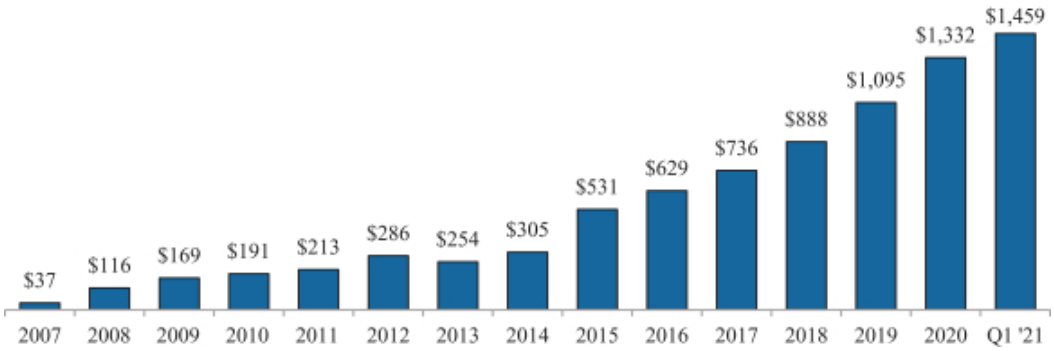
SOUTHERN STATES BANCSHARES, INC.



TOTAL ASSETS
(Dollars in millions)



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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. Neither we, the selling stockholders nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus. If anyone provides you with additional, different or inconsistent information, you should not rely on it. Neither we, the selling stockholders nor the underwriters take responsibility for, or can provide any assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of our common stock offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. Neither we, the selling stockholders nor the underwriters are making an offer of shares of our common stock in any state, country or other jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any free writing prospectus that we provide to you is accurate as of any date other than the date of the applicable document regardless of its time of delivery or the time of any sales of our common stock. Our business, financial condition, results of operations and cash flows may have changed since the date of the applicable document.

Unless otherwise indicated, this prospectus describes the specific details regarding this offering, which we refer to as the "offering," and the terms and conditions of our common stock, $5.00 par value per share, which we refer to as "common stock," being offered hereby and the risks of investing in our common stock. For additional information, please see the section entitled "Where You Can Find More Information."

You should not interpret the contents of this prospectus or any free writing prospectus that we authorize to be delivered to you to be legal, business, financial or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial and other issues that you should consider before investing in our common stock.

Basis of Presentation

In this prospectus, "we," "our," "us," "Southern States Bancshares," "Southern States," or "the Company" refers to Southern States Bancshares, Inc., an Alabama corporation, and all consolidated subsidiaries including Southern States Bank, an Alabama banking corporation, unless the context indicates that we refer only to the parent company, Southern States Bancshares. In this prospectus, "Bank" or "Southern States Bank" refers to Southern States Bank, our wholly-owned bank subsidiary.

Industry and Market Data

This prospectus includes industry and market data, forecasts and information that we have prepared based, in part, upon data, forecasts and information that we obtained from regulatory sources, periodic industry publications, third-party studies and surveys, as well as filings of public companies in our industry, internal company surveys and other independent information publicly available to us. These sources include government and industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe information regarding the industry and market data to be reliable and are not aware of any inaccuracies as of the date of this prospectus, we have not independently verified this information and this information could prove to be inaccurate or incomplete. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties, including possible future corrections and updates. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein. Some data is also based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. We believe our internal research is reliable, even though such research has not been verified by any independent sources. Our estimates involve risks and uncertainties that are subject to

change based on various factors. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus. See "Risk Factors." Trademarks used in this prospectus are the property of their respective owners, although for presentational convenience, we may not use the ® or the TM symbols to identify such trademarks.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933 (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). An emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we are required to present only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations, and provide less than five years of selected financial data in this prospectus;
- we are exempt from the requirement to obtain an attestation report from auditors on management's assessment of internal control over financial reporting under the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act");
- we are not required to comply with any new requirements adopted by the Public Accounting Oversight Board ("PCAOB"), requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements pursuant to the rules applicable to smaller reporting companies, which means we do not have to include a compensation discussion and analysis and certain other disclosures regarding our executive compensation; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We will cease to be an emerging growth company upon the earliest of: (i) the last day of the fiscal year in which we have at least $1.07 billion in annual gross revenues, (ii) the date on which we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (the last day of the fiscal year in which we have more than $700 million in market value of our common stock held by non-affiliates as of the prior June 30), (iii) the date on which we issue more than $1.00 billion of non-convertible debt during the prior three-year period, or (iv) the last day of the fiscal year following the fifth anniversary of our initial public offering. We may choose to take advantage of some but not all of these reduced burdens. We have elected to adopt certain of the reduced disclosure requirements described above for purposes of the registration statement of which this prospectus is a part.

We expect to take advantage of certain of the reduced reporting and other requirements of the JOBS Act with respect to the periodic reports we will file with the U.S. Securities and Exchange Commission ("SEC") and proxy statements that we use to solicit proxies from our stockholders. As a result, the information that we provide to our stockholders may be different than what you might receive from public reporting companies from which you hold equity interests. In addition, the JOBS Act permits us to take advantage of an extended transition period for complying with new or revised accounting standards affecting public companies. We have elected to use this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, may not be subject to all new or revised accounting standards generally applicable to public companies for the transition period as long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period under the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards on a non-delayed basis.

PROSPECTUS SUMMARY

This summary highlights selected information contained in this prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections, and our historical financial statements and the accompanying notes included in this prospectus before deciding to invest in our common stock.

Company Overview

We are a bank holding company headquartered in Anniston, Alabama. We operate primarily through our wholly-owned subsidiary, Southern States Bank, an Alabama banking corporation formed in 2007. The Bank is a full service community banking institution, which offers an array of deposit, loan and other banking-related products and services to businesses and individuals in our communities. Our franchise is focused on personalized, relationship-driven service combined with local market management and expertise to serve small and medium size businesses and individuals. We believe that these services will build stronger, growing communities that will drive our success. As of March 31, 2021, we had total assets of $1.5 billion, gross loans of $1.1 billion, total deposits of $1.3 billion and total stockholders' equity of $144.6 million.

We provide banking services from 15 offices in Alabama and Georgia. Our primary service areas in Alabama are Anniston, Auburn, Birmingham and Huntsville with a presence extending into Calhoun, Lee, Jefferson, Talladega, Madison, Cleburne and Randolph Counties of Alabama and their surrounding areas. In Georgia, we serve the Columbus metropolitan statistical area ("MSA"), as well as Carroll, Coweta, and Dallas Counties in the greater Atlanta MSA. The Bank also operates a loan production office ("LPO") in Atlanta, Georgia.

Recent Developments

Our unaudited consolidated financial statements as of and for the three and six month periods ended June 30, 2021, are not yet available. The following preliminary financial information for the three and six month periods ended June 30, 2021 remains subject to our further review, change and finalization. Such reviews could result in material changes, particularly with respect to material estimates and assumptions used in preparing this preliminary information, and to possible subsequent events. Our independent registered public accounting firm, Mauldin and Jenkins, LLC, has not performed any review procedures with respect to this preliminary financial information.

The following preliminary financial information should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes to those financial statements for prior periods, as well as "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this prospectus.

Selected Financial Highlights

- Total assets were $1.5 billion as of June 30, 2021, representing a $55.2 million, or 3.8%, increase from March 31, 2021 and a $218.3 million, or 16.8%, increase from $1.3 billion as of June 30, 2020.
- Gross loans, net of unearned income, were $1.1 billion as of June 30, 2021, a $14.3 million, or 1.3%, increase compared to $1.1 billion as of March 31, 2021 and a $113.7 million, or 11.6%, increase compared to $983.9 million as of June 30, 2020. During the quarter ended June 30, 2021, we received net PPP loan payoffs of $23.1 million. Gross loans, net of unearned income (excluding PPP loans), were $1.1 billion as of June 30, 2021, representing a $37.4 million, or 3.7%, increase compared to

$1.0 billion as of March 31, 2021 and a $147.6 million, or 16.2%, increase compared to $912.2 million as of June 30, 2020. There is currently only one loan for $3.1 million in deferral, and such deferral ends in October 2021.

- Total deposits were $1.3 billion as of June 30, 2021, representing a $52.6 million, or 4.2%, increase from March 31, 2021 and a $199.8 million, or 18.0%, increase compared to $1.1 billion as of June 30, 2020. This growth is substantially comprised of core deposits.
- Asset quality improved with nonperforming assets to total assets of 0.81% as of June 30, 2021, down from 0.97% and 1.40% as of March 31, 2021 and June 30, 2020, respectively. The allowance for loan losses to total loans (excluding PPP loans) was 1.25% as of June 30, 2021 compared to 1.23% as of March 31, 2021 and 1.15% as of June 30, 2020. Net charge-offs were $16,000 for the three months ended June 30, 2021, compared to $4,000 for the three months ended March 31, 2021 and net recoveries of $3,000 for the three months ended June 30, 2020. Net charge-offs were $20,000 for the six months ended June 30, 2021, compared to net recoveries of $137,000 for the six months ended June 30, 2020.
- Total shareholders' equity was $148.9 million as of June 30, 2021, up 3.0% from $144.6 million as of March 31, 2021 and up 11.1% from $134.0 million as of June 30, 2020.
- As of June 30, 2021, we exceeded the minimum requirements to be well-capitalized for bank regulatory purposes, with a total risk-based capital ratio of 11.15%, a tier 1 risk-based capital ratio of 10.10%, a common equity tier 1 capital ratio of 10.10%, and a tier 1 leverage ratio of 8.57%.

Results of Operation

- We had net income of $3.9 million for the three months ended June 30, 2021, compared to net income of $5.7 million for the three months March 31, 2021, a decrease of $1.8 million, or 31.6%, and $2.9 million for the three months ended June 30, 2020, an increase of $1.0 million, or 34.5%. The decrease from the three months ended March 31, 2021 was substantially the result of a $2.8 million gain on the sale of a USDA loan in the first quarter of 2021. We had net income of $9.6 million for the six months ended June 30, 2021 compared to net income of $5.6 million for the six months ended June 30, 2020, an increase of $4.0 million, or 71.4%, also substantially the result of the $2.8 million gain on the sale of the USDA loan. Excluding the gain on sale of the USDA loan, net income in the first six months of 2021 increased $1.2 million, or 21.4%. The increases in net income for both the three and six months ended June 30, 2021 compared to the same periods ended June 30, 2020 were primarily the result of higher net interest income, which was fueled by higher loan growth. This was partially offset by an increase in noninterest expense for the three and six months ended June 30, 2021, which was the result of an investment in human capital as we develop the metro Atlanta market.
- Net interest margin was 3.75% (3.67% without PPP loans) for the three months ended June 30, 2021, compared to 3.97% (3.79% without PPP loans) for the three months ended March 31, 2021 and 3.31% (3.41% without PPP loans) for the three months ended June 30, 2020. Net interest margin was 3.85% (3.73% without PPP loans) for the six months ended June 30, 2021, compared to 3.56% (3.62% without PPP loans) for the six months ended June 30, 2020.
- Our earnings per common share was $0.51 for the three months ended June 30, 2021, compared to $0.74 for the three months March 31, 2021 and $0.38 for the three months ended June 30, 2020. Our earnings per share was $1.25 for the six months ended June 30, 2021, compared to $0.73 for the six months ended June 30, 2020. Our diluted earnings per common share was $0.50 for the three months ended June 30, 2021, compared to $0.73 for the three months March 31, 2021 and $0.37 for the three months ended June 30, 2020. Our diluted earnings per share was $1.23 for the six months ended June 30, 2021, compared to $0.72 for the six months ended June 30, 2020.

- Our annualized return on average assets ("ROAA") was 1.05% for the three months ended June 30, 2021, compared to 0.93% for the three months ended June 30, 2020. Our annualized ROAA was 1.35% for the six months ended June 30, 2021, which reflects the gain on sale of the USDA loan in the first quarter of 2021, compared to 0.95% for the six months ended June 30, 2020. Excluding such gain on sale, our annualized ROAA for the first six months of 2021 was 0.96%.
- Our annualized return on average equity ("ROAE") was 10.62% for the three months ended June 30, 2021, compared to 8.92% for the three months ended June 30, 2020. Our annualized ROAE was 13.31% for the six months ended June 30, 2021, compared to 8.87% for the six months ended June 30, 2020. Excluding the gain on sale of the USDA loan in 2021, our annualized ROAE was 9.41% in the first six months of 2021.

Redemption of Subordinated Notes

- On June 23, 2021, we redeemed all our $4.5 million in outstanding subordinated notes (the "Subordinated Notes") that had a 6.625% fixed rate of interest at the date of redemption. We used proceeds from our line of credit (the "Line of Credit") from First Horizon Bank to redeem the Subordinated Notes. Our Line of Credit bears interest at three-month LIBOR plus 2.50%.

Our History and Growth

The Bank was organized on August 23, 2007 by a group of financial executives and prominent business leaders with a shared vision to invest in highly experienced people and technology to offer high levels of personal service to our clients. Chartered with approximately $31 million of common equity, the Bank opened its Anniston, Alabama headquarters along with an office in Opelika, Alabama. We opened our Birmingham office six months later in February 2008.

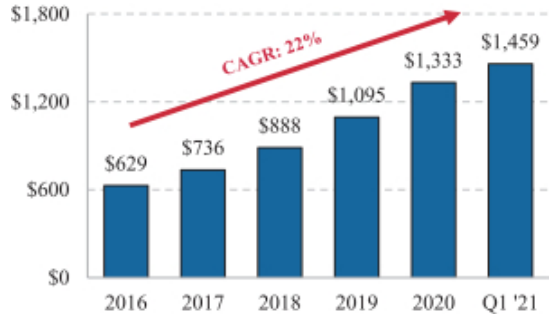
In the following years, our growth has been driven by expansion in existing markets and into new markets. Over the last five years, we have an asset compound annual growth rate ("CAGR") of over 20% while maintaining profitability, credit quality and prudent capital management. The following information summarizes our history and the tables illustrate our balance sheet and income statement growth as well as trends in other performance metrics as of or for the years ended December 31, 2016 through 2020, and the three months ended March 31, 2021:

- On May 18, 2012, we acquired Alabama Trust Bank's Sylacauga, Alabama branch and approximately $40 million in core deposits through an FDIC-assisted transaction.
- We opened full-service de novo branches in Huntsville, Alabama and Carrollton, Georgia in January and June of 2015, respectively, along with an LPO in Atlanta, Georgia in August 2015.
- In October 2015, we completed our acquisition of Columbus Community Bank in Columbus, Georgia and subsequently opened a second Columbus location in December 2015. We have successfully grown our deposits in this market from approximately $100 million at the time of acquisition to $233 million as of March 31, 2021.
- In 2016, we completed two rounds of private growth capital, issuing $4.5 million in subordinated debt in June and another $41.2 million in equity in December to several institutional investors. All outstanding Subordinated Notes were repaid in June 2021. In January 2017, we raised $3.4 million of common equity from local investors. We used the proceeds from these transactions to improve our capital ratios and to support our growth. Using the newly issued capital, our loans grew by 40.4% during 2017 and 2018 and deposits grew by 49.2% during the same period. We also opened a full service branch in Newnan, Georgia and hired four experienced lenders in Georgia.
- On May 8, 2019, we announced the acquisition of Wedowee, Alabama based East Alabama Financial Group, Inc. ("East Alabama") and its subsidiary bank, Small Town Bank ("Small Town Bank") and

closed the transaction in September of 2019. The aggregate consideration paid was approximately $24.0 million in cash and the issuance of 1,142,846 shares of common stock. As of June 30, 2019, Small Town Bank had $240.6 million in assets, $120.8 million in gross loans and $199.9 million in deposits, of which $192.1 million were core deposits. Small Town Bank operated six branches along the Alabama-Georgia border, and the acquisition allowed us to enter three new counties: Cleburne and Randolph County, Alabama and Paulding County, Georgia. Small Town Bank also operated a branch in Carroll County, Georgia, which we combined with an existing branch, and an LPO in Oxford, Alabama, which we consolidated with our branch there to expand our existing Anniston footprint.

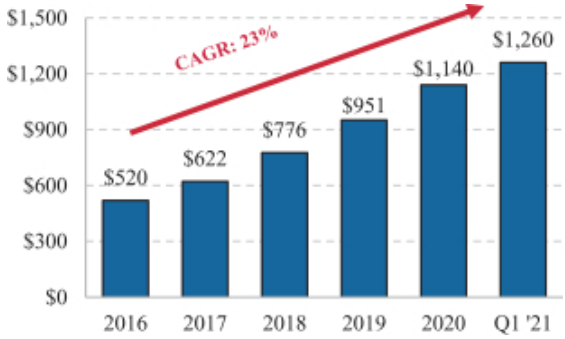
- In 2020, we achieved record net income of approximately $12.1 million, which represents a 116% increase from 2019. We also had significant balance sheet and customer growth in 2020; our total assets increased 22%, deposits increased 20%, noninterest bearing deposits increased 52% and loans increased 15%, excluding Paycheck Protection Program ("PPP") loans. Since March 2020, we have been an active participant in the PPP, providing 420 existing customers $71.7 million in loans through the first program and $26.2 million through the second program. In aggregate, we anticipate the realization $3.7 million in fees from this program. Over the course of the pandemic, we granted deferrals on 396 loans totaling $280.1 million, or approximately 28.0% of our loan portfolio. As of March 31, 2021, only two loans totaling $1.1 million remain.

Total Assets ($mm)

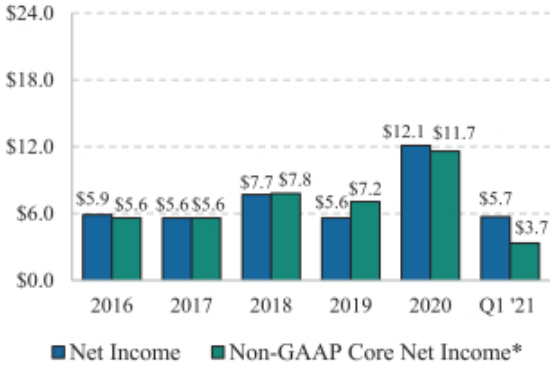


Total Loans ($mm)

Total Deposits ($mm)

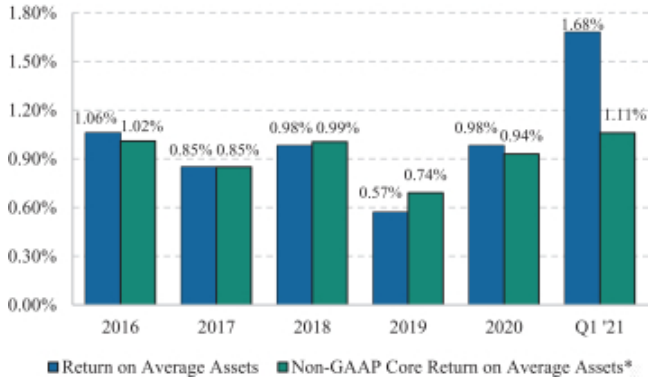


Net Income ($mm)



* Core net income is a non-GAAP financial measure. Please see "Non-GAAP Financial Measures" for a definition of core net income and a reconciliation of core net income to its most directly comparable GAAP financial measure.

Return on Average Assets (%)



* Core return on average assets is a non-GAAP financial measure. Please see "Non-GAAP Financial Measures" for a definition of core return on average assets and a reconciliation of core return on average assets to its most directly comparable GAAP financial measure.

Business Strategy

Our business strategy is to deliver best-in-class customer service and to be the most trusted bank serving our markets, while maintaining our asset quality and profitability. We intend to execute our strategic plan through the following:

- ***Continuing Our Organic Growth Strategy***. Organic loan and deposit growth have been our primary tenet since establishing the Bank, and we believe it is paramount in driving long-term stockholder value. We seek to continue to focus on organic growth throughout our footprint by deepening ties within our communities, building upon current client relationships and further leveraging the extensive experience of our senior management team, board of directors and commercial bankers. We have successfully grown our balance sheet with loan growth of 103.2% (excluding PPP loans) and deposit growth of 142.3% since 2016. We believe that our teams of engaged, experienced employees will continue to be an important factor in cultivating relationships with current and potential clients and driving growth. In addition to our employee focus, we have made significant investments in technology and risk management systems, and we believe that we have developed an infrastructure that can support significant additional growth with minimal capital investment.
- ***Emphasizing Commercial Banking in Local Communities***. We intend to continue operating as a community banking organization focused on meeting the specific needs of small and medium-sized businesses and individuals in our market areas. We will continue to provide a high degree of responsiveness and a wide variety of banking products and services to our customers. We are focused on being a dominant bank in the smaller markets we serve and a competitive player in our larger metropolitan markets. Our consistent corporate message is that the success of our communities and their businesses and individuals will drive the success of the Bank.
- ***Pursuing Strategic Growth Opportunities through Acquisitions and New Market Development***. We anticipate continuing to selectively pursue future acquisitions and new market expansions to supplement organic growth in our legacy markets. Our organic growth has been complemented by synergistic acquisitions and de novo expansion. We seek to expand our operations in attractive and adjacent markets with experienced banking teams that are a cultural fit and knowledgeable of our target client base. We may also make acquisitions or open additional offices in our existing markets. We seek acquisitions that

provide meaningful financial benefits, long-term organic growth opportunities and economies of scale without compromising asset quality to the overall organization. Generally, we seek acquisitions of banks with $250.0 million to $750.0 million of assets headquartered in Alabama, Georgia, and select southeastern Tennessee markets, with an emphasis along the I-20, I-85 and I-75 corridors. Currently, we believe that there are approximately 103 potential banks that meet our size and location targets.

- ***Funding Asset Growth through Core Deposits and Relationship Banking***. We fund our loan growth primarily through low-cost core customer deposits. Our ratio of core deposits (total deposits less time deposits greater than $250,000) were 97.4% of total deposits as of March 31, 2021. Our loan to deposit ratio, excluding PPP, as of March 31, 2021 was 81.1%. The strength of our deposit franchise results from our development and maintenance of long-standing customer relationships. Our relationship managers and branch managers actively seek lending relationships with our existing depositors. Today, we believe approximately 65% of our lending relationships have deposits with our bank and our top 25 loans all have deposit relationships as of March 31, 2021. Additionally, we attract deposits from our commercial customers by providing them with personal service, a broad suite of commercial banking and treasury management products and convenient services such as remote deposit capture and commercial internet banking.
- ***Leveraging Technology to Enhance the Client Experience and Improve Productivity***. We provide client convenience through the use of technology and our mobile banking applications, along with our strategically placed banking locations. Since our founding, we have made significant investments in technology to offer online and mobile banking products that we believe are comparable to those offered by many similar-sized competitors and those of the nation's largest banks. We utilize Jack Henry & Associates, Inc. ("Jack Henry") as a core processing service provider that we believe can support our growth plan. We also leverage technology solutions to manage cyber security risks and data privacy. In addition to client-facing technology, significant investments have been made in the technology and software utilized by our employees. This technology and software enables our employees to be more productive by enhancing workflow and internal and external management reporting, removing unnecessary steps and reducing manual errors. For example, in 2020, we initiated a new customer platform through Jack Henry, which allows for electronic signatures on new and existing deposit accounts. In 2021, we are implementing a new lending platform to provide more digital capabilities to our borrowers and create internal efficiencies throughout our loan underwriting and processing.

Competitive Strengths

We believe that the following strengths will help us execute our business strategy:

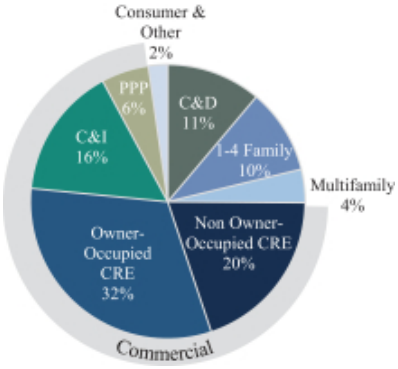
- ***Experienced and Invested Leadership***. Our board of directors has decades of combined business experience from a variety of backgrounds. Our directors actively participate in and support community activities, which we believe significantly benefit our business development efforts. Our executive leadership team is comprised of established industry veterans with a track record of profitable growth, operating efficiencies and strong risk management. Collectively, our directors and senior executives own approximately 15.0% of the total common stock outstanding as of March 31, 2021, excluding stock held by a private equity fund with a representative on our board of directors.
    - Stephen W. Whatley, founder of the Bank, serves as Chief Executive Officer of Southern States, a position he has held since 2007, and Chairman of the Board of Southern States, a position he has held since 2014. Prior to founding Southern States, Mr. Whatley served as Market President at Colonial Bank covering several counties in East Alabama and West Georgia. Mr. Whatley has over 40 years of experience in the banking industry in multiple states across the country.

- Mark Chambers serves as President of Southern States. Mr. Chambers has worked at Southern States since 2007, including as Senior Executive Vice President and President of the Southeast Region. He has served as President since 2019. Mr. Chambers held the position of Market President (Auburn and Opelika, Alabama) at Wachovia Bank before his time at Southern States. He has over 30 years of banking experience.
- Lynn Joyce serves as Senior Executive Vice President and Chief Financial Officer of Southern States. She has held this position since joining Southern States in 2013. Prior to joining Southern States, Ms. Joyce served in various positions with First Financial Bank, Bessemer, Alabama, which was publicly traded on NASDAQ, and prior to that worked in public accounting at a national firm.
- Greg Smith is Senior Executive Vice President and Chief Risk Officer, positions he has held since 2019. From 2006 until 2019, he served as Senior Vice President and Chief Credit Officer of Southern States. Prior to joining Southern States, he worked as Commercial Loan Officer and Market President (Anniston, Alabama) at Regions Bank, a regional bank. Mr. Smith has over 30 years of experience in the banking industry.
- Jack Swift is Senior Executive Vice President and Chief Operating Officer of Southern States. He has held this position since 2019. Previously, he served as Senior Executive Vice President and President of the Central Region of Southern States from 2006 until 2019. Prior to joining Southern States, Mr. Swift worked as Senior Vice President at Colonial Bank. Mr. Swift has over 30 years of experience in the banking industry.

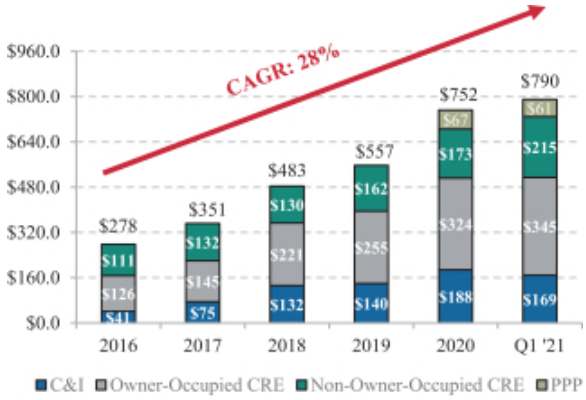
In addition to our executive leadership team, we believe that we are supported by a deep and talented bench of market leaders, many of whom have been with us for much of our existence.

- ***Diversified Loan Portfolio.*** We have an attractive, commercially focused loan portfolio, with 15.6% commercial and industrial, or C&I, loans, 31.7% owner-occupied commercial real estate, or CRE loans, 19.8% non-owner-occupied CRE loans, and 10.0% one-to-four-family residential loans at March 31, 2021. Approximately 47.3% of our loan portfolio is comprised of owner-operated business loans, which includes C&I and owner-occupied CRE loans on a combined basis, and 34.8% of our portfolio consists of loans for investor-owned properties and projects, which includes non-owner-occupied CRE loans, multi-family loans and construction and land development loans, or C&D loans, on a combined basis. We have had loan growth of 18.2% CAGR, excluding PPP, since 2016. Our loans are in market, except where we follow a local loan customer out of market. We believe that our knowledgeable and prudent approach to commercial lending results in relatively lower losses caused by defaults.

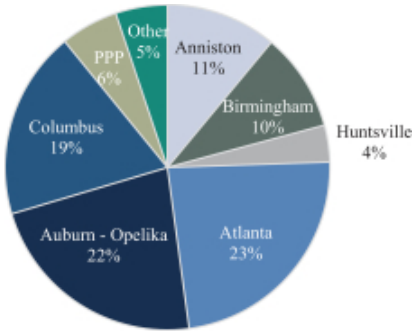
Loan Portfolio



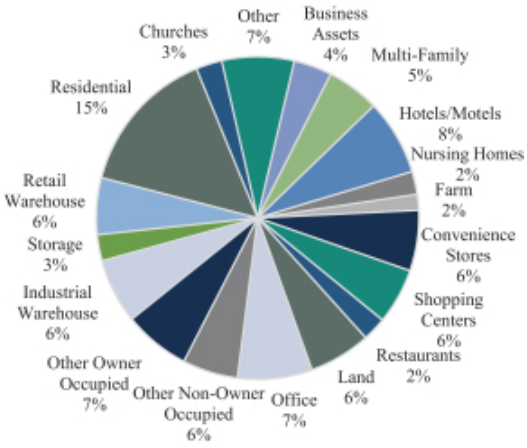
Commercial and CRE Loan Portfolio



Loans by Geography*



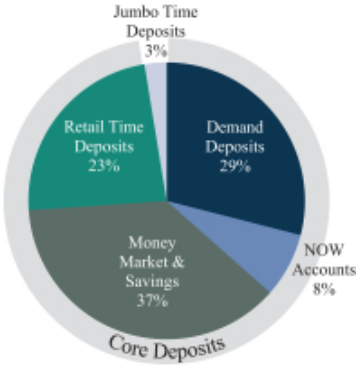
CRE by Type



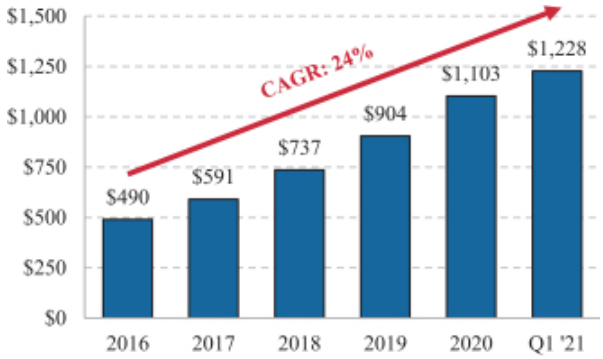
* Other markets include Sylacauga, Wedowee, Ranburne, Roanoke and Heflin; Atlanta includes the Carrolton, Newnan and Dallas markets

- ***Core-Deposit Base.*** We have built a strong core deposit base by providing quality products and services to customers in our market areas. We offer retail deposit services through our existing branch network, as well as mobile and online banking services. Core deposits totaled $1.2 billion, or 97.4% of total deposits, and noninterest-bearing deposits totaled $365.1 million, or 28.9% of total deposits, as of March 31, 2021. Our commercial lending has led to strong core deposit growth with a 24.1% CAGR since 2016. Our cost of total deposits was 0.39% for the three months ended March 31, 2021.

Deposit Portfolio



Core Deposits ($mm)



- ***History of Successful Acquisitions***. We have pursued a strategy of disciplined organic and acquisitive growth. Since 2012, we have successfully completed three acquisitions, including one bank purchased from the FDIC and two whole-bank acquisitions. Our management team has demonstrated success in identifying and integrating strategic transactions that either added density to our footprint or expanded our presence into attractive markets to ultimately build long-term stockholder value. Following each transaction, we retained the majority of the acquired deposit and desired lending relationships, which we believe reflects the strength of our relationship-based community banking focus and the quality of our established integration processes. When negotiating a transaction, we are disciplined on price and structure in order to manage the initial tangible book value dilution and earnback period. We modeled our two whole-bank acquisitions of Columbus Community Bank and Small Town Bank on a projected 3-year or less tangible book value earnback period with double digit accretion to projected earnings per share. We believe our approach to acquisitions and the availability of a publicly traded stock after this offering will position us well to be the acquirer of choice for other institutions in our target markets.
- ***Prudent Credit Risk Management***. We have a culture of well-developed risk management procedures at all levels of our organization. Our loan portfolio is primarily originated from borrowers within our footprint and is subject to a rigorous credit evaluation process that seeks to balance responsiveness with prudent underwriting and pricing practices. A centralized credit underwriting group underwrites all credit exposures, ensuring consistent application of credit standards. We have established processes to monitor our loan portfolio on a regular basis. Our management team and board of directors have established concentration limits by loan type, industry, and related borrowers, which are regularly reviewed in light of current conditions in our targeted market areas to mitigate developing risk areas within our loan portfolio and to ensure that the asset quality of our loan portfolio remains strong. Our CRE, C&D, and hospitality loans as a percentage of total capital at March 31, 2021 was 338.4%, 147.7%, and 54.0%, respectively. When credit issues arise, our management team takes an active approach in handling the problem. For example, we capped our hospitality loans at existing levels in January 2020 given market conditions, and similarly capped our multifamily loans in September 2020; both measures are still in effect today. We monitor our loan loss reserve and seek to maintain an adequate reserve for future losses.
- ***Stockholder Focus***. We started the Bank with a strategic plan to provide consistent, long-term growth and returns to our stockholders. Our tangible book value per share increased 16.1% from December 31, 2019 to March 31, 2021, while increasing dividends and generating strong returns on capital. We changed from an annual to a quarterly dividend in April 2020 when we declared a $0.08 dividend per share. In January 2021, we increased our quarterly dividend to $0.09 per share. We believe that our experienced leadership team, commitment to organic and acquisitive growth, and prudent risk management will allow us to consistently build value for our stockholders.

Our Markets

We provide banking services from 15 offices in Alabama and in the Atlanta and Columbus, Georgia MSAs. Our markets are a mix of higher-growth areas and stable markets with strong core deposits. We have a top five deposit market share in four counties of operation and have outperformed the deposit growth in the majority of our markets. We find strength in the stability of our rural markets coupled with higher growth potential in metropolitan areas such as Atlanta, Birmingham, Huntsville and Auburn. Below is a description of our operations in the MSAs and selected counties:

Market Area*	Total Population 2021 (Estimated)	Projected Population Change 2021-2026 (%)	Projected Median Household Income 2026 ($)	Projected Household Income Change 2021-2026 (%)	Unemployment Rate** (%)
Anniston-Oxford MSA	112,767	(1.2)	52,934	7.9	3.4
Atlanta-Sandy Springs-Alpharetta MSA	6,137,994	5.9	75,740	12.2	3.9
Auburn-Opelika MSA	167,412	4.6	56,718	8.7	2.4
Birmingham-Hoover MSA	1,094,169	0.4	69,086	13.1	2.6
Columbus MSA	321,811	2.1	54,764	9.7	4.2
Huntsville MSA	481,729	4.3	72,962	7.2	2.2
Cleburne County, AL	14,883	0.2	48,082	6.8	2.2
Randolph County, AL	22,747	0.5	49,772	6.6	2.2
Talladega County, AL	79,589	(0.7)	47,451	7.3	3.6

Market Area***	Market Rank	Deposit Market Share (%)	Number of Branches	Market Deposits ($mm)	Deposits Per Branch ($mm)	YoY Deposit Growth (%)
Anniston-Oxford MSA	5	10.7	1	234.4	234.4	(11.7)
Atlanta-Sandy Springs-Alpharetta MSA	49	0.1	3	140.9	50.0	28.4
Auburn-Opelika MSA	7	6.7	2	239.5	119.8	40.3
Birmingham-Hoover MSA	31	0.1	1	48.3	48.2	(9.6)
Columbus MSA	6	1.4	2	171.4	85.7	(3.7)
Huntsville MSA	22	0.5	1	49.7	49.7	29.3
Cleburne County, AL	2	31.3	2	51.6	25.8	(9.4)
Randolph County, AL	1	35.7	2	125.4	62.7	5.3
Talladega County, AL	5	5.3	1	52.2	52.2	29.3

* *Demographic data provided by Claritas based on U.S. Census data*

** *Source: U.S. Bureau of Labor Statistics for MSAs; Alabama Department of Labor for counties; data as of May 2021*

*** *Source: FDIC; Deposit data as of 6/30/20*

Atlanta, Georgia. The Atlanta MSA is the ninth largest metro area in the United States with a 2020 population of 6.1 million. Atlanta has strong demographics and is projected by the U.S. Census Bureau to exceed the national average in population growth, median 2021 household income and change in household income from 2021 to 2026. Atlanta was voted the second best city for people between the ages of 21 and 36 by Money.com, and it was also ranked the thirteenth Best Places for Business and Careers by Forbes. In 2020, Atlanta was the number one growth leader for becoming a metro area tech hub and was voted the number three metro area for corporate headquarters by Business Facilities. In fact, it serves as the headquarters of 16 Fortune 500 companies including Coca-Cola, Home Depot, UPS, WestRock and Delta Air Lines. The Atlanta MSA is home to multiple universities and professional sports teams. Businesses are attracted to Atlanta by its strong economic opportunities, talent-rich labor pool, and position as the central hub of the Southeast.

Auburn-Opelika, Alabama. The Auburn-Opelika MSA was the fourth-highest ranked MSA in the country in terms of migration growth, according to U-Haul's '2020 Migration Trends' study. In addition to being home to Auburn University, the largest employer in the MSA, accounting for approximately a quarter of the city's workforce, The East Alabama Medical Center, a Wal-Mart Distribution Center, Mando America Corporation, and Briggs & Stratton, have helped make Auburn-Opelika the second fastest growing MSA in Alabama.

Birmingham, Alabama. Birmingham is the largest market in Alabama by population and has a history of strong economic performance. In 2020, Birmingham was one of the cities with the lowest cost of living in America. Its healthcare, financial services and materials industries have continued to drive economic development and to attract new corporations across all sectors. Birmingham ranks in the top ten as a moving destination for new college graduates based on an April 2020 report by Smartasset Financial Technology. Also, Birmingham was the number eight best city for jobs in 2020 per Glassdoor. The most prominent companies headquartered in the city are Altec Industries, Encompass Health, Vulcan Materials and Alabama Power. Additionally, University of Alabama Birmingham serves as an international leader in health care and as one of the top transplant centers in the world.

Huntsville, Alabama. Huntsville is home to the Redstone Arsenal, which includes the U.S. Space and Rocket Center, NASA's Marshall Space Flight Center, and the United States Army Aviation and Missile Command. Huntsville's focus on space and technology attracts well-regarded professionals and businesses alike. Over 40% of the city has obtained a Bachelor's Degree or higher education, ranking it among the top-educated cities in the nation. Huntsville is one of the top 10 best cities for jobs in STEM by Forbes, and employers in Huntsville hire the third most high-tech employees in the county. The city was voted Top Ten Best Places for Business and Careers by Forbes with strong projected economic growth. The largest employer in Huntsville is the U.S. Army, but NASA and Boeing combine for nearly 9,000 employees as well. Huntsville's median household income is second to Atlanta in our markets. The City of Huntsville is the second largest city and the fastest growing major city in Alabama.

Columbus, Georgia. Columbus is the third most populous MSA in Georgia. The most notable employer is Fort Benning Military Base, located just south of the city, which employs over 40,000 people. The Columbus Chamber of Commerce estimates that Ft. Benning has an economic impact of more than $4 billion on the surrounding area. Other companies headquartered in Columbus include Aflac and the Total Systems group of Global Payments.

Corporate Information

Our principal executive office is located at 615 Quintard Avenue, Anniston, Alabama 36201, and our telephone number is (256) 241-1092. We maintain an Internet website at www.southernstatesbank.net. The information contained on or accessible from our website is not part of this prospectus and is not incorporated by reference herein.

Summary Risk Factors

You should carefully consider the risks described under "Risk Factors" beginning on page 25 of this prospectus, as well as other information included in this prospectus, including our financial statements and the notes thereto, before making an investment decision. These risks include, but are not limited to:

Risks Related to Our Business

- The long-term effects of the current COVID-19 pandemic are unknown, continue to evolve, and could ultimately impact general economic activity, financial resources, demand for banking services, and result in governmental responses, which could result in negative effects on our business, financial condition, liquidity and results of operations.

- We may face risks in participating as a lender in the PPP program.
- Our business is concentrated in, and largely dependent upon, the continued growth of, and economic conditions in, the markets where we operate.
- Our profitability is vulnerable to interest rate fluctuations.
- The elimination of the London Interbank Offered Rate ("LIBOR") and its replacement by other benchmark rates and the market acceptance of alternative indexes could adversely impact our business and results of operations.
- We could suffer losses from a decline in the credit quality of our assets.
- A significant portion of our loan portfolio is secured by real estate, and events that negatively impact the real estate market (such as the impact of COVID-19 on the hospitality industry) could negatively affect our business.
- Our allowance for estimated loan losses may not be adequate, which may require us to take a charge to earnings and adversely impact our financial condition and results of operations.
- Acquisitions may disrupt our business and dilute stockholder value, and integrating acquired companies may be more difficult, costly, or time-consuming than we expect.
- Our financial performance will be negatively impacted if we are unable to execute our growth strategy, including branch expansions into new markets.
- Our liquidity needs might adversely affect our financial condition and results of operations.
- We may not be able to adequately measure and limit the credit risks associated with our loan portfolio, which could adversely affect our profitability.
- As a community banking institution, we have smaller lending limits and different lending risks than certain of our larger, more diversified competitors.
- Our business success and growth depends significantly on key management personnel and our ability to attract and retain key people.

Risks Related to Banking Regulation

- The banking industry is subject to extensive regulation.
- Banking agencies periodically conduct examinations, and failure to comply with any supervisory actions could result in materially adverse effects.
- FDIC deposit insurance assessments may materially increase in the future, which would have an adverse effect on earnings.
- Banks are subject to minimum capital requirements by regulators.
- The Federal Reserve may require us to commit capital resources to support the Bank.
- The Bank may need to raise additional capital in the future, including as a result of potential increased minimum capital thresholds established by regulators, but that capital may not be available when it is needed or may be dilutive to stockholders.
- The Company is an entity separate and distinct from the Bank.
- The Bank is the Company's principal asset, and all of the Bank's outstanding stock has been pledged to secure a line of credit.

- The Company depends on dividends from the Bank, and a bank's ability to pay dividends is subject to restriction.
- The banking industry is highly competitive and technology in the industry is continually evolving.

Risks Related to this Offering and an Investment in Our Common Stock

- No prior public market exists for our common stock, and an active, liquid market for our common stock may not develop or be sustained following this offering.
- The market price of our common stock may be subject to substantial fluctuations.
- Institutional holders own a significant amount of our common stock.
- Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities.
- Investors in this offering will experience immediate and substantial dilution.
- We have broad discretion in the use of the net proceeds from this offering, and our use of those proceeds may not yield a favorable return on your investment.
- The rights of our common stockholders are subordinate to the rights of the holders of any debt and may be subordinate to any series of preferred stock that we may issue in the future.
- Our corporate governance documents, and certain corporate and banking laws applicable to us, could make a takeover more difficult, which could adversely affect our common stock.
- There are also substantial regulatory limitations on changes of control of bank holding companies that may discourage investors from purchasing shares of our common stock.
- We are an "emerging growth company" and subject to reduced SEC reporting requirements.
- Any deficiencies in our financial reporting or internal controls could materially and adversely affect our business and the market price of our common stock.
- Securities analysts may not initiate or continue coverage on us.
- An investment in our common stock is not an insured deposit and is subject to risk of loss.

General Risk Factors

We are also subject to a number of general risks as described in "Risk Factors—General Risk Factors," which could adversely affect our business.

The Offering

This summary highlights information presented in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before investing in our common stock. You should carefully read this entire prospectus before investing in our common stock including "Risk Factors" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

Common stock offered by us	shares (or shares if the underwriters exercise in full their option to purchase additional shares of our common stock).
Common stock offered by selling stockholders	shares.
Common stock outstanding immediately after completion of this offering	shares of common stock (or shares if the underwriters exercise in full their option to purchase additional shares of our common stock).
Use of proceeds	Assuming an initial public offering price of $ per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be $ (or $ if the underwriters exercise in full their option to purchase additional shares of our common stock), after deducting the estimated underwriting discounts and commissions and offering expenses. We intend to use the net proceeds for general corporate purposes, which may include capital and liquidity to support our growth, and potential acquisitions of other banks or closely related businesses. We will not receive any proceeds from the sale of shares by selling stockholders. See "Use of Proceeds" for more information.
Dividends	Our stockholders are entitled to receive dividends on common stock only if, when and as declared by our board of directors from funds legally available therefor under Alabama corporate law and as limited by our banking regulators. We have paid a regular annual cash dividend on our common stock since 2012. We declared and paid dividends of $0.08 per share following the quarters ended March 31, 2020, June 30, 2020 and September 31, 2020 and a dividend of $0.09 per share following the quarters ended December 31, 2020 and March 31, 2021. However, any future determination relating to dividends will be made at the discretion of our board of directors and will depend on our financial condition, liquidity, results of operations and other factors deemed relevant by our board of directors. See "Dividend Policy" and "Risk Factors."
Directed share program	At our request, the underwriters have reserved for sale at the initial public offering price up to % of the shares offered hereby for our

	officers, directors, employees and certain other persons. The number of shares available for sale to the general public will be reduced to the extent such persons purchase reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby. Directors and executive officers have expressed an intent to buy approximately shares in the offering. See "Underwriting—Directed Share Program."
Listing	We have applied to list our common stock with NASDAQ under the trading symbol "SSBK."
Risk factors	Investing in our common stock involves risks. See "Risk Factors," beginning on page 25, for a discussion of factors that you should carefully consider before making an investment decision.

Except as otherwise indicated, all information in this prospectus relating to the number of shares of common stock to be outstanding immediately after the completion of this offering is based on shares outstanding as of , and:

- includes shares of unvested restricted stock and shares subject to unexercised stock options;
- assumes no exercise by the underwriters of their option to purchase additional shares of our common stock; and
- assumes that all shares reserved under the Directed Share Program are purchased in such program or otherwise sold in the offering. This does not include any shares purchased by our directors, executive officers and principal stockholders in the offering, including through the Directed Share Program.

Selected Historical Consolidated Financial Data and Other Information

The following tables set forth selected historical consolidated financial information for each of the periods indicated. The selected historical financial information as of and for the years ended December 31, 2020 and 2019, except for the selected ratios, is derived from our audited financial statements included elsewhere in this prospectus. The selected historical financial information as of and for the years ended December 31, 2018, 2017 and 2016, except for the selected ratios, is derived from our audited financial statements not included in this prospectus. The selected historical financial information as of March 31, 2021, and for the three months ended March 31, 2021 and 2020, except for the selected ratios, is derived from our unaudited financial statements included elsewhere in this prospectus. The selected financial data as of March 31, 2020, except for the selected ratios, is derived from our unaudited financial statements not included in this prospectus.

You should read the information set forth below in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization," as well as our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share data)						
Statement of Income Data:							
Interest Income	$ 13,677	$ 12,509	$ 50,285	$ 46,955	$ 37,193	$ 29,567	$ 26,327
Interest Expense	1,393	2,727	8,708	12,106	7,528	3,858	3,190
Net Interest Income	12,284	9,782	41,577	34,849	29,665	25,709	23,136
Provision for Loan Losses	750	800	3,300	5,700	2,196	1,315	1,016
Noninterest Income	4,496	2,402	8,541	6,710	3,464	3,072	4,176
Merger Related Expenses	—	—	—	3,373	—	—	—
Other Noninterest Expense	8,532	7,886	32,185	24,398	20,924	18,081	17,234
Income before Income Taxes	7,498	3,498	14,633	8,088	10,009	9,385	9,062
Income Tax Expense	1,817	823	2,526	2,486	2,296	3,785	3,200
Net Income	5,681	2,675	12,107	5,602	7,713	5,600	5,862
Balance Sheet Data (Period End):							
Cash and Cash Equivalents	$ 170,728	$ 109,517	$ 84,907	$ 115,235	$ 86,428	$ 68,528	$ 41,571
Securities	106,217	76,021	114,001	59,947	52,133	53,483	42,153
Loans held for sale	2,268	11,940	5,696	2,578	233	851	1,573
Loans, net of unearned income(1)	1,083,274	887,731	1,030,115	837,441	703,746	566,333	501,283
Allowance for Loan Losses	12,605	10,199	11,859	9,265	7,833	5,754	4,949
Loans, net	1,070,669	877,532	1,018,256	828,176	695,913	560,579	496,334
Goodwill	16,862	16,862	16,862	16,862	6,041	6,041	6,041
Other Intangibles	1,698	1,961	1,764	2,027	334	462	590

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share data)						
Total Assets	1,459,236	1,170,381	1,332,506	1,095,491	887,607	735,531	628,578
Deposits	1,260,044	1,004,252	1,139,661	950,513	775,785	621,600	520,058
FHLB Advances	31,900	20,850	30,900	—	7,500	16,510	19,279
Other Borrowings	12,480	12,473	12,468	12,462	4,462	4,446	4,430
Other Liabilities	10,212	5,408	8,821	5,879	4,385	3,164	2,778
Total Liabilities	1,314,636	1,042,983	1,191,850	968,854	792,131	645,719	546,546
Total Stockholders' Equity	144,600	127,398	140,656	126,637	95,475	89,812	82,033
Per Share Data:							
Shares of common stock issued and outstanding	7,716,428	7,675,024	7,678,195	7,650,772	6,483,183	6,475,950	5,418,724
Basic Weighted average shares outstanding	7,681,578	7,654,192	7,673,085	6,840,411	6,473,652	6,208,498	3,284,848
Diluted weighted average shares outstanding	7,794,859	7,791,229	7,765,863	6,901,621	6,515,173	6,246,065	3,308,890
Basic earnings per share	0.74	0.35	1.58	0.82	1.19	0.90	1.70
Diluted earnings per share	0.73	0.34	1.56	0.81	1.18	0.89	1.69
Book Value Per Share	18.74	16.60	18.32	16.55	14.73	13.87	15.14
Dividends Per Share(2)	0.09	—	0.24	0.31	0.29	0.27	0.25
Performance Ratios:							
Return on Average Assets(3)	1.68%	0.96%	0.98%	0.57%	0.98%	0.85%	1.06%
Return on Average Stockholders' Equity(4)	16.11%	8.46%	9.49%	5.22%	8.29%	6.31%	12.69%
Net Interest Margin	3.97%	3.85%	3.64%	3.81%	4.06%	4.24%	4.53%
Efficiency Ratio(5)	50.15%	68.90%	65.18%	66.85%	63.12%	62.84%	63.80%
Noninterest Income / Average Assets(3)	1.33%	0.86%	0.69%	0.68%	0.44%	0.47%	0.76%
Noninterest Expense / Average Assets(3)	2.53%	2.84%	2.59%	2.82%	2.66%	2.75%	3.12%
Yield on Loans	4.87%	5.43%	4.93%	5.68%	5.43%	5.25%	5.53%
Cost of Deposits	0.39%	1.04%	0.74%	1.34%	1.03%	0.60%	0.52%
Loans to Deposits	85.97%	88.40%	90.39%	88.12%	90.04%	90.17%	95.49%
Credit Quality Ratios:							
Nonperforming Assets to Total Assets(6)	0.97%	1.63%	1.03%	1.90%	0.50%	0.17%	0.34%

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share data)						
Nonperforming Assets to Total Loans and OREO(6)	1.29%	2.14%	1.32%	2.47%	0.63%	0.22%	0.42%
Nonperforming Loans to Total Loans	0.36%	1.55%	0.34%	1.65%	0.55%	0.13%	0.40%
Allowance for Loan Losses to Total Loans	1.16%	1.15%	1.15%	1.11%	1.11%	1.02%	0.99%
Allowance for Loan Losses to Nonperforming Loans	326.81%	74.03%	338.00%	67.13%	202.20%	761.78%	244.70%
Net Loan Charge-offs to Average Loans(7)	0.00%	-0.02%	0.10%	0.57%	0.02%	0.10%	-0.04%
Capital Ratios:							
Common Equity Tier 1 Capital Ratio(8)	10.19%	10.67%	10.63%	11.24%	11.50%	13.59%	13.44%
Tier 1 Leverage Ratio	9.21%	10.06%	9.24%	9.78%	10.58%	12.19%	12.80%
Tier 1 Risk-based Ratio	10.19%	10.67%	10.63%	11.24%	11.50%	13.59%	13.44%
Total Risk-based Capital Ratio	11.60%	12.09%	12.09%	12.68%	13.07%	15.25%	15.09%
Composition of Loan Portfolio:							
Owner-occupied Commercial Real Estate	$344,731	$292,073	$324,047	$255,305	$221,099	$144,784	$125,853
Nonowner- occupied Commercial Real Estate	214,818	153,919	173,413	161,830	130,194	131,782	111,020
Commercial and Industrial	169,311	155,014	187,839	139,765	132,061	74,896	41,252
Construction and Development	121,199	114,774	102,559	93,011	77,197	82,217	94,745
1-4 Family	109,299	111,644	107,690	119,010	96,939	94,164	90,951
Multi-Family	42,584	28,362	44,522	33,302	28,087	24,264	22,345
Consumer and other loans	9,200	11,066	9,644	11,955	7,479	7,131	6,293
PPP loans	60,846	—	66,556	—	—	—	—
Agriculture	15,473	22,656	17,463	24,811	12,243	8,347	9,817

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share data)						
Composition of Deposits:							
NOW Accounts	$ 95,187	$ 81,009	$102,428	$ 89,126	$ 41,881	$ 37,749	$ 28,227
Noninterest- bearing Demand	365,114	197,869	290,867	188,270	117,413	111,064	98,704
Savings	46,495	32,654	42,731	31,362	8,581	11,023	7,452
Money Market Accounts	424,804	335,385	373,329	283,625	269,986	221,773	163,970
Certificates of Deposit—$250,000 and Less(9)	296,042	313,594	293,707	311,888	298,652	209,002	191,718
Certificates of Deposit—More than $250,000	32,402	43,741	36,599	46,242	39,272	30,989	29,987
Non-GAAP Financial Measures:(10)							
Core Net Income	3,750	2,411	11,722	7,272	7,757	5,572	5,615
Core Return on Average Assets	1.11%	0.87%	0.94%	0.74%	0.99%	0.85%	1.02%
Pretax Pre-provision Core Net Income	5,673	3,946	17,420	15,091	12,264	10,662	9,715
Pretax Pre-provision Core Return on Average Assets	1.68%	1.42%	1.40%	1.53%	1.56%	1.62%	1.76%
Tangible Common Equity	126,040	108,575	122,030	107,748	89,100	83,309	75,402
Diluted Core Earnings Per Share	0.48	0.31	1.51	1.05	1.19	0.89	1.70
Tangible Book Value Per Share	16.34	14.15	15.89	14.08	13.74	12.86	13.92
Tangible Common Equity to Tangible Assets	8.75%	9.43%	9.29%	10.01%	10.11%	11.43%	12.12%
Return on Average Tangible Common Equity	18.51%	9.76%	10.50%	5.78%	8.90%	6.82%	14.83%
Core Return on Average Tangible Common Equity	12.22%	8.80%	10.17%	7.50%	8.95%	6.78%	14.20%
Core Efficiency Ratio (excludes merger expenses)	60.06%	65.53%	64.27%	61.84%	63.01%	62.95%	64.04%

(1) Includes non-accrual loans and loans 90 days and more past due. 2020 includes $66.6 million of PPP loans.
(2) The Company converted to a quarterly dividend in 2020. A dividend of $0.08 per share was paid following the first three quarters of 2020, with a dividend of $0.09 per share paid in January 2021 and May 2021.
(3) Calculated based upon the average daily balance of total assets.
(4) Calculated based upon the average daily balance of total stockholders' equity.

(5) Efficiency ratio is defined as operating revenue, divided by non-interest expenses.
(6) Non-performing assets include all non-performing loans and other real estate owned, or OREO, properties acquired through or in lieu of foreclosure.
(7) Calculated based upon the average daily balance of the outstanding loan principal balance.
(8) 2016 amounts reflect conversion of preferred stock to nonvoting common stock.
(9) Includes Qwickrate and Brokered Deposits.
(10) Please see “Non-GAAP Financial Measures” for a definition of these measures and reconciliation of these non-GAAP financial measures to their most directly comparable financial measure calculated in accordance with GAAP.

Non-GAAP Financial Measures

This prospectus contains "non-GAAP financial measures" within the meaning of Item 10(e) of Regulation S-K. Non-GAAP financial measures are financial measures that are not presented in accordance with generally accepted accounting principles in the U.S., or GAAP. We use these and other non-GAAP financial measures both to explain our results to stockholders and the investment community and in the internal evaluation and management of our businesses. The following non-GAAP financial measures appear in this prospectus:

- ***Core Net Income.*** We define core net income as net income less acquisition related expenses, the related tax effect of acquisition related expenses, the gain on a historically large USDA loan sale, the Alabama Loan Guarantee Program refund, bank owned life insurance, or BOLI benefit, OREO losses/(gains), and gains/(losses) on sale of securities.
- ***Core Return on Average Assets.*** We define core return on average assets as core net income divided by average assets, with average assets based upon the average daily balance of total assets in each year.
- ***Pretax Pre-provision Core Net Income.*** We define pretax pre-provision core net income as core net income less loan loss provision and income taxes.
- ***Pretax Pre-provision Core Return on Average Assets.*** We define pretax pre-provision core return on average assets as pretax pre-provision core net income divided by average assets, with average assets based upon the average daily balance of total assets in each year.
- ***Tangible Common Equity.*** We define tangible common equity as our total stockholders' equity less intangible assets (goodwill and core deposit intangibles).
- ***Diluted Core Earnings Per Share.*** We define diluted core earnings per share as core net income divided by diluted weighted average shares outstanding.
- ***Tangible Book Value Per Share.*** We define tangible book value per share as our tangible common equity divided by the number of shares of common stock outstanding as of the applicable date.
- ***Tangible Common Equity to Tangible Assets.*** We define tangible common equity to tangible assets as tangible common equity divided by total assets (less intangible assets of goodwill and core deposit intangibles).
- ***Return on Average Tangible Common Equity.*** We define return on average tangible common equity as net income divided by total average shareholders' equity less average intangible assets (goodwill and core deposit intangibles).
- ***Core Return on Average Tangible Common Equity.*** We define core return on average tangible common equity as core net income divided by total average shareholders' equity less average intangible assets (goodwill and core deposit intangibles).
- ***Core Efficiency Ratio.*** We define core efficiency ratio as operating revenue (net interest income, plus total non-interest income, less the gain on a historically large USDA loan sale, refund received upon the termination of the Alabama Loan Guarantee Program, a BOLI death benefit payment received, and gains/(losses) on sale of securities), divided by non-interest expenses (less acquisition related expenses, and OREO losses/(gains)).

Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors to view our performance using the same tools that our management uses to evaluate our performance, especially in light of the additional costs we incurred in 2019 in connection with certain acquisition-related expenses. While we believe that these non-GAAP financial measures are useful in evaluating our performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies.

The following table provides a reconciliation of the above non-GAAP financial measures to their most directly comparable financial measure presented in accordance with GAAP.

Non-GAAP Financial Measures Reconciliations

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share information)						
Net income	$ 5,681	$ 2,675	$ 12,107	$ 5,602	$ 7,713	$ 5,600	$ 5,862
Add: merger expenses	—	—	—	3,373	—	—	—
Add: net OREO write-downs (gains)	—	386	844	(64)	37	(31)	(64)
Less: gain on sale of USDA loan	2,807	—	—	—	—	—	—
Less: non-recurring noninterest income	—	—	615	1,992	—	—	—
Less: gain (loss) on sale of securities	(232)	738	742	14	(22)	7	299
Less: tax effect	(644)	(88)	(128)	(367)	15	(10)	(116)
Core Net Income	***$ 3,750***	***$ 2,411***	***$ 11,722***	***$ 7,272***	***$ 7,757***	***$ 5,572***	***$ 5,615***
Average Assets	$1,368,119	$1,117,560	$1,241,440	$985,273	$787,202	$656,481	$552,394
Core return on average assets	***1.11%***	***0.87%***	***0.94%***	***0.74%***	***0.99%***	***0.85%***	***1.02%***
Net income	$ 5,681	$ 2,675	$ 12,107	$ 5,602	$ 7,713	$ 5,600	$ 5,862
Add: merger expenses	—	—	—	3,373	—	—	—
Add: net OREO write-downs (gains)	—	386	844	(64)	37	(31)	(64)
Add: provision	750	800	3,300	5,700	2,196	1,315	1,016
Less: gain on sale of USDA loan	2,807	—	—	—	—	—	—
Less: Non-recurring noninterest income	—	—	615	1,992	—	—	—
Less: gain (loss) on sale of securities	(232)	738	742	14	(22)	7	299
Add: income taxes	1,817	823	2,526	2,486	2,296	3,785	3,200
Pretax pre-provision core net income	***$ 5,673***	***$ 3,946***	***$ 17,420***	***$ 15,091***	***$ 12,264***	***$ 10,662***	***$ 9,715***
Average Assets	$1,368,119	$1,117,560	$1,241,440	$985,273	$787,202	$656,481	$552,394
Pretax pre-provision core return on average assets	***1.68%***	***1.42%***	***1.40%***	***1.53%***	***1.56%***	***1.62%***	***1.76%***
Total stockholders' equity	$ 144,600	$ 127,398	$ 140,656	$ 126,637	$ 95,475	$ 89,812	$ 82,033
Less: intangible assets	18,560	18,823	18,626	18,889	6,375	6,503	6,631
Less: monitory interest not included in tangible assets	—	—	—	—	—	—	—

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share information)						
Tangible common equity	***$ 126,040***	***$ 108,575***	***$ 122,030***	***$ 107,748***	***$ 89,100***	***$ 83,309***	***$ 75,402***
Core Net Income	3,750	2,411	11,722	7,272	7,757	5,572	5,615
Diluted weighted average shares outstanding	7,794,859	7,791,229	7,765,863	6,901,621	6,515,173	6,246,065	3,308,890
Diluted core earnings per share	***$ 0.48***	***$ 0.31***	***$ 1.51***	***$ 1.05***	***$ 1.19***	***$ 0.89***	***$ 1.70***
Common shares outstanding at year end	7,715,529	7,675,024	7,678,195	7,650,772	6,483,183	6,475,950	5,418,724
Tangible book value per share	***$ 16.34***	***$ 14.15***	***$ 15.89***	***$ 14.08***	***$ 13.74***	***$ 12.86***	***$ 13.92***
Total assets at end of period	$1,459,236	$1,170,381	$1,332,506	$1,095,491	$ 887,607	$ 735,531	$ 628,578
Less: intangible assets	18,560	18,823	18,626	18,889	6,375	6,503	6,631
Adjusted assets at end of period	$1,440,676	$1,151,558	$1,313,880	$1,076,602	$ 881,232	$ 729,028	$ 621,949
Tangible common equity to tangible Assets	***8.75%***	***9.43%***	***9.29%***	***10.01%***	***10.11%***	***11.43%***	***12.12%***
Total average stockholders' equity	$ 143,058	$ 129,062	$ 134,029	$ 107,330	$ 93,086	$ 88,694	$ 46,178
Less: average intangible assets	18,601	18,864	18,764	10,386	6,442	6,569	6,642
Less: average monitory interest not included in tangible assets	—	—	—	—	—	—	—
Average tangible common equity	$ 124,457	$ 110,198	$ 115,265	96,944	86,644	82,125	39,536
Net income to common shareholders	5,681	2,675	12,107	5,602	7,713	5,600	5,862
Return on average tangible common Equity	***18.51%***	***9.76%***	***10.50%***	***5.78%***	***8.90%***	***6.82%***	***14.83%***
Average tangible common equity	$ 124,457	$ 110,198	$ 115,265	$ 96,944	$ 86,644	$ 82,125	$ 39,536
Core Net Income	3,750	2,411	11,722	7,272	7,757	5,572	5,615
Core return on average tangible common equity	***12.22%***	***8.80%***	***10.17%***	***7.50%***	***8.95%***	***6.78%***	***14.20%***
Net interest income	$ 12,284	$ 9,782	$ 41,577	$ 34,849	$ 29,665	$ 25,709	$ 23,136
Add: noninterest income	4,496	2,402	8,541	6,710	3,464	3,072	4,176

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2021	2020	2020	2019	2018	2017	2016
	(Dollars in thousands, except per share information)						
Less: gain on sale of USDA loan	2,807	—	—	—	—	—	—
Less: Non-recurring noninterest income	—	—	615	1,992	—	—	—
Less: gain (loss) on sale of securities	(232)	738	742	14	(22)	7	299
Operating revenue	$14,205	$11,446	$48,761	$39,553	$33,151	$28,774	$27,013
Expenses:							
Total noninterest expenses	8,532	7,886	32,185	27,771	20,924	18,081	17,234
Less: merger expenses	—	—	—	3,373	—	—	—
Less: net OREO write-down (gains)	—	386	844	(64)	37	(31)	(64)
Adjusted noninterest expenses	$ 8,532	$ 7,500	$31,341	$24,462	$20,887	$18,112	$17,298
Core efficiency ratio	***60.06%***	***65.53%***	***64.27%***	***61.84%***	***63.01%***	***62.95%***	***64.04%***

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you decide to invest in our common stock, you should carefully consider the risks described below, together with all other information included in this prospectus, including our consolidated financial statements and related notes appearing elsewhere in this prospectus. We believe the risks described below are the risks that are material to us as of the date of this prospectus. If any of the following risks actually materialize, our business, financial condition or results of operations could be materially and adversely affected. In that case, you could experience a partial or complete loss of your investment. Further, to the extent that any of the information in this prospectus constitutes forward-looking statements, the risk factors below also are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. See "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Business

The long-term effects of the current COVID-19 pandemic are unknown, continue to evolve, and could ultimately result in negative effects on our business, financial condition, liquidity and results of operations.

The rapid spread and intensity of the COVID-19 pandemic over the past year has adversely impacted economic activity and conditions locally, nationally and worldwide. In particular, efforts to control the spread of COVID-19 led to shutdowns and stay-at-home orders, stock price declines, employee layoffs and rapid increases in unemployment and decreases in gross domestic product ("GDP"), and governmental programs to support the economy and provide market liquidity. As a result of the COVID-19 pandemic, we made changes to our daily operations. These measures included social distancing, limiting walk-in business and encouraging employees to work from home where practical. We expanded our SBA lending services through the PPP. We also were eligible to borrow from the Federal Reserve's discount window, but did not utilize any such borrowings.

Although several vaccines for COVID-19 have been developed and are being administered, it is not clear how effective they will be long-term or how long the pandemic or its effects will continue. We believe we have responded effectively to the COVID-19 pandemic, but it could continue to affect us in a number of other ways, including but not limited to:

- impacting the general economic stability and health of our geographic markets;
- changing demand for financial products in general, and initially increasing our loans as draws are made against existing loan commitments and lines of credit, and as we made PPP loans;
- increasing our deposits, at least in the short term, as loan proceeds are deposited in the Bank pending their expenditure, and as customers increase deposits to avoid more volatile market investments;
- impacting financial resources that are generally available to individuals and small and medium size business;
- accommodative changes in government fiscal and monetary policies to stabilize the economy and restore confidence and growth;
- stimulative monetary policy, including Federal Reserve bond purchases and reductions in the Federal Reserve's target federal funds rate to 0.0% - 0.25% beginning March 2020, which have reduced our net interest income and margins, and the potential for future interest rate increases due to inflation resulting from fiscal and monetary stimulus provided by the federal government as a result of the COVID-19 pandemic;
- financial stress on our borrowers leading to loan defaults at a rate that is higher than we anticipate;
- increases in our allowance for loan losses to reflect greater risks of losses;
- reductions in collateral values from their values when the loans were made, which increases the risks of potential losses, if we are forced to foreclose or otherwise realize the value of such collateral;

- potential stresses on our liquidity as we continue to serve increasing loan demand and if deposits decrease because of reduced customer revenues and income;
- our growth plans and strategy, including acquisitions;
- increasing cyber and payment fraud risk, as cybercriminals attempt to profit from the disruption, given increased online and remote banking activity;
- increases in our internal controls and procedures needed to manage increased risks associated with the COVID-19 pandemic and government loan programs;
- as a result of monetary and fiscal stimulus in response to the COVID-19 pandemic in 2020 and 2021, including approximately $5.6 trillion of federal fiscal stimulus appropriated through April 2021, as well as supply shortages and disruptions to supply chains during this pandemic, inflation and interest rates may increase, which may have unanticipated adverse effects on our customers, and our financial condition and results of operations; and
- increases in the likelihood and magnitude of various of our other risks.

In light of disruptions in economic conditions caused by the outbreak of COVID-19 and the stress in U.S. financial markets, the Federal Reserve, Congress and the Department of the Treasury took a host of fiscal and monetary measures to minimize the economic effect of COVID-19. On March 3, 2020, the Federal Reserve reduced the Federal Funds rate target by 50 basis points to 1.00-1.25%. The Federal Reserve further reduced the Federal Funds Rate target by an additional 100 basis points to 0-0.25% on March 16, 2020. The Federal Reserve established various liquidity facilities pursuant to section 13(3) of the Federal Reserve Act to help stabilize the financial system. The Federal Reserve's current policy is to seek maximum employment and inflation of 2% over the longer run, with inflation moderately running over 2% for some time. It continues a target federal funds range of 0-0.25%, and monthly purchases of at least $80 billion of Treasury securities and $40 billion of agency mortgage-backed securities until substantial further progress has been made towards its goals. Congress appropriated approximately $3.7 trillion of fiscal stimulus in response to the COVID-19 pandemic pursuant to the CARES Act in March 2020 and the Omnibus Budget Act in December 2020. Approximately $1.9 trillion of additional fiscal stimulus was appropriated in March 2021 pursuant to the 2021 American Rescue Plan. The Federal Reserve and the U.S. government continues to take action to provide liquidity to the markets and stimulate the economy, the terms and effects of which cannot be predicted.

A continuation or resurgence of the COVID-19 pandemic, including through new variants or the lack of vaccine effectiveness, could also result in additional impacts to our business, financial condition, liquidity and results of operations. The ultimate effects of the COVID-19 pandemic is unknown at this time. We continuously seek to monitor and anticipate developments, but cannot predict all of the various adverse effects COVID-19 will have on our business, financial condition, liquidity or results of operations.

Southern States and Southern States Bank may face risks in participating as a lender in the PPP program.

The CARES Act established a loan program administered through the SBA, referred to as the PPP, which has been extended and modified by subsequent legislation. Under the PPP, small businesses and other entities and individuals can apply for loans from existing SBA lenders and other approved lenders that enroll in the program, subject to numerous, evolving limitations and eligibility criteria. The Bank participated as a lender in the PPP. The PPP opened on April 3, 2020. Continuing changes in the laws, rules and guidance regarding the operation of the PPP and ambiguities in the law expose us to risks relating to noncompliance with the PPP. Since the opening of the PPP, various other larger banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP. Southern States and the Bank could be exposed to the risk of similar litigation, from both customers and non-customers that approached the Bank regarding PPP loans, regarding its process and procedures used in processing applications for the PPP.

Southern States business is concentrated in, and largely dependent upon, the continued growth of, and economic conditions in, the markets where Southern States operates.

Southern States' operations are in Alabama and the Atlanta and Columbus, Georgia MSAs. Southern States' success depends to a significant extent upon the business activity, population, income levels, deposits, and real estate activity in these areas. Although customers' business and financial interests may extend outside of these areas, adverse economic conditions in those areas could reduce Southern States' growth rate, affect the ability of Southern States' customers to repay their loans, affect the value of collateral underlying loans and affect Southern States' ability to attract deposits. Adverse changes in the economic conditions in one or more of our local markets, including the continuing effects from the COVID-19 pandemic and the timing, strength and breadth of the recovery from the pandemic, could negatively affect our results of operations and our profitability, affect consumer confidence levels and may cause adverse changes in payment patterns, causing increases in delinquencies and default rates, which may impact Southern States' charge-offs and provisions for loan and credit losses, and our financial condition and results of operations. Economic deterioration that affects household and/or corporate incomes could also result in reduced demand for credit or fee-based products and services. Any of these factors could adversely affect Southern States' financial condition, results of operations and cash flows. Because of Southern States' geographic concentration, Southern States may be less able than other regional or national financial institutions to diversify its credit risks across multiple markets.

Certain of our markets are also affected by the growth of automobile manufacturing and related suppliers located in our markets and nearby, and the automobile industry and other industries have been adversely affected by supply chain disruptions and shortages. Auto sales are cyclical and are affected adversely by higher interest rates.

Southern States' profitability is vulnerable to interest rate fluctuations.

Southern States' profitability depends substantially upon its net interest income. Net interest income is the difference between the interest earned on assets (such as loans and securities held in Southern States' investment portfolio) and the interest paid for liabilities (such as interest paid on deposits).

Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by fluctuations in interest rates. The magnitude and duration of changes in interest rates are events over which Southern States has no control, and such changes may have an adverse effect on Southern States' net interest income. Prepayment and early withdrawal levels, which are also impacted by changes in interest rates, can significantly affect Southern States' assets and liabilities. For example, an increase in interest rates could, among other things, reduce the demand for loans and decrease loan repayment rates. Such an increase could also adversely affect the ability of Southern States' floating-rate borrowers to meet their higher payment obligations, which could in turn lead to an increase in non-performing assets and net charge-offs. Conversely, a decrease in the general level of interest rates could affect Southern States by, among other things, leading to greater competition for deposits and incentivizing borrowers to prepay or refinance, at lower interest rates, their loans more quickly or frequently than they otherwise would, and at current interest rates and with current yield curves, it would reduce our net interest income and margin. Southern States attempts to minimize the adverse effects of changes in interest rates by structuring its asset-liability composition in order to obtain the maximum spread between interest income and interest expense and its primary tool for managing interest rate risk is a simulation model that evaluates the impact of interest rate changes on net interest income and the economic value of equity. However, there can be no assurance that Southern States will be successful in minimizing the adverse effects of changes in interest rates.

We generally price our variable rate loans based on the prime interest rate. As of March 31, 2021, we had approximately $463.3 million of loans. We also had $22.6 million of interest rate swaps and $8.0 million of Company secured borrowings, subject to a LIBOR-based variable rate, with fall back rates based on the SOFR rate.

Generally, the interest rates on Southern States' interest-earning assets and interest-bearing liabilities do not change at the same rate, to the same extent or on the same basis. Even assets and liabilities with similar maturities or re-pricing periods may react differently to changes in market interest rates. Interest rates on certain types of assets and liabilities may fluctuate in advance of changes in general market interest rates, while interest rates on other types of assets and liabilities may lag behind changes in general market rates. Certain assets, such as fixed and adjustable rate mortgage loans, have features that limit changes in interest rates on a short-term basis and over the life of the asset. Changes in interest rates could materially and adversely affect Southern States' financial condition and results of operations.

Generally, interest rate spreads (the difference between interest rates earned on assets and interest rates paid on liabilities) have narrowed in recent years as a result of changing market conditions, policies of various government and regulatory authorities, and competitive pricing pressures, and Southern States cannot predict whether these rate spreads will narrow even further. This narrowing of interest rate spreads, and related decreases, could adversely affect Southern States' results of operations, cash flows and financial condition.

An elimination of LIBOR or other benchmark rates and the lack of availability of alternative indexes could adversely impact our business and results of operations.

As of March 31, 2021, we had approximately 39 loans with balances of approximately $113.2 million that use LIBOR interest rates. As of March 31, 2021, we also had $4.5 million in Subordinated Notes due in July 2026 (which may be repaid commencing on or after July 1, 2021) that use LIBOR interest rate. LIBOR and certain other benchmark rates are the subject of recent national, international, and other regulatory guidance and proposals for reform. The U.S. federal banking agencies have told banking organizations to cease using U.S. dollar LIBOR as a reference rate in new contracts as soon as practicable, and will be evaluating banks' transition efforts as part of their examinations. We cannot predict what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may be on the markets for LIBOR-linked financial instruments, including our loans, borrowings and interest rate swaps. We are in the process of assessing the impact that a cessation or market replacement of LIBOR would have on certain of our products and contracts.

Southern States could suffer losses from a decline in the credit quality of the assets that Southern States holds.

Southern States could sustain losses if borrowers, guarantors, and related parties fail to perform in accordance with the terms of their loans. Southern States has adopted underwriting and credit monitoring procedures and policies that Southern States believes are appropriate to manage these risks, including the establishment and review of the allowance for credit losses, periodic assessment of the likelihood of nonperformance, tracking loan performance, and diversifying its credit portfolio. These policies and procedures, however, may not prevent unexpected losses that could materially adversely affect Southern States' financial condition and results of operations. In particular, Southern States faces credit quality risks presented by past, current, and potential economic and real estate market conditions.

A significant portion of Southern States' loan portfolio is secured by real estate, and events that negatively impact the real estate market could negatively impact Southern States' business.

As of March 31, 2021, approximately 78.0% of Southern States' loan portfolio is secured by either residential or commercial real estate. As of March 31, 2021, Southern States had approximately $151.9 million in residential real estate loans and $575.0 million in commercial real estate loans outstanding, representing approximately 14.0% and 52.9%, respectively, of net loans outstanding on that date. Loans in hospitality properties, including hotels, motels, restaurants and shopping centers, which were $147.5 million, representing 13.6% of our net loans outstanding at March 31, 2021, may be especially sensitive to economic conditions and the risks of the travel and retail industries, including the effects of COVID-19.

There are significant risks associated with real estate-based lending. Real estate collateral may deteriorate in value during the time that credit is extended, in which case Southern States might not be able to sell such collateral for an amount necessary to satisfy a defaulting borrower's obligation to Southern States. In that event, there could be a material adverse effect on Southern States' financial condition and results of operations. Additionally, commercial real estate loans are subject to unique risks. These types of loans are often viewed as having more risks than residential real estate or other consumer loans, primarily because relatively large amounts are loans to a relatively small number of borrowers. Thus, the deterioration of even a small number of these loans could cause a significant increase in the loan loss allowance or loan charge-offs, which in turn could have a material adverse effect on Southern States' financial condition and results of operations. Furthermore, commercial real estate loans depend on cash flows from the property securing the debt. Cash flows may be affected significantly by general economic conditions and a downturn in the local economy in one of Southern States' markets or in occupancy rates where a property is located could increase the likelihood of default.

We may foreclose upon and take title to or operate property in the ordinary course of business, which may subject us to environmental risk. Although management has policies requiring environmental reviews before loans secured by real property are made and before foreclosure is commenced, if hazardous substances are found on such property, or found in a greater extent than expected, Southern States could be liable for remediation costs, as well as for personal injury and property damage on such collateral.

Our limited geographic markets increases these risks. Most of the real estate securing Southern States' loans is located in Alabama and Georgia. Because the value of this collateral depends upon local real estate market conditions and activity, and is affected by, among other things, neighborhood characteristics, real estate tax rates, the cost of operating the properties, and local governmental regulation, adverse changes in any of these factors in our markets could cause a decline in the value of the collateral securing a significant portion of Southern States' loan portfolio. Further, the concentration of real estate collateral in these markets limits Southern States' ability to diversify the risk of such occurrences.

Southern States' allowance for estimated loan losses may not be adequate to cover actual loan losses, which may require Southern States to take a charge to earnings and adversely impact its financial condition and results of operations.

Southern States maintains an allowance for estimated loan losses that Southern States believes is adequate to absorb any probable losses in its loan portfolio. Management determines the amount of the allowance based upon an analysis of general market conditions, the credit quality of Southern States' loan portfolio and the performance of Southern States' customers relative to their financial obligations with Southern States. Southern States periodically evaluates the loan portfolio and assigns risk grading to its loans, which can result in changes in the allowance for loan losses. The amount of future losses is affected by changes in economic, operating, and other conditions, including changes in interest rates, which may be beyond Southern States' control, and such losses may exceed the allowance for loan losses. Although Southern States believes that its allowance for estimated loan losses is adequate to absorb probable losses on existing loans that may become uncollectible, there can be no assurance that the allowance will prove sufficient to cover actual loan losses in the future. If actual losses exceed the allowance, the excess losses could adversely affect Southern States' net income and capital. Such excess could also lead to larger allowances for loan losses in future periods, which could in turn adversely affect net income and capital in those periods. If economic conditions differ substantially from the assumptions used in the estimate, or if the performance of Southern States' loan portfolio deteriorates, future losses may occur, and increases in the allowance may be necessary, either of which would have a negative effect on Southern States' financial condition and results of operations.

Additionally, federal banking regulators, as part of their supervisory function, periodically review the adequacy of Southern States' allowance for estimated loan losses. These agencies may require Southern States to establish additional allowances based on their judgment of the information available at the time of their examinations. If these regulatory agencies require Southern States to increase the allowance for estimated loan losses, it would have a negative effect on Southern States' financial condition and results of operations.

Any branch expansion into new markets might not be successful.

As part of Southern States' ongoing strategic plan, Southern States may consider expansion into adjacent markets. Such expansion might take the form of the establishment of *de novo* branches or the acquisition of existing banks or bank branches. There are considerable costs associated with opening new branches, and new branches generally do not generate sufficient revenues to offset costs until they have been in operation for some time. There are substantial risks associated with opening or acquiring branches, including risks that

- revenues from such activities might not be sufficient to offset the development, compliance, and other implementation costs;
- branch acquisitions permit the existing customers to move their deposit and loan relationships and such runoff may adversely affect the expected benefits of such expansion;
- competing products and services and shifting market preferences might affect the profitability of such activities;
- integration costs and time and loss of branch personnel may make branch acquisitions more costly and less profitable than expected; and
- Southern States' internal controls might be inadequate to manage the risks associated with new activities.

Furthermore, it is possible that Southern States' unfamiliarity with new markets or lines of business might adversely affect the success of such actions. If any such expansions into new geographic or product markets are not successful, there could be an adverse effect on Southern States' financial condition and results of operations.

Acquisitions may disrupt Southern States' business and dilute stockholder value, and integrating acquired companies may be more difficult, costly, or time-consuming than Southern States expects.

Southern States' business strategy focuses on organic growth, including new hires and facilities, and growth through acquisitions of financial institutions. As a result of the COVID-19 pandemic, the market for acquisitions may be limited, and we may face increased difficulties pursuing growth through acquisitions. Southern States' pursuit of acquisitions may disrupt Southern States' business, and common stock that Southern States issues as merger consideration may dilute the book value or market value of your investment, especially since an acquisition frequently involves the payment of a premium over book and market values. In addition, Southern States may fail to realize some or all of the anticipated benefits of completed acquisitions.

In addition, Southern States' acquisition activities could be material to Southern States' business and involve a number of significant risks, including the following:

- incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in Southern States' attention being diverted from the operation of Southern States' existing business;
- using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target company or the assets and liabilities that Southern States seeks to acquire;
- exposure to potential asset quality issues of the target company;
- intense competition from other banking organizations and other potential acquirers, many of which have substantially greater resources than Southern States has;
- potential exposure to unknown or contingent liabilities of banks and businesses Southern States acquires, including, without limitation, liabilities for regulatory and compliance issues;
- inability to realize the expected revenue increases, cost savings, increases in geographic or product presence, and other projected benefits of the acquisition;

- incurring time and expense required to integrate the operations and personnel of the combined businesses;
- inconsistencies in standards, procedures, and policies that would adversely affect Southern States' ability to maintain relationships with customers and employees;
- experiencing higher operating expenses relative to operating income from the new operations, creating an adverse short-term effect on Southern States' results of operations;
- losing key employees and customers;
- the costs, time and risk of converting financial and customer data;
- integration of acquired customers into financial and customer product systems;
- potential changes in banking or tax laws or regulations that may affect the target company; or
- risks of marking assets and liabilities to current market values, and possible future impairment of goodwill and other intangibles resulting from acquisitions.

If difficulties arise with respect to the integration process, the economic benefits expected to result from acquisitions might not occur. As with any merger of financial institutions, there also may be business disruptions that cause Southern States to lose customers or cause customers to move their business to other financial institutions. Failure to successfully integrate businesses that Southern States acquires could have an adverse effect on its profitability, return on equity, return on assets, or its ability to implement its strategy, any of which in turn could have a material adverse effect on its business, financial condition, and results of operation.

Southern States' financial performance will be negatively impacted if Southern States is unable to execute its growth strategy.

Southern States' current growth strategy is to grow organically, including through new hires and facilities, supplemented with select acquisitions. Southern States' ability to grow organically depends primarily on generating loans and deposits of acceptable risk and expense, and Southern States may not be successful in continuing this organic growth. Southern States' ability to identify appropriate markets for expansion, recruit and retain qualified personnel, and fund growth at a reasonable cost depends upon prevailing economic conditions, maintenance of sufficient capital, competitive factors, and changes in banking laws, among other factors. Conversely, if Southern States grows too quickly and is unable to control costs and maintain asset quality, such growth, whether organic or through select acquisitions, could materially and adversely affect its financial condition and results of operations.

While we have experienced positive organic growth in the last 12 months and have made efficient hires of loan officers with quality customers, the COVID-19 pandemic, as well as its adverse effects on the economy, both short-term and long-term, and uncertainty by the public in general of the stability of the economy could hinder our growth plans, including the opening of new branches, the development of further business opportunities where we currently have branches, and acquisition activity.

If we are unable to execute on the acquisition of suitable banks for any reason, including changes in the market that make acquisitions less attractive, more costly, or more risky, our future growth plans, and our financial performance, could be impaired.

Southern States' liquidity needs might adversely affect Southern States' financial condition and results of operations.

The primary sources of liquidity for Southern States Bank are customer deposits, loan repayments and the sale or maturity of investment securities. Loan repayments are subject to credit risks. In addition, deposit levels may be affected by a number of factors, including interest rates paid by competitors, general interest rate levels,

returns available to customers on alternative investments, and general economic conditions. If market interest rates rise or our competitors raise the rates they pay on deposits, our funding costs may increase, either because we raise our rates to avoid losing deposits or because we lose deposits and must rely on more expensive sources of funding. Higher funding costs could reduce our net interest margin and net interest income and could have a material adverse effect on our business, financial condition, results of operations and cash flows from operations.

Therefore, Southern States Bank may be required to rely from time to time on secondary sources of liquidity to meet withdrawal demands or otherwise fund operations or support growth. Southern States Bank has lines of credit in place with the Federal Home Loan Bank of Atlanta and correspondent banks that Southern States believes are adequate to meet the Bank's liquidity needs. However, there can be no assurance that these arrangements will be sufficient to meet future liquidity needs, particularly if loan demand grows faster than anticipated.

The Company is a separate and distinct entity from the Bank, and depends on the issuance of capital stock and borrowings, as well as dividends from the Bank, for liquidity.

Southern States may not be able to adequately measure and limit the credit risks associated with its loan portfolio, which could adversely affect its profitability.

As a part of the products and services that Southern States offers, Southern States makes commercial and commercial real estate loans. The principal economic risk associated with each class of loans is the creditworthiness of the borrower, which is affected by the strength of the relevant business market segment, local market conditions, and general economic conditions. Additional factors related to the credit quality of commercial loans include the quality of the management of the business and the borrower's ability both to properly evaluate changes in the supply and demand characteristics affecting its market for products and services, and to effectively respond to those changes. Additional factors related to the credit quality of commercial real estate loans include tenant occupancy rates and the quality of management of the property. A failure to effectively measure and limit the credit risks associated with Southern States loan portfolio could have an adverse effect on Southern States' business, financial condition, and results of operations.

Rising unemployment, decreasing GDP, the closing, even if temporary, of non-essential businesses, and the overall negative effect on the economy from a prolonged COVID-19 pandemic could cause various of our customers to be unable to meet their loan obligations to us. Loan modifications and payment deferrals provide our borrowers with temporary relief, but such relief may be insufficient, depending on the length and severity of the COVID-19 pandemic and its effects on the economy. In addition to loan deferrals and modifications, we are participating in certain government programs designed to bolster the economy during the pandemic, such as the PPP, which is intended to fund borrowers' payrolls and certain operating expenses, not to support existing borrowers' loans. Our customers' participation in other government programs also may stabilize their cash flows during a short to medium term pandemic, but may not prevent significant loan delinquencies and losses. In addition, we have loans that are not covered or supported by any government guarantees or program. Thus, we could experience various impairments of such loans, including a delay in payments of principal and interest, and borrowers may be unable to meet their loan payments timely. In the event we are forced to foreclose upon collateral securing our loans, the COVID-19 pandemic could cause losses in the original value of such collateral, and we may be unable to sell such collateral timely at reasonable prices. All of the foregoing could have adverse consequences on our business, results of operations and financial condition.

As a community banking institution, Southern States has smaller lending limits and different lending risks than certain of its larger, more diversified competitors.

Southern States is a community banking institution that provides banking services to the local communities in the market areas in which it operates. Southern States' ability to diversify economic risks is limited by Southern States' local markets and economies. Southern States lends primarily to individuals and small to

medium-sized businesses, which may expose Southern States to greater lending risks than those of banks that lend to larger, better-capitalized businesses with longer operating histories. These small to medium-sized businesses and entrepreneurs may have fewer financial resources in terms of capital or borrowing capacity, and less developed internal controls and financial reporting than larger entities. If economic conditions negatively impact our markets generally, and small to medium-sized businesses are adversely affected, Southern States' financial condition and results of operations may be negatively affected. In addition, Southern States' legally mandated lending limits are lower than those of certain of Southern States' competitors that have more capital than Southern States has. These lower lending limits may discourage borrowers with lending needs that exceed Southern States' limits from doing business with Southern States.

Our business success and growth depends significantly on key management personnel and our ability to attract and retain key people.

Southern States depends heavily upon its senior management team. Our success and growth depends, in large part, on our ability to attract and retain key people with customer relationships. We compete with other financial services companies for people primarily on the basis of compensation and benefits, support services and financial position. Intense competition exists for key employees with demonstrated ability, and we may be unable to hire or retain such employees. The loss of the services of a member of Southern States' senior management team, or an inability to attract other experienced banking personnel, could adversely affect Southern States' business. Some of these adverse effects could include the loss of personal contacts with existing or potential customers, as well as the loss of special technical knowledge, experience, and skills of such individuals who are responsible for Southern States' operations.

Risks Related to Banking Regulation

Southern States is subject to extensive regulation in the conduct of its business, which imposes additional costs on Southern States and adversely affects its profitability.

As a bank holding company, Southern States is subject to federal regulation under the Bank Holding Company Act of 1956, as amended (the "BHCA"), and the examination and reporting requirements of the Federal Reserve. Federal regulation of the banking industry, along with tax and accounting laws, regulations, rules, and standards, may limit Southern States' operations significantly and control the methods by which Southern States conducts business, as they limit those of other banking organizations. Banking regulations are primarily intended to protect depositors, deposit insurance funds, and the banking system as a whole, and not stockholders or other creditors. These regulations affect lending practices, capital structure, capital levels, investment practices, dividend policy, and overall growth, among other things. For example, federal and state consumer protection laws and regulations limit the manner in which Southern States may offer and extend credit. In addition, the laws governing bankruptcy generally favor debtors, making it more expensive and more difficult to collect from customers who become subject to bankruptcy proceedings.

Southern States also may be required to invest significant management attention and resources to evaluate and make any changes necessary to comply with new or additional regulations that may be adopted by Congress or the banking regulators. This allocation of resources, as well as any failure to comply with applicable requirements, may negatively impact Southern States' financial condition and results of operations.

Banking agencies periodically conduct examinations of Southern States' business, including compliance with laws and regulations, and Southern States' failure to comply with any supervisory actions to which Southern States becomes subject as a result of such examinations could materially and adversely affect Southern States.

Southern States and the Bank are subject to supervision and regulation by banking agencies that periodically conduct examinations of their businesses, including compliance with laws and regulations. Southern States and any nonbanking subsidiaries are subject to supervision and periodic examination by the Federal Reserve. The

Bank is subject to supervision and periodic examination by the FDIC and the Alabama State Banking Department ("ASBD"). Accommodating such examinations may require management to reallocate resources, which would otherwise be used in the day-to-day operation of other aspects of Southern States' business. If, as a result of an examination, any such banking agency was to determine that the financial condition, capital resources, allowance for loan losses, asset quality, earnings prospects, management, liquidity, or other aspects of Southern States' operations had become unsatisfactory, or that Southern States or its management were in violation of any law or regulation, such banking agency may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in Southern States' capital, to restrict Southern States' growth, to timely transition away from LIBOR rates, to assess civil monetary penalties against Southern States, its officers, or directors, to remove officers and directors, and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate Southern States' deposit insurance. If Southern States becomes subject to any such a regulatory action, it could have a material adverse effect on Southern States' business, financial condition, and results of operations. See "Supervision and Regulation."

FDIC deposit insurance assessments may materially increase in the future, which would have an adverse effect on earnings.

Southern States Bank is assessed a quarterly deposit insurance premium by the FDIC. The failure of banks nationwide during the financial crisis significantly depleted the Deposit Insurance Fund ("DIF") and reduced the ratio of reserves to insured deposits. The FDIC adopted a DIF Restoration Plan, which required the DIF to attain a 1.35% reserve ratio by September 30, 2020. This ratio was attained in the third quarter of 2018. FICO assessments by the FDIC ended March 2019 and the Bank received small bank assessment credits from the FDIC aggregating $200,262 during the last six months of 2019 and no amounts in 2020. The Bank also realized an offset to its FDIC 2020 assessments of as a result of its participation in the PPP. This offset for the period ended March 31, 2021 was $9,100 and is expected to decline the rest of the year as PPP loans are forgiven by the SBA or are paid off. Southern States Bank could be required to pay significantly higher premiums or additional special assessments, if, among other things, future bank failures deplete the DIF. This would adversely affect earnings, thereby reducing the availability of funds to pay dividends to Southern States.

Southern States and Southern States Bank are subject to capital requirements by regulators.

Applicable regulations require Southern States and Southern States Bank to maintain specific capital standards in relation to the respective credit risks of their assets and off-balance sheet exposures. Various components of these requirements are subject to qualitative judgments by regulators. Southern States Bank maintains a "well capitalized" status under the current regulatory framework. Southern States Bank's failure to maintain a "well capitalized" status could affect customers' confidence in Southern States Bank, which could adversely affect its ability to do business. In addition, failure to maintain such status could also result in restrictions imposed by regulators on Southern States Bank's growth, brokered deposits and deposit rates, dividends, management compensation and other activities. Any such effect on customers or restrictions by regulators could have a material adverse effect on Southern States' financial condition and results of operations.

The Federal Reserve may require Southern States to commit capital resources to support the Bank.

Federal law requires a bank holding company to act as a source of financial and managerial strength to its subsidiary banks, and to commit resources to support such subsidiary banks. Under the "source of strength" doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when Southern States may not have the resources to provide it and therefore may be required to borrow the funds or raise capital, even if a further investment was not otherwise warranted.

Southern States may need to raise additional capital in the future, including as a result of potential increased minimum capital thresholds established by regulators, but that capital may not be available when it is needed or may be dilutive to stockholders.

Southern States is required by federal and state regulatory authorities to meet regulatory capital requirements. Institutions that seek acquisitions such as Southern States are expected to maintain capital substantially above regulatory minimums. New regulations implementing minimum capital standards could require financial institutions to maintain higher minimum capital ratios and may place a greater emphasis on common equity and tangible common equity as a component of "Tier 1 capital," which consists generally of stockholders' equity and qualifying preferred stock, less certain goodwill items and other intangible assets. In order to support Southern States' operations and comply with regulatory standards, Southern States may need to raise capital in the future. Southern States' ability to raise additional capital will depend on conditions in the capital markets at that time (which are outside of Southern States' control) on Southern States' financial condition and performance. The capital and credit markets have experienced significant volatility in recent years, and capital may not be available to Southern States or on reasonable terms, when needed. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. If Southern States cannot raise additional capital when needed, its financial condition and results of operations may be adversely affected, and its banking regulators may subject Southern States to regulatory enforcement action as outlined above. Furthermore, Southern States' issuance of additional shares of common stock could dilute the economic ownership interest of Southern States' stockholders.

The Company is an entity separate and distinct from the Bank.

The Company is an entity separate and distinct from the Bank. Company transactions with the Bank are limited by Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W. We depend upon the Bank's earnings and dividends, which are limited by law and regulatory policies and actions, for cash to pay the Company's debt and corporate obligations, and to pay dividends to our shareholders. If the Bank's ability to pay dividends to the Company was limited, the Company's liquidity and financial condition could be materially and adversely affected.

The Bank is the Company's principal asset, and all of the Bank's outstanding stock has been pledged to secure the Line of Credit to the Company from an unrelated lender.

The Bank accounts for substantially all of the Company's consolidated assets and earnings. The Company has a $25 million Line of Credit from First Horizon Bank, Memphis, Tennessee. This Line of Credit matures August 2022, and is it is secured by the Company's pledge of all of the Bank's outstanding common stock. An uncured default by the Company under the Line of Credit or the Company's inability to repay or refinance the Line of Credit when it is due, could result in the Company's loss of the Bank.

Southern States' ability to pay dividends is subject to restriction by various laws and regulations and other factors.

As a bank holding company, Southern States is a separate entity from the Bank and has no material assets other than its equity interest in the Bank. Thus, it has no independent means of generating revenue except for dividends from the Bank and cash and securities it may hold. The Bank or its subsidiaries may be restricted from making distributions to Southern States under applicable law or regulation or under the terms of financing arrangements, or may otherwise be unable to provide such funds.

Declarations of dividends is subject to the approval of our board of directors and subject to limits imposed on us by our regulators. Any future constraints on liquidity at the holding company level could impair Southern States' ability to declare and pay dividends on Southern States' common stock. In order to pay any dividends, we

rely on dividends from the Bank. Under Alabama law, state-chartered banks must maintain a capital surplus of at least 20% of its capital, which the Bank currently exceeds. Moreover, our Bank is also required by Alabama law to obtain the prior approval of the Alabama State Banking Department Superintendent for its payment of dividends if the total of all dividends declared by the Bank in any calendar year will exceed the total of (1) the Bank's net earnings (as defined by statute) for that year, plus (2) its retained net earnings for the preceding two years, less any required transfers to surplus. In addition, the bank must maintain certain capital levels, which may restrict the ability of our Bank to pay dividends to us and our ability to pay dividends to our stockholders. The federal banking agencies' capital regulations applicable to both Southern States and Southern States Bank require each entity to maintain the following capital ratios (when including the 2.5% capital conservation buffer which is made up solely of common equity tier l capital) to avoid limits on capital distributions, including dividends: (i) minimum ratio of common equity tier 1 capital to total risk-weighted assets of 7%, (ii) minimum ratio of tier 1 capital to total risk-weighted assets of 8.5%, and (iii) minimum ratio of total capital to risk-weighted assets of 10.5%. Unless the Company is permitted to be treated as a "small bank holding company" under the Federal Reserve's Small Bank Holding Company Policy Statement, the Company and the Bank must each meet consolidated capital requirements. Please see "Supervision and Regulation—Capital Adequacy." Also, Southern States' and Southern States Bank's regulators have the authority to restrict dividends and payments on subordinated notes on each entity, if they determine they are operating in an unsafe or unsound manner, including inadequate capital.

At March 31, 2021, Southern States Bank could pay approximately $9.2 million of dividends to Southern States without prior approval of the Superintendent. However, the payment of dividends is also subject to declaration by our board of directors, which takes into account our financial condition, earnings, general economic conditions and other factors, including statutory and regulatory restrictions. There can be no assurance that dividends will in fact be paid on our common stock in future periods or that, if paid, such dividends will not be reduced or eliminated. However, the amount and frequency of cash dividends, if any, will be determined by our board of directors after consideration of a number of factors, including, but not limited to: (1) our historical and projected financial condition, liquidity and results of operations; (2) our capital levels and needs; (3) any acquisitions or potential acquisitions that we are considering; (4) contractual, statutory and regulatory prohibitions and other limitations; (5) general economic conditions; and (6) other factors deemed relevant by our board of directors. Our ability to pay dividends may also be limited on account of our outstanding indebtedness, as we generally must make payments on our outstanding indebtedness before any dividends can be paid on our common stock. Finally, because our primary asset is our investment in the stock of the Bank, Southern States is dependent upon dividends from the Bank to pay our operating expenses, satisfy our obligations and pay dividends on our common stock, and the Bank's ability to pay dividends on its common stock will substantially depend upon its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate and other factors deemed relevant by its board of directors. Therefore, there can be no assurance that we will pay any dividends to holders of our common stock, or as to the amount of any such dividends. See "Dividend Policy" and "Supervision and Regulation."

Southern States operates in a highly competitive industry and faces significant competition from other financial institutions and financial services providers, which may decrease its growth or profits.

Consumer and commercial banking are highly competitive industries. Southern States' market areas contain not only a large number of community and regional banks, but also a significant presence of the country's largest commercial banks. Southern States competes with other state and national financial institutions, as well as savings and loan associations, savings banks, and credit unions, for deposits and loans. In addition, Southern States competes with financial intermediaries, such as consumer finance companies, commercial finance companies, mortgage banking companies, insurance companies, securities firms, mutual funds, and several government agencies, as well as major retailers, all actively engaged in providing various types of loans and other financial services. Some of these competitors may have a longer history of successful operations in Southern States' market areas and greater ties to local businesses and more expansive banking relationships, as well as more established depositor bases, fewer regulatory constraints, and lower cost structures than Southern States has. Competitors with

greater resources may possess an advantage through their ability to maintain numerous banking locations in more convenient sites, to conduct more extensive promotional and advertising campaigns, or to operate a more developed technology platform. Due to their size, many competitors may offer a broader range of products and services, as well as better pricing for certain products and services than Southern States can offer. For example, in the current low interest rate environment, competitors with lower costs of capital may solicit Southern States' customers to refinance their loans with lower interest rates. Further, increased competition among financial services companies due to the recent consolidation of certain competing financial institutions may adversely affect Southern States' ability to market Southern States' products and services. Technology has lowered barriers to entry and made it possible for banks to compete in Southern States' market areas without a retail footprint by offering competitive rates, and for non-banks to offer products and services traditionally provided by banks.

The financial services industry could become even more competitive as a result of legislative, regulatory, and technological changes and continued consolidation. Banks, securities firms, and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting), and merchant banking.

Southern States' ability to compete successfully depends on a number of factors, including:

- Southern States' ability to develop, maintain, and build upon long-term customer relationships based on quality service and high ethical standards;
- Southern States' ability to attract and retain qualified employees to operate Southern States' business effectively;
- Southern States' ability to expand market position;
- the scope, relevance, and pricing of products and services that Southern States offers to meet customer needs and demands;
- the rate at which Southern States introduces new products and services relative to its competitors;
- customer satisfaction with Southern States' level of service; and
- industry and general economic trends.

Failure to perform in any of these areas could significantly weaken Southern States' competitive position, which could adversely affect Southern States' growth and profitability, which, in turn, could harm Southern States' business, financial condition, and results of operations.

Southern States continually encounters technological change and may have fewer resources than its competitors to continue to invest in technological improvements.

The banking and financial services industries are undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to enhancing the level of service provided to customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Southern States' future success will depend, in part, upon Southern States' ability to address the needs of customers by using technology to provide products and services that enhance customer convenience and create additional efficiencies in operations. Many of Southern States' competitors have greater resources to invest in technological improvements, and Southern States may not be able to effectively implement new technology-driven products and services, which could reduce its ability to effectively compete.

Risks Related to this Offering and an Investment in Our Common Stock

No prior public market exists for our common stock, and an active, liquid market for our common stock may not develop or be sustained following this offering.

Before this offering, there has been no established public market for our common stock. Although we have applied to list our common stock on NASDAQ, an active, liquid trading market for our common stock may not

develop or be sustained following this offering. The initial public offering price for our common stock will be determined by negotiations between us, the selling stockholders and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace and independent decisions of willing buyers and sellers of our common stock, over which we have no control. Without an active, liquid trading market for our common stock, stockholders may not be able to sell their shares at the volume, prices and times desired or sell their shares at all. Moreover, the lack of an established market could have an adverse effect on the value of our common stock. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to expand our business through acquisitions, by using our common stock as consideration, should we elect to do so.

The market price of our common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.

The market price of our common stock may be highly volatile, which may make it difficult for you to resell your shares at the volume, prices and times desired. There are many factors that may impact the market price and trading volume of our common stock, including, without limitation:

- actual or anticipated fluctuations in our operating results, financial condition or asset quality;
- changes in economic or business conditions;
- the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve, or in laws or regulations affecting us;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the number of securities analysts covering us;
- publication of research reports about us, our competitors, or the financial services industry generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;
- changes in market valuations or earnings of companies that investors deem comparable to us;
- the trading volume of our common stock;
- future issuances of our common stock or other securities;
- future sales of our common stock by us or our directors, executive officers or principal stockholders;
- additions or departures of key personnel;
- perceptions in the marketplace regarding our competitors and us;
- changes or proposed changes in laws or regulations, or differing interpretations thereof affecting our business, or enforcement of these laws or regulations;
- new technology used, or services offered by, competitors;
- additional investments from third parties;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving our competitors or us;
- other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services;
- other news, announcements or disclosures (whether by us or others) related to us, our competitors, our core market or the financial services industry; and

- geopolitical conditions such as acts or threats of terrorism, pandemics, military conflicts, tariffs or trade wars.

In particular, the realization of any of the risks described in this "Risk Factors" section of this prospectus could have a material adverse effect on the market price of our common stock and cause the value of your investment to decline. The stock market and, in particular, the market for financial institution stocks have at times experienced substantial fluctuations in recent years, which in many cases have been unrelated to the operating performance and prospects of particular companies. In addition, significant fluctuations in the trading volume in our common stock may cause significant price variations to occur. Increased market volatility could have an adverse effect on the market price of our common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

As of March 31, 2021, approximately 40.9% of our voting and non-voting common stock is owned by certain institutional holders, and future sales by these institutional holders may adversely affect the prevailing market price of our common stock.

On December 27, 2016, we sold an aggregate of (1) 2,137,143 shares of common stock to Patriot Financial Partners II, L.P.; Patriot Financial Partners Parallel II, L.P.; EJF Sidecar Fund, Series LLC – Series E; Ithan Creek Investors USB, LLC; Davis Partnership, L.P.; Banc Fund IX L.P.; Banc Fund VIII L.P.; Siena Capital Partners I, L.P.; Siena Capital Partners Accredited, L.P. and JCSD Partners, LP (collectively, the "Institutional Investors"), and (2) 161,143 shares of Series B convertible preferred stock, $0.01 par value per share (the "Series B Preferred Stock") to Patriot Financial Partners II, L.P. and Patriot Financial Partners Parallel II, L.P. (collectively, "Patriot"). The Series B Preferred Stock was non-voting and, under certain conditions, could be converted into shares of non-voting common stock on a one-to-five basis. Patriot converted its 161,143 shares of Series B Preferred Stock into 805,715 shares of non-voting common stock on May 1, 2017 and no preferred stock is outstanding. The non-voting common stock is non-voting in the hands of any holder of 9.9% or more of Southern States' voting common stock. Upon the sale or transfer of the non-voting stock to any person unaffiliated with the holder who holds or controls less than 9.9% of Southern States' voting common stock, such transferred shares automatically will become an identical number of shares of voting common stock, as provided in Southern States certificate of incorporation. As of March 31, 2021, the Institutional Investors continue to own 3,158,937 shares of common stock and non-voting common stock, representing approximately 40.9% of our issued and outstanding voting and non-voting common stock as of such date. Please see "Principal and Selling Stockholders."

In connection with the transactions above, we entered into a Registration Rights Agreement, dated as of December 28, 2016, with the Institutional Investors (the "Registration Rights Agreement"). The Registration Rights Agreement provides for demand and piggyback registration rights. Pursuant to its demand registration rights, after June 28, 2020, Patriot had the right to require Southern States to file a registration statement with the SEC so that Patriot may resell its shares of common stock. Subject to the terms of the Registration Rights Agreement, the other Institutional Investors would be permitted to include their shares of common stock. Patriot may make two such requests, provided that such requests are 180 days or more apart. If Southern States files a registration statement for a primary or secondary offer of its securities (other than a registration statement related to equity compensation plans or mergers and acquisitions), the Registration Rights Agreement requires Southern States to notify the Institutional Investors who may elect to have their securities included in such registration statement for resale.

In accordance with the Registration Rights Agreement, Patriot and other Institutional Investors are acting as selling stockholders in this offering and offering shares of common stock. To the extent that the Institutional Investors continue to hold shares of common stock following this offering, it is possible that Southern States may be required to register for resale shares of common stock of Institutional Investors, and such resale could have adverse effect on volatility and the market value of Southern States common stock then outstanding. Such resales could also make it more difficult for Southern States and its stockholders to sell common stock.

Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities.

Sales of a substantial number of shares of our common stock in the public market following this offering, or the perception that large sales could occur, could cause the market price of our common stock to decline or limit our future ability to raise capital through an offering of equity securities.

Upon completion of this offering, the authorized common stock of Southern States Bancshares, Inc. will consist of 30,000,000 shares of voting common stock, $5.00 par value per share, of which shares will be issued and outstanding (or shares if the underwriters exercise their option to purchase additional shares in full), 5,000,000 shares of non-voting common stock, $5.00 par value per share, of which shares will be issued and outstanding, and 2,000,000 shares of preferred stock, par value $0.01 per share, none of which will be issued and outstanding. The number of shares of common stock outstanding includes shares that we and the selling stockholders are selling in this offering (or shares if the underwriters exercise their option to purchase additional shares in full), which will be freely transferable without restriction or further registration under the Securities Act. Holders of approximately % of the shares of our common stock outstanding prior to this offering, including all of our executive officers and directors and the Institutional Investors, have agreed not to sell any shares of our common stock for a period of at least 180 days from the date of the final prospectus, subject to certain exceptions. See “Underwriting.” Following the expiration of the applicable lock-up period, all of these shares will be eligible for resale under Rule 144 of the Securities Act, subject to any remaining holding period requirements and, if applicable, volume limitations. The market price of our common stock may decline significantly when the restrictions on resale by our existing stockholders lapse. The remaining shares of common stock outstanding prior to this offering are not subject to lock-up agreements and substantially all of such shares have been held by our non-affiliates for at least one year and therefore may be freely sold by such persons upon the completion of this offering. See “Shares Eligible for Future Sale” for a discussion of the shares of our common stock that may be sold into the public market in the future.

Following the completion of this offering, we also intend to file a registration statement on Form S-8 under the Securities Act to register the offer and sale of shares of our common stock that are issuable under our 2017 Incentive Stock Compensation Plan (the “Plan”). Accordingly, subject to certain vesting requirements we may impose, shares registered under that registration statement will be eligible for sale in the open market immediately by persons other than our executive officers, directors and Institutional Investors and, following the lock-up agreements’ expiration, by our executive officers and directors.

In addition, we may issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments and under compensation and incentive plans, including the Plan. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisitions and investments. Such issuances of common stock may dilute our existing stockholders.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares of our common stock issued in connection with an acquisition or under a compensation or incentive plan, including the Plan), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock and could impair our ability to raise capital through future sales of our securities.

Investors in this offering will experience immediate and substantial dilution.

If you purchase common stock in this offering, you will pay more for your shares than the tangible book value per share immediately prior to the completion of the offering. As a result of the offering, you will incur

immediate dilution of $ per share, representing the difference between the initial public offering price of $ per share and our as adjusted tangible book value of $ per share. Accordingly, if we were liquidated at our as-adjusted tangible book value, you would not receive the full amount of your investment. See "Dilution."

We have broad discretion in the use of the net proceeds from this offering, and our use of those proceeds may not yield a favorable return on your investment.

We intend to use the net proceeds from the sale of the common stock sold by us in the offering for general corporate purposes, which may include capital and liquidity to support our growth and potential acquisitions of other banks or related banking businesses. We will not receive any of the proceeds from the sale of our common stock in this offering by the selling stockholders. We have not specifically allocated the amount of net proceeds that will be used for these purposes, and our management will have broad discretion over how these proceeds are used and could spend the proceeds in ways with which you may not agree. In addition, we may not use the proceeds of this offering effectively or in a manner that increases our market value or enhances our profitability. We have not established a timetable for the effective deployment of the proceeds, and we cannot predict how long it will take to deploy the proceeds. Investing the offering proceeds in securities until we are able to deploy the proceeds will provide lower yields than we generally earn on loans and longer-term investments, which may have an adverse effect on our profitability.

The rights of our common stockholders are subordinate to the rights of the holders of any debt instruments that we may issue and may be subordinate to the holders of any series of preferred stock that we may issue in the future.

As of June 30, 2021, we had approximately $12.5 million indebtedness outstanding under our Line of Credit. Our existing indebtedness is, and future indebtedness that we may incur will be, senior to our common stock. We must make payments on our indebtedness before any dividends can be paid on our common stock, and, in the event of our bankruptcy, dissolution or liquidation, the holders of any indebtedness must be satisfied in full before any distributions can be made to the holders of our common stock. Additionally, the right of a bank holding company to participate in the assets of its subsidiary bank in the event of a bank-level liquidation or reorganization is subject to the claims of the bank's creditors, including depositors, which generally take priority over bank holding company claims.

Our corporate governance documents, and certain corporate and banking laws applicable to us, could make a takeover more difficult, which could adversely affect the market price of our common stock.

Certain provisions of our amended and restated certificate of incorporation ("certificate of incorporation") and amended and restated bylaws ("bylaws") could make it more difficult for a third party to acquire control of our organization or conduct a proxy contest, even if those events were perceived by many of our stockholders as beneficial to their interests. Our certificate of incorporation or bylaws include, among other things, provisions that:

- enable our board of directors to issue additional shares of authorized, but unissued capital stock including additional shares of common stock and preferred stock, without further stockholder approval;
- enable our board to establish the terms of preferred stock, including voting rights, dividend rights, redemption features, rights on liquidation or dissolution, and other qualifications, limitations and restrictions;
- establish an advance notice procedure for director nominations and other stockholder proposals;
- do not permit stockholders to call special meetings of stockholders or act by written consent; and
- enable our board of directors to increase the size of the board and fill the vacancies created by the increase.

In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. Any of the foregoing provisions may discourage potential acquisition proposals and could delay or prevent a change in control, including under circumstances in which our stockholders might otherwise receive a premium over the market price of our shares. See "Description of Southern States Capital Stock."

There are also substantial regulatory limitations on changes of control of bank holding companies that may discourage investors from purchasing shares of our common stock.

With limited exceptions, federal regulations prohibit a person or company or a group of persons deemed to be "acting in concert" from, directly or indirectly, acquiring 10% or more (5% if the acquirer is a bank holding company) of any class of our voting stock or obtaining the ability to control in any manner the election of a majority of the directors or otherwise direct the management or policies of our company without prior notice or application to, and the approval of, the Federal Reserve. Companies investing in banks and bank holding companies receive additional review and may be required to file Change in Bank Control Act notices. Accordingly, prospective investors must be aware of and comply with these requirements, if applicable, in connection with any purchase of shares of our common stock. These provisions could discourage third parties from seeking to acquire significant interests in us or in attempting to acquire control of us, which, in turn, could materially and adversely affect the market price of our common stock.

We are an "emerging growth company" as defined in the JOBS Act and the reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." As an emerging growth company:

- we are required to present only two years of audited financial statements and related information;
- we are exempt from the requirement to obtain an attestation report from auditors on management's assessment of internal control over financial reporting under the Sarbanes-Oxley Act;
- we are not required to comply with any new requirements adopted by the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements pursuant to the rules applicable to smaller reporting companies, which means we do not have to include a compensation discussion and analysis and certain other disclosures regarding our executive compensation; and
- we are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these exemptions until we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest of: (i) the last day of the fiscal year in which we have at least $1.07 billion in annual gross revenues, (ii) the date on which we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act (the last day of the fiscal year in which we have more than $700 million in market value of our common stock held by non-affiliates as of the prior June 30), (iii) the date on which we issue more than $1.00 billion of non-convertible debt during the prior three-year period, or (iv) the last day of the fiscal year following the fifth anniversary of our initial public offering. We may choose to take

advantage of some but not all of these reduced burdens. We have elected to adopt certain of the reduced disclosure requirements described above for purposes of the registration statement of which this prospectus is a part.

We expect to take advantage of certain of the reduced reporting and other requirements of the JOBS Act with respect to the periodic reports we will file with the SEC and proxy statements that we use to solicit proxies from our stockholders. As a result, the information that we provide to our stockholders may be different than what you might receive from public reporting companies from which you hold equity interests.

In addition, the JOBS Act permits us to take advantage of an extended transition period for complying with new or revised accounting standards affecting public companies. We have elected to use this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, may not be subject to all new or revised accounting standards generally applicable to public companies for the transition period as long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period under the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards on a non-delayed basis.

We cannot predict whether investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may a less active trading market for our common stock, and our stock price may be more volatile or decline.

Any deficiencies in our financial reporting or internal controls could materially and adversely affect our business and the market price of our common stock.

For the year ended December 31, 2019, we became subject to the FDIC rules requiring annual management reports on our financial statements, our internal controls and for compliance with laws and regulations related to safety and soundness. For each Annual Report on Form 10-K starting with the year ending December 31, 2022, SEC rules will require that our Chief Executive Officer and Chief Financial Officer periodically certify the existence and effectiveness of our internal control over financial reporting. Beginning with the first Annual Report on Form 10-K we file following the date we cease to be an “emerging growth company” as defined in the JOBS Act, but no later than our Annual Report for the fiscal year ending December 31, 2026, we will be required to include our independent registered public accounting firm’s attestation report on the design and operating effectiveness of our internal control over financial reporting. This process will require significant documentation of policies, procedures and systems, and review of that documentation and testing of our internal control over financial reporting by our internal auditing and accounting staff and our independent registered public accounting firm. This process will require considerable time and attention from management, which could prevent us from successfully implementing our business initiatives and improving our business, financial condition and results of operations, strain our internal resources, and increase our operating costs. We may experience higher than anticipated operating expenses and outside auditor fees during the implementation of these changes and thereafter.

During the course of our testing we may identify deficiencies that would have to be remediated to satisfy the SEC rules for certification of our internal control over financial reporting. A material weakness is defined by the standards issued by the PCAOB as a deficiency, or combination of deficiencies, in internal control over financial reporting that results in a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a consequence, we would have to disclose in periodic reports we file with the SEC any material weakness in our internal control over financial reporting. The existence of a material weakness would preclude management from concluding that our internal control over financial reporting is effective and would preclude our independent auditors from expressing an unqualified opinion on the effectiveness of our internal control over financial reporting. In addition, disclosures of deficiencies of this type in our SEC reports could cause investors to lose confidence in our financial reporting,

and may negatively affect the market price of our common stock, and could result in the delisting of our securities from the securities exchanges on which they trade. Moreover, effective internal controls are necessary to produce reliable financial reports and to prevent fraud. If we have deficiencies in our disclosure controls and procedures or internal control over financial reporting, it may materially and adversely affect us.

Securities analysts may not initiate or continue coverage on us.

The trading market for our common stock will depend, in part, on the research and reports that securities analysts publish about us and our business. We do not have any control over these securities analysts, and they may not cover us. If one or more of these analysts cease to cover us or fail to publish regular reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our common stock to decline. If we are covered by securities analysts and are the subject of an unfavorable report, the price of our common stock may decline.

An investment in our common stock is not an insured deposit and is subject to risk of loss.

Your investment in our common stock will not be a bank deposit and will not be insured or guaranteed by the FDIC or any other government agency. Your investment will be subject to investment risk, and your investment may lose money.

General Risk Factors

The implementation of the Current Expected Credit Loss ("CECL") accounting standard could require us to increase our allowance for loan losses and may have a material adverse effect on our financial condition and results of operations.

The Financial Accounting Standards Board ("FASB") has issued a new accounting standard that will replace the current approach under GAAP, for establishing allowances for loan and lease losses, which generally considers only past events and current conditions, with a forward-looking methodology that reflects the expected credit losses over the lives of financial assets, starting when such assets are first originated or acquired. This standard, referred to as Current Expected Credit Loss, or CECL, will be effective for us beginning January 1, 2023. The CECL standard will require us to record, at the time of origination, credit losses expected throughout the life of the asset portfolio on loans and held-to-maturity securities, as opposed to the current practice of recording losses when it is probable that a loss event has occurred. Southern States is currently evaluating the impact the CECL standard will have on its accounting. The adoption of the CECL standard will materially affect how we determine allowance for loan losses and could require us to significantly increase the allowance. Moreover, the CECL standard may create more volatility in the level of the allowance. If we are required to materially increase the level of the allowance for any reason, such increase could adversely affect our business, financial condition and results of operations.

Use of appraisals in deciding whether to make a loan secured by real property does not ensure the value of the real property collateral.

In considering whether to make a loan secured by real property, Southern States generally requires an appraisal. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and appraisals are based upon various assumptions about the real property and local market conditions. If the appraisal does not accurately reflect the amount that may be obtained upon any sale or foreclosure of the property, Southern States may not realize an amount equal to the indebtedness secured by the property.

Southern States uses information technology in its operations, offers online banking services to its customers, and depends on outside third party vendors for data processing services. Unauthorized access to Southern States or its customers' confidential or proprietary information as a result of a cyber-attack or otherwise could expose Southern States to reputational harm and litigation and adversely affect Southern States' ability to attract and retain customers.

Southern States relies heavily on communications and information systems to conduct its business. Any failure or interruption of these systems could impair or prevent the effective operation of Southern States' customer relationship management, general ledger, deposit, lending, or other functions. Information security risks for financial institutions have significantly increased in recent years, in part because of the proliferation of new technologies, the use of the internet and telecommunication technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, foreign governments, hackers, terrorists, activists, and other external parties. Southern States and its service providers are under continuous and expanding threats of loss due to hacking and cyber-attacks, especially as Southern States continues to expand customer applications using the internet, wireless, mobile and other remote channels to transact business. Therefore, the secure processing, transmission, and storage of information in connection with Southern States' online banking services are critical elements of its operations. However, Southern States' network could be vulnerable to unauthorized access, computer viruses and other malware, phishing schemes, or other security failures. In addition, customers may use personal smartphones, tablet PCs, or other mobile devices that are beyond Southern States' control systems in order to access Southern States' products and services. Southern States' and its service providers' technologies, systems and networks, and customers' devices, may become the target of cyber-attacks, electronic fraud, or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of Southern States or its customers' confidential, proprietary, and other information, or otherwise disrupt Southern States or its customers' or other third parties' business operations. As cyber threats continue to evolve, Southern States may be required to spend significant capital and other resources to protect against these threats or to alleviate or investigate problems caused by such threats. To the extent that Southern States' activities or the activities of Southern States' customers involve the processing, storage, or transmission of confidential customer information, any breaches or unauthorized access to such information could present significant regulatory costs and expose Southern States to litigation and other possible liabilities. Any inability to prevent these types of security threats could also cause existing customers to lose confidence in Southern States' systems and could adversely affect Southern States' reputation and ability to generate deposits. While Southern States has not experienced any material losses relating to cyber-attacks or other information security breaches to date, Southern States may suffer such losses in the future.

Southern States relies on software and systems developed and/or operated by third-party vendors to process various transactions. These systems include, but are not limited to, general ledger, payroll systems and employee benefits, loan and deposit processing, and securities portfolio accounting. While Southern States reviews the security and controls instituted by the applicable vendors and performs its own testing of user controls, Southern States relies on the continued maintenance of controls and data security by these third-party vendors, including safeguards over the security of customer data.

The increased use of working remotely by our employees during the COVID-19 pandemic as well as our customers increased use of online banking may increase the risks related to our information technology systems, including cyber-attacks and unauthorized access.

The occurrence of any cyber-attack or information security breach could result in potential liability to clients, reputational damage, damage to Southern States' competitive position, and the disruption of Southern States' operations, all of which could adversely affect Southern States' financial condition or results of operations, lead to increased compliance and insurance costs and reduce stockholder value.

The accuracy of our financial statements and related disclosures could be affected if the judgments, assumptions or estimates used in our critical accounting policies are inaccurate.

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial

statements and related notes appearing elsewhere in this prospectus. As a result, if future events or regulatory views differ significantly from the judgments, assumptions and estimates in our critical accounting policies, those events or assumptions could have a material impact on our consolidated financial statements and may require us to revise or restate prior period financial statements or realize losses not previously recognized, cause damage to our reputation and the price of our common stock and adversely affect our business, financial condition and results of operations.

Southern States' financial condition and results of operations are affected by fiscal and monetary policy. Actions by monetary and fiscal authorities, including the Federal Reserve, could lead to inflation, deflation, or other economic impacts that could adversely affect Southern States' financial performance. The primary impact of inflation on Southern States' operations most likely will be reflected in increased operating costs. Conversely, deflation generally will tend to erode collateral values and diminish loan quality. Virtually all of Southern States' assets and liabilities are monetary in nature. As a result, interest rates and the shape of the yield curve have a more significant impact on Southern States' performance than general levels of inflation or deflation. Interest rates do not necessarily move in the same direction or by the same magnitude as the prices of goods and services.

Southern States depends on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, Southern States may rely on information furnished by or on behalf of customers and counterparties, including financial statements and other financial information. Southern States also may rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. In deciding whether to extend credit, Southern States may depend upon its customers' representations that their financial statements conform to GAAP and present fairly, in all material respects, the financial condition, results of operations, and cash flows of the customer. Southern States also may rely on customer representations and certifications, or other audit or accountants' reports, with respect to the business and financial condition of its clients. Southern States' financial condition, results of operations, financial reporting, and reputation could be negatively affected if Southern States relies on materially misleading, false, inaccurate, or fraudulent information.

As a community bank, Southern States' ability to maintain Southern States' reputation is critical to the success of Southern States' business, and the failure to do so may materially adversely affect Southern States' performance.

Southern States' reputation is one of the most valuable components of its business. As such, Southern States strives to conduct its business in a manner that enhances its reputation. This is done, in part, by recruiting, hiring, and retaining employees who share Southern States' core values of being an integral part of the communities Southern States serves, delivering superior service to customers, and caring about customers and associates and maintaining Southern States' credit culture. If Southern States' reputation is negatively affected, by the actions of Southern States' employees or otherwise, Southern States' business and, therefore, Southern States' operating results may be materially adversely affected.

Southern States historical growth rate and performance may not be indicative of our future growth or financial results.

We may not be able to sustain our past rate of growth or grow our business at all. Consequently, our past results of operations will not necessarily be indicative of our future operations.

If the communities in which Southern States operates do not grow, or if the prevailing economic conditions locally or nationally are less favorable than Southern States has historically realized, then its ability to implement its business strategies may be adversely affected, and its actual growth and financial performance may materially change.

Moreover, Southern States cannot give any assurance that Southern States will benefit from any market growth or favorable economic conditions in its market areas even if they do occur. If Southern States' senior management team is unable to provide the effective leadership necessary to implement Southern States' strategic plan, including the successful integration of any acquisition, Southern States' actual financial performance may be materially adversely different from Southern States' expectations and goals. Additionally, to the extent that any component of Southern States' strategic plan requires regulatory approval, if Southern States is unable to obtain necessary approval without material adverse conditions, Southern States will be unable to completely implement its strategy, which may adversely affect its actual growth and results of operations and financial condition. The inability to successfully implement Southern States' strategic plan could adversely affect the price of Southern States' common stock.

The internal controls that Southern States has implemented in order to mitigate risks inherent to the business of banking might fail or be circumvented.

Management regularly reviews and updates Southern States' internal controls and procedures that are designed to manage the various risks in Southern States' business, including credit risk, operational risk, and interest rate risk. No system of controls, however well-designed and operated, can provide absolute assurance that the objectives of the system will be met. If there were a failure of such a system, or if a system were circumvented, there could be a material adverse effect on Southern States' financial condition and results of operations.

Changes in accounting standards could materially impact Southern States' financial statements.

From time to time, the FASB or the SEC may change the financial accounting and reporting standards that govern the preparation of Southern States' financial statements. Such changes may result in Southern States being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond Southern States' control, can be hard to predict, and can materially impact how Southern States records and reports its financial condition and results of operations. In some cases, Southern States could be required to apply a new or revised standard retrospectively, or apply an existing standard differently, also retrospectively, in each case resulting in its needing to revise or restate prior period financial statements.

Severe weather, natural disasters, pandemics, epidemics, acts of war or terrorism or other external events could have significant effects on our business.

Severe weather and natural disasters, including hurricanes, tornados, droughts and floods, epidemics and pandemics, acts of war or terrorism or other external events could have a significant effect on our ability to conduct business. Such events could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue and/or cause us to incur additional expenses. Although management has established disaster recovery and business continuity policies and procedures, the occurrence of any such event could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations. The SEC and federal bank regulators have also recently updated their guidance for pandemics, which may cause us to change our operations and business continuity efforts.

The continuation of the COVID-19 pandemic, or other events that could affect the world economy, could have negative effects on our business.

The COVID-19 pandemic, trade wars, tariffs, supply chain disruptions and materials shortages, and similar events and disputes, domestic and international, have adversely affected, and may continue to adversely affect economic activity globally, nationally and locally, and the recovery from the COVID-19 pandemic. Such events

also may adversely affect business and consumer confidence, generally. Travel, tourism, hospitality and retail may be especially adversely affected by COVID-19, which could adversely affect our approximately $147.5 million of hospitality and retail CRE loans outstanding as of March 31, 2021. We and our customers, and our respective suppliers, vendors and processors may be adversely affected. The recovery from the COVID-19 pandemic has been affected generally by supply chain disruptions and shortages of materials. Any such adverse changes may adversely affect our profitability, growth, asset quality and financial condition.

Southern States is or may become involved from time to time in suits, legal proceedings, information-gathering requests, investigations, and proceedings by governmental agencies and third parties that may lead to adverse consequences.

Many aspects of Southern States' business involve substantial risk of legal liability. Southern States is subject to being threatened to be named as a defendant in lawsuits arising from its business activities. In addition, from time to time, Southern States is, or may become, the subject of governmental and self-regulatory agency information-gathering requests, reviews, investigations and proceedings, and other forms of regulatory inquiry, including by bank regulatory agencies, the SEC, and law enforcement authorities. The results of such proceedings could lead to significant civil or criminal penalties, including monetary penalties, damages, adverse judgments, settlements, fines, injunctions, restrictions on the way in which Southern States conducts its business, or reputational harm.

Changes in laws and government regulation may have a material effect on Southern States' results of operations.

Financial institutions have been the subject of significant legislative and regulatory changes and may be the subject of further significant legislation or regulation in the future, none of which is within Southern States' control. New proposals for legislation could be introduced in the U.S. Congress that could further substantially increase regulation of the bank and non-bank financial services industries, impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices, including in the areas of compensation, interest rates, financial product offerings, and disclosures, and have an effect on bankruptcy proceedings with respect to consumer residential real estate mortgages, among other things. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Changes to statutes, regulations, or regulatory policies, including changes in their interpretation or implementation by regulators, could affect Southern States in substantial and unpredictable ways. Such changes could, among other things, subject Southern States to additional costs and lower revenues, limit the types of financial services and products that Southern States may offer, ease restrictions on non-banks and thereby enhance their ability to offer competing financial services and products, increase compliance costs, and require a significant amount of management's time and attention. Failure to comply with statutes, regulations, or policies could result in sanctions by regulatory agencies, civil monetary penalties, or reputational damage, each of which could have a material adverse effect on Southern States' business, financial condition, and results of operations.

The Biden Administration may propose changes to bank regulation and corporate tax changes that could have an adverse effect on our business, results of operations and financial conditions. The 2017 Jobs Act reduced the federal corporate income tax rate from 35% to 21%. Among other possible changes to federal taxation, in April 2021, the Administration proposed increasing the federal corporate income tax rate to 28%, which, if adopted could adversely affect our net income.

Market interest rates declined significantly during 2020, and remain low in 2021, but economic stimulus in response to the COVID-19 pandemic and as well materials shortages may increase inflation and interest rates.

The Federal Reserve shifted to a more accommodating monetary policy in Summer 2019. During 2020, the Federal Reserve reduced its federal funds target to 0-0.25% and is maintaining such target rates and continuing

significant monthly purchases of U.S. Treasury and agency mortgage-backed securities to help combat the economic effect of the COVID-19 pandemic. Since November 2020, interest rates have increased, possibly as a result of increased government borrowings to finance rounds of fiscal stimulus and increased inflation expectations resulting from such stimulus and expected increases in economic growth from fiscal and monetary stimulus and COVID-19 vaccinations. Our costs of funds may increase as a result of general economic conditions, increasing interest rates and competitive pressures, and potential inflation resulting from continued government deficit spending and monetary policies. Traditionally, we have obtained funds principally through local deposits and borrowings from other institutional lenders, which we believe are a cheaper and more stable source of funds than borrowings.

Our profitability and liquidity may be affected by changes in interest rates and interest rate levels, the shape of the yield curve and economic conditions.

Our profitability depends upon net interest income, which is the difference between interest earned on interest-earning assets, such as loans and investments, and interest expense on interest-bearing liabilities, such as deposits and borrowings. Net interest income will be adversely affected if market interest rates on the interest we pay on deposits and borrowings increases faster than the interest earned on loans and investments. Interest rates, and consequently our results of operations, are affected by general economic conditions (national, international and local) and fiscal and monetary policies, as well as expectations of these rates and policies and the shape of the yield curve. Our income is primarily driven by the spread between these rates. As a result, a steeper yield curve, meaning long-term interest rates are significantly higher than short-term interest rates, would provide the Bank with a better opportunity to increase net interest income. Conversely, a flattening yield curve could pressure our net interest margin as our cost of funds increases relative to the spread we can earn on our assets. In addition, net interest income could be affected by asymmetrical changes in the different interest rate indexes, given that not all of our assets or liabilities are priced with the same index. The 2019 and 2020 rate reductions by the Federal Reserve and the effects of the COVID-19 pandemic have reduced market rates, which adversely affected our net interest margins and limited the growth in our net income.

Increases in interest rates may cause consumers to shift their funds to more interest bearing instruments and to increase the competition for and costs of deposits. If customers move money out of bank deposits and into other investment assets or from transaction deposits to higher interest bearing time deposits, we could lose a relatively low cost source of funds, increasing our funding costs and reducing our net interest income. Increases in market interest rates may reduce demand for loans, including residential mortgage loans originations. At the same time, increases in rates will increase the rates we charge on variable rate loans and may increase our net interest margin. Higher interest rates would decrease the values of our existing fixed rate securities investments and could potentially adversely affect the values and liquidity of collateral securing our loans. The effects of increased rates and the related risks to us depend on the rates of changes in our costs of funds and interest earned on our loans and investments, the shape of the yield curve, and our ability to manage such changes.

Liquidity risks could affect operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, proceeds from loan repayments or sales proceeds from maturing loans and securities, and other sources could have a negative effect on our liquidity. Our funding sources include federal funds purchased, securities sold under repurchase agreements, core and non-core deposits, and short- and long-term debt. We maintain a portfolio of securities that can be used as a source of liquidity. We are also members of the FHLB and the Federal Reserve Bank of Atlanta, where we can obtain advances collateralized with eligible assets. There are other sources of liquidity available to the Company or the Bank should they be needed, including our ability to acquire additional non-core deposits. We may be able, depending upon market conditions, to otherwise borrow money or issue and sell debt and preferred or common securities in public or private transactions. Our access to funding sources in amounts adequate to finance or capitalize our activities on terms which are acceptable to us could be impaired by factors that affect us specifically, or the financial services industry or the economy in general. General conditions that are not specific to us, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry could adversely affect us.

Many new activities and expansion plans require regulatory approvals, and failure to obtain them may restrict our growth.

As part of our growth strategy, we may expand our business by pursuing strategic acquisitions of financial institutions and other closely related businesses. Generally, we must receive regulatory approval before we can acquire a bank holding company, an FDIC-insured depository institution or related businesses. In determining whether to approve a proposed acquisition, banking regulators will consider, among other factors, the effect of the acquisition on competition, our financial condition, our future prospects and the impact of the proposal on U.S. financial stability. The regulators also review current and projected capital ratios, the competence, experience and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served (including the acquiring institution's record of compliance under the Community Reinvestment Act ("CRA")) and the effectiveness of the acquiring institution in combating money laundering activities. Generally, acquirors must be deemed "well managed" and "well capitalized." The necessary regulatory approvals may not be granted on terms that are acceptable to us, or granted at all. In certain cases, where our resulting market shares raises competitive concerns, we may also be required to sell banking locations as a condition to receiving regulatory approval, which condition may not be acceptable to us or, if acceptable to us, may reduce the benefit of any acquisition.

In addition to the acquisition of existing financial institutions, as opportunities arise, we may continue *de novo* branching as a part of our expansion strategy. *De novo* branching carries with it numerous risks, including the inability to obtain all required regulatory approvals, which are dependent upon many of the same factors as acquisitions, including our capital management, anti-money laundering and CRA compliance. The failure to obtain these regulatory approvals for potential future strategic acquisitions and *de novo* banking locations could negatively affect our business plans and restrict our growth.

Southern States is subject to numerous laws designed to protect consumers, including the CRA and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act, and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The U.S. Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and limitations on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on Southern States' business, financial condition, results of operations, and future prospects.

Southern States is subject to the Bank Secrecy Act and other anti-money laundering statutes and regulations, and any deemed deficiency by Southern States with respect to these laws could result in significant liability.

The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports when appropriate. In 2019, the "know your customer" rules were expanded to include inquiries regarding beneficial owners of entities. In addition to other bank regulatory agencies, the federal Financial Crimes Enforcement Network of the Department of the Treasury, or FinCEN, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the state and federal banking regulators, as well as the U.S. Department of Justice, Consumer Financial Protection Bureau, Drug Enforcement Administration, and Internal Revenue Service. Southern States is also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control of the Department of the Treasury, or OFAC, regarding, among other things, the prohibition of transacting business with, and the need to freeze assets of, certain persons and organizations identified as a threat to the national security, foreign policy, or economy of the United States. If

Southern States' policies, procedures, and systems are deemed deficient, Southern States would be subject to liability, including fines and regulatory actions, which may include restrictions on Southern States' ability to pay dividends and the necessity to obtain regulatory approvals to proceed with its acquisition and business plans. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for Southern States. Any of these results could have a material adverse effect on Southern States' business, financial condition, results of operations, and future prospects.

The obligations associated with being a public company will require significant resources and management attention.

As a public company, we will face increased legal, accounting, administrative and other costs and expenses that we have not incurred as a private company, particularly after we are no longer an emerging growth company. After the completion of this offering, we will be subject to the reporting requirements of the Exchange Act, and other rules and regulations implemented by the SEC, legislation passed by Congress, the PCAOB and NASDAQ, each of which imposes additional reporting and other obligations on public companies. As a public company, we will be required to, among other things:

- prepare and distribute periodic and current reports, proxy statements and other stockholder communications in compliance with the federal securities laws and rules;
- expand the roles and duties of our board of directors and committees thereof;
- institute more comprehensive financial reporting and disclosure compliance procedures;
- establish new internal policies, including those relating to trading in our securities, and internal and disclosure controls and procedures;
- involve and retain to a greater degree outside counsel and accountants in the activities listed above;
- enhance our investor relations function;
- retain additional personnel; and
- comply with the listing standards of NASDAQ.

We expect these rules and regulations and future changes in laws, regulations and standards relating to corporate governance and public disclosure, which have created uncertainty for public companies, will increase our legal and financial compliance costs and make some activities more time consuming and costly. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our investment in compliance with existing and evolving regulatory requirements will result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have an adverse effect on our business, financial condition or results of operations. These increased costs could require us to expend time and money that we could otherwise use to expand our business and achieve our strategic objectives.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which reflect our current expectations and beliefs with respect to, among other things, future events and our financial performance. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. This may be especially true given the current COVID-19 pandemic and uncertainty about its continuation. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the dates made, we cannot give any assurance that such expectations will prove correct and actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict.

These statements are often, but not always, made through the use of words or phrases such as "may," "can," "should," "could," "to be," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "likely," "anticipate," "seek," "strive," "estimate," "intend," "plan," "target," "project," "would" and "outlook," or the negative version of those words or other similar words or phrases of a future or forward-looking nature. Forward-looking statements appear in a number of places in this prospectus and may include statements about business strategy and prospects for growth, operations, ability to pay dividends, competition, regulation and general economic conditions.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- potential risks and uncertainties relating to the effects of COVID-19, including the duration of the COVID-19 outbreak, actions that have been and will be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact, and the potential negative impacts of COVID-19 on the global economy and financial markets, including U.S. GDP decreases and increases in unemployment;
- our ability to execute and prudently manage our growth and execute our strategy, including expansion activities;
- our ability to adequately measure and limit our credit risk;
- business, market and economic conditions generally and in the financial services industry, nationally and within our local markets;
- factors that can impact the performance of our loan portfolio, including real estate values and liquidity in our markets and the financial health of our commercial borrowers;
- the failure of assumptions and estimates, as well as differences in, and changes to, economic, market, and credit conditions, including changes in borrowers' credit risks and payment behaviors;
- compliance with governmental and regulatory requirements, including the Dodd-Frank Act and others relating to banking, consumer protection, securities and tax matters, and our ability to maintain licenses required in connection with mortgage origination, sale and servicing operations;
- compliance with the Bank Secrecy Act, OFAC rules and anti-money laundering laws and regulations;
- governmental monetary and fiscal policies;
- the effectiveness of our risk management framework, including internal controls;
- the composition of and changes in our management team and our ability to attract and retain key personnel;

- geographic concentration of our business in certain Alabama and Georgia markets;
- our ability to attract and retain customers;
- the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and interest-sensitive assets and liabilities, and the risks and uncertainty of the amounts realizable;
- changes in the availability and cost of credit and capital in the financial markets, and the types of instruments that may be included as capital for regulatory purposes;
- changes in the prices, values and sales volumes of residential and commercial real estate;
- the effects of competition from a wide variety of local, regional, national and other providers of financial, investment, trust and other wealth management services and insurance services, including the disruption effects of financial technology and other competitors who are not subject to the same regulations as the Company and the Bank;
- the failure of assumptions and estimates underlying the establishment of allowances for possible loan losses and other asset impairments, losses, valuations of assets and liabilities and other estimates;
- the risks of mergers, acquisitions and divestitures, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- changes in technology or products that may be more difficult, costly, or less effective than anticipated;
- systems failures or interruptions involving our risk management framework, our information technology and telecommunications systems or third-party servicers;
- unauthorized data access, cyber-crime and other threats to data security and customer privacy;
- our ability to maintain our historical rate of growth;
- our ability to identify potential candidates for, consummate, and achieve synergies resulting from, potential future acquisitions;
- deterioration of our asset quality or the value of collateral securing loans;
- changes in the laws, rules, regulations, interpretations or policies relating to financial institutions, accounting, tax, trade, monetary and fiscal matters and appropriate compliance with applicable law and regulation;
- operational risks associated with our business;
- volatility and direction of market interest rates and the shape of the yield curve;
- our ability to maintain important deposit customer relationships, maintain our reputation or otherwise avoid liquidity risks;
- the obligations associated with being a public company;
- the commencement and outcome of litigation and other legal proceedings against us or to which we may become subject;
- natural disasters and adverse weather, acts of terrorism, an outbreak of hostilities or other international or domestic calamities as well as national and international economic conditions and health issues, such as COVID-19, and other matters beyond our control; and
- other factors that are discussed in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements and the “Risk Factors” included in this prospectus. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

USE OF PROCEEDS

Assuming an initial public offering price of $ per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock by us in this offering will be approximately $ million (or approximately $ million if the underwriters elect to exercise in full their option to purchase additional shares of common stock), after deducting the estimated underwriting discounts, commissions and offering expenses. We will not receive any of the proceeds from the sale of our common stock in this offering by the selling stockholders.

Each $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by $ million (or approximately $ million if the underwriters elect to exercise in full their option to purchase additional shares), assuming the number of shares we sell, as set forth on the cover of this prospectus, remains the same, after deducting the estimated underwriting discounts, commissions and offering expenses.

We intend to use the net proceeds from this offering for general corporate purposes, which may include capital and liquidity to support our growth, and potential acquisition of other banks or closely related businesses. Although we have had preliminary discussions with one or more banks, we do not have any current plans or agreements, with respect to any acquisitions at this time. Our management team will have broad discretion over how these proceeds are used.

DIVIDEND POLICY

Our stockholders are entitled to receive dividends on common stock only if, when and as declared by our board of directors from funds legally available therefor under Alabama corporate law and as limited by our banking regulators. From 2012 until the first quarter of 2020, when we moved to quarterly dividends, we paid regular annual cash dividends on our common stock. We declared and paid dividends of $0.08 per share following the quarters ended March 31, 2020, June 30, 2020 and September 31, 2020 and a dividend of $0.09 per share following the quarters ended December 31, 2020 and March 31, 2021. However, any future determination relating to dividends will be made at the discretion of our board of directors and will depend on our financial condition, liquidity and results of operations; our capital levels and needs; acquisitions; contractual, statutory and regulatory prohibitions and other limitations; general economic conditions; and other factors deemed relevant by our board of directors. Therefore, there can be no assurance that in the future we will pay any dividends to holders of our common stock, or as to the amount of any future dividends.

Dividend Restrictions

Southern States is a legal entity separate and distinct from Southern States Bank. Southern States' principal source of cash, including cash to pay dividends to its stockholders, are dividends that Southern States receives from the Bank. Statutory and regulatory limitations apply to Southern States Bank's payment of dividends to us as well as to our payment of dividends to our stockholders. A bank holding company is required to serve as a source of strength to its subsidiary banks. Generally, under Federal Reserve policy, a bank holding company should not pay cash dividends from current year's operating earnings and the prospective rate of earnings retention appears to be consistent with the corporation's risks, capital needs and retention, asset quality and overall financial condition. See "Supervision and Regulation."

The Alabama State Banking Department also regulates Southern States Bank's dividend payments. A bank is required by Alabama law to obtain the prior approval of the Alabama Superintendent of Banks for its payment of dividends, if the total of all dividends declared by a bank in any calendar year will exceed the total of (1) the bank's net earnings (as defined by statute) for that year, plus (2) its retained net earnings for the preceding two years, less any required transfers to surplus. In addition, no dividends, withdrawals or transfers may be made from the bank's surplus without the prior written approval of the Superintendent.

Southern States and Southern States Bank's payment of dividends may also be affected or limited by other factors, such as the requirement to maintain adequate capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit bank holding companies and banks from engaging in unsafe or unsound practices in conducting their business. The payment of dividends, depending on the financial condition of a bank holding company and of its subsidiary bank, could under certain circumstances be deemed an unsafe or unsound practice, and therefore restricted. See "Supervision and Regulation."

Under the FDIC's regulations, an FDIC-insured depository institution may not make any capital distributions (including the payment of dividends) or pay any management fees to its holding company if it is undercapitalized or if such payment would cause it to become undercapitalized. See "Supervision and Regulation."

CAPITALIZATION

The following table shows our capitalization, including regulatory capital ratios, on a consolidated basis, as of March 31, 2021:

- on an actual basis; and
- on an adjusted basis, after giving effect to the net proceeds from the sale by us of shares of our common stock in this offering (assuming the underwriters do not exercise their option to purchase additional shares) at an assumed initial public offering price of $ per share, which is the midpoint of the price range on the cover of this prospectus, after deducting estimated underwriting discounts, commissions and offering expenses.

The capitalization information below is for illustrative purposes only, and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing. You should read the following table in conjunction with the sections titled "Summary—Selected Historical Consolidated Financial Data and Other Information," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of March 31, 2021	
	Actual	As Adjusted
	(Dollars in thousands)	
Cash and cash equivalents(1):	$170,728	$
Debt:		
Line of Credit(2)	7,983	
Federal Home Loan Bank advances(2)	31,900	
Subordinated Notes	4,497	
Stockholders' equity:		
Preferred Stock, 1,000,000 shares authorized; 0 shares issued and outstanding	—	
Common Stock ($5.00 par value), 30,000,000 shares authorized; 7,716,428 shares issued and outstanding (actual); and 30,000,000 shares authorized; shares issued and outstanding (as adjusted)	38,582	
Capital surplus	65,885	
Retained earnings	39,174	
Accumulated other comprehensive income	1,808	
Unvested restricted stock	(849)	
Total stockholders' equity	$144,600	
Total capitalization	$188,980	
Capital ratios:		
Common equity tier 1 capital ratio	10.19%	%
Tier 1 leverage ratio	9.21%	%
Tier 1 risk-based ratio	10.19%	%
Total risk-based capital ratio	11.60%	%
Per Share Data:		
Book value per share	$ 18.74	$
Tangible book value per share(3)	$ 16.34	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the as adjusted amount of our cash and cash equivalents, additional paid-in-capital, total

stockholders' equity and total capitalization by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts, commissions and offering expenses. If the underwriters' option to purchase additional shares is exercised in full, the as adjusted amount of cash and cash equivalents, additional paid-in-capital, total stockholders' equity and total capitalization would increase by approximately $ million, after deducting estimated underwriting discounts, commissions and offering expenses, and we would have shares of our common stock issued and outstanding, as adjusted.

(2) On June 23, 2021, we redeemed all of the Subordinated Notes by borrowing approximately $4.5 million under the Line of Credit.

(3) Tangible book value per share is a non-GAAP financial measure. Please see "Non-GAAP Financial Measures" for a definition of tangible book value per share and a reconciliation to its most directly comparable financial measure presented in accordance with GAAP.

DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent that the initial public offering price per share of our common stock exceeds the as adjusted tangible book value per share of our common stock immediately following this offering. Tangible book value per share is equal to our tangible common equity divided by the number of shares of common stock outstanding as of such date. Tangible common equity equals our total stockholders' equity less goodwill and core deposit intangibles. Tangible common equity and tangible book value per share are non-GAAP financial measures. The most directly comparable GAAP financial measure to tangible common equity is total stockholders' equity, and the most directly comparable GAAP financial measure to tangible book value per share is book value per share. See our reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Non-GAAP Financial Measures."

Our tangible common equity at March 31, 2021 was $126.0 million, or a tangible book value per share of $16.34, based on the number of shares outstanding as of such date. After giving effect to the net proceeds from the sale by us of shares of our common stock in this offering (assuming the underwriters do not exercise their option to purchase additional shares) at an assumed initial public offering price of $ per share (the midpoint of the price range on the cover of this prospectus), and after deducting estimated underwriting discounts, commissions and offering expenses, our as adjusted tangible common equity as of March 31, 2021 would have been approximately $ million, or a tangible book value per share of $. Therefore, this offering will result in an immediate increase of $ in the tangible book value per share to existing stockholders and an immediate dilution of $ in the tangible book value per share to investors purchasing shares in this offering, or approximately % of the assumed initial public offering price of per share. Sales of shares by the selling stockholders will have no effect on our book value per share or our tangible book value per share.

The following table illustrates the calculation of the amount of dilution per share as of March 31, 2021 that a purchaser of our common stock in this offering will incur given the assumptions above:

Assumed initial public offering price per share		$
Tangible book value per share, as of March 31, 2021	$16.34	
Increase in tangible book value per share attributable to this offering	$	
As adjusted tangible book value per share after this offering		$
Dilution in tangible book value per share to new investors		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our as adjusted tangible book value per share after this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts, commissions and offering expenses payable by us. If the underwriters' option to purchase additional shares is exercised in full, the as adjusted tangible book value per share after giving effect to this offering would be approximately $ per share, and the dilution in as adjusted tangible book value per share to investors in this offering would be approximately $ per share.

The following table summarizes the total consideration paid to us and the average price paid per share by existing stockholders and investors purchasing common stock in this offering. To the extent that any of our officers or directors or any promoters, or any persons affiliated with any of the foregoing, participated in an offering of our common stock, these individuals paid the same price as all other participants in the same offering. This information is presented on an as adjusted basis as of March 31, 2021, after giving effect to our sale

of shares of our common stock in this offering (assuming the underwriters do not exercise their option to purchase additional shares) at an assumed initial public offering price of $ per share.

	Shares Purchased/Issued		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(Dollars in thousands, except per share data)				
Stockholders as of March 31, 2021	7,716,428	%	$38,582	%	$ 5.00
New investors in this offering		%	$	%	$
Total		%	$	%	$

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to shares, or % of the total number of shares of our common stock outstanding following the completion of this offering, and will increase the number of shares held by new investors to shares, or % of the total number of shares outstanding following the completion of this offering.

After giving effect to the sale of shares in this offering by the selling stockholders and us, if the underwriters' option to purchase additional shares is exercised in full, our existing stockholders would own approximately % and our new investors would own approximately % of the total number of shares of our common stock outstanding after this offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Summary—Selected Historical Consolidated Financial Data and Other Information" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that are subject to certain risks and uncertainties and are based on certain assumptions that we believe are reasonable but may not be realized. Certain risks, uncertainties and other factors, including those set forth under "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this prospectus, may cause actual results to differ materially from those projected results discussed in the forward-looking statements appearing in this discussion and analysis. We assume no obligation to update any of these forward-looking statements.

Overview

Southern States is a bank holding company headquartered in Anniston, Alabama. We operate primarily through our wholly-owned subsidiary, the Bank, an Alabama banking corporation. We provide banking services from 15 offices in Alabama and Georgia. The Bank is a full service community banking institution, which offers an array of deposit, loan and other banking-related products and services to businesses and individuals in our communities. Our principal business activities include commercial and retail banking.

On September 13, 2019, we acquired East Alabama and its wholly owned subsidiary, Small Town Bank, in Wedowee, Alabama, with total assets of approximately $233.2 million at the closing of the acquisition. The consideration for the acquisition was a mix of cash and stock, with the stock issued pursuant to exemptions from registration under the federal securities rules. The acquisition was fully integrated at the time of closing. The year ended December 31, 2020 includes a full year of operations following such acquisition.

Our management's discussion and analysis of financial condition and results of operations is intended to provide the reader with information that will assist in the understanding of our business, results of operations, financial condition and financial statements; changes in certain key items in our financial statements from period to period; and the primary factors that we use to evaluate our business.

Update Regarding COVID-19 and Current Developments

We carefully and successfully managed through the COVID-19 pandemic. During the pandemic, we took the appropriate steps to protect both customers and employees while continuing to provide full service banking and growing assets by 15.6% not considering PPP loans. This included closing branches to walk-in business when appropriate and utilizing all drive through facilities and allowing for appointment based banking. We increased cash levels in ATMs and communicated with customers regarding remote options for banking services. New technology was implemented to allow employees to work from home in addition to allowing for external parties such as auditors and examiners to continue to conduct necessary reviews and examinations.

We participated as a lender in the PPP as established by the CARES Act. Loans totaling $71.7 million were made to approximately 400 existing customers. We proactively worked with customers to assist them in navigating through the pandemic. We granted deferrals on 396 loans totaling $280.1 million, or approximately 28.0% of our loan portfolio. As of December 31, 2020, there were eight loans on deferral for a total of $8.0 million, or 0.78% of total loans. We know of no significant customer issues resulting from the pandemic.

We participated in the second round of PPP loans through when the SBA stopped taking applications on May 31, 2021. As of March 31, 2021, the second round of PPP loans totaled $26.2 million.

As of March 31, 2021, there was one loan remaining on deferral totaling $3.1 million, or 0.01% of total loans. We continue to actively monitor and consider COVID implications in our operations, lending, and customer needs.

Three Months ended March 31, 2021 Highlights

Highlights of our financial condition and results of operations as of and for the three months ended March 31, 2021 and other key events that occurred during 2021 are provided below.

Financial Condition

- Total assets grew $126.7 million, or 9.5%, to $1.5 billion as of March 31, 2021, from $1.3 billion as of December 31, 2020.
- Gross loans, net of unearned income, increased $53.2 million, or 5.2%, to $1.1 billion at March 31, 2021, from $1.0 billion at December 31, 2020. This was substantially the result of organic growth net of a reduction in PPP loans of $5.7 million and the sale of a $20.6 million USDA loan.
- As of March 31, 2021, we exceeded the minimum requirements to be well-capitalized for bank regulatory purposes, with a total risk-based capital ratio of 11.60%, a tier 1 risk-based capital ratio of 10.19%, a common equity tier 1 capital ratio of 10.19%, and a tier 1 leverage ratio of 9.21%.
- Total deposits grew $120.4 million, or 10.6%, to $1.3 billion at March 31, 2021 from $1.1 billion at December 31, 2020. Included in this growth was a $74.2 million increase in non-interest bearing deposits to $365.1 million at March 31, 2021, from $290.9 million at December 31, 2020.
- Asset quality improved with nonperforming assets to total assets of 0.97% as of March 31, 2021, down from 1.03% as of December 31, 2020. The allowance for loan losses to total loans remained flat at 1.23% (excluding PPP loans) for the periods ending March 31, 2021 and December 31, 2020.
- Book value per share increased $0.42, or 2.3%, to $18.74 at March 31, 2021 from $18.32 at December 31, 2020. Tangible book value per share increased $0.45, or 2.8%, to $16.34 at March 31, 2021 from $15.89 at December 31, 2020.

Results of Operations

- We had net income of $5.7 million for the three months ended March 31, 2021, compared to net income of $2.7 million for the three months ended March 31, 2020, an increase of $3.0 million, or 112.4%. The increased net income was substantially the result of a $2.8 million gain on the sale of a USDA loan and fees generated from a new customer loan swap program. This increase was offset by a loss on the sale of securities of $232,000 for the three months ended March 31, 2021, compared to a $738,000 gain for the three months ended March 31, 2020. Core net income was $3.8 million for the three months ended March 31, 2021, an increase of $1.4 million, or 55.5%, above the $2.4 million core net income for the three months ended March 31, 2020. Core net income is a non-GAAP financial measure. Please see “Non-GAAP Financial Measures” for a definition of core net income and a reconciliation of core net income to its most directly comparable GAAP financial measure.
- Net interest income was $12.3 million for the three months ended March 31, 2021, which increased $2.5 million, or 25.5%, compared to $9.8 million for the three months ended March 31, 2020. The increase was primarily attributable to loan growth plus a slight increase in net interest margin.
- Noninterest income for the three months ended March 31, 2021, was $4.5 million compared to $2.4 million for the three months ended March 31, 2020, an increase of $2.1 million, or 87.5%. The increase was primarily the result of a $2.8 million gain on sale of a USDA loan and fees from a new customer interest rate swap program launched in mid-2020. This increase was offset by a loss on the sale of securities of $232,000 for the three months ended March 31, 2021, compared to a $738,000 gain for the three months ended March 31, 2020.
- Noninterest expense for the three months ended March 31, 2021 was $8.5 million compared to $7.9 million for the three months ended March 31, 2020, an increase of $647,000, or 8.2%. The

increase was primarily the result of increased salaries and benefits based on additional employees in both production and support. Professional services increased primarily due to $182,000 for PPP loan assistance and $90,000 for support associated with the customer loan interest rate swap program. Other expenses increased primarily due to increased FDIC insurance and charitable contributions. These increases are offset somewhat by other real estate (income) expenses decreases of $488,000, or 122.6%, to a net income of $90,000 due to rental income on foreclosed properties in first quarter 2021 compared to an expense primarily from write-downs in first quarter 2020.

2020 Highlights

Highlights of our financial condition and results of operations as of and for the year ended December 31, 2020 and other key events that occurred during 2020 are provided below.

Financial Condition

- Total assets grew $237.0 million, or 21.6%, to $1.3 billion as of December 31, 2020, from $1.1 billion as of December 31, 2019.
- Gross loans, net of unearned income, increased $192.7 million, or 23.0%, to $1.0 billion at December 31, 2020, from $837.4 million at December 31, 2019. This was substantially the result of organic growth of 11.5% and to a lesser extent $66.6 million of PPP loans outstanding at December 31, 2020.
- As of December 31, 2020, we exceeded the minimum requirements to be well-capitalized for bank regulatory purposes, with a total risk-based capital ratio of 12.09%, a tier 1 risk-based capital ratio of 10.63%, a common equity tier 1 capital ratio of 10.63%, and a tier 1 leverage ratio of 9.24%.
- Total deposits grew $189.1 million, or 19.9%, to $1.1 billion from $950.5 million at December 31, 2019. Included in this growth was a $102.6 million increase in non-interest bearing deposits to $290.9 million at December 31, 2020, from $188.3 million at December 31, 2019.
- Asset quality improved with nonperforming assets to total assets of 1.03% as of December 31, 2020 from 1.90% as of December 31, 2019. The allowance for loan losses to total loans increased to 1.23% (excluding PPP loans) at December 31, 2020 from 1.11% at December 31, 2019.
- Book value increased $1.77, or 10.7%, to $18.32 at December 31, 2020 from $16.55 at December 31, 2019. Tangible book value increased $1.81, or 12.9%, to $15.89 at December 31, 2020 from $14.08 at December 31, 2019.

Results of Operations

- We had net income of $12.1 million for the year ended December 31, 2020, compared to net income of $5.6 million for the year ended December 31, 2019, an increase of $6.5 million, or 116.1%. The increased net income was substantially the result of loan growth and fees generated from a new customer loan swap program and a full year of Small Town Bank. The earnings in 2019 were at a reduced level related to acquisition expenses of $3.4 million incurred with the acquisition of Small Town Bank. Core net income was $11.7 million for the year ended December 31, 2020, an increase of $4.4 million, or 61.2% above the $7.3 million core net income for the year ended December 31, 2019. Core net income is a non-GAAP financial measure. Please see “Non-GAAP Financial Measures” for a definition of core net income and a reconciliation of core net income to its most directly comparable GAAP financial measure.
- Net interest income was $41.6 million for the year ended December 31, 2020, which increased $6.8 million, or 19.3%, compared to $34.8 million for the year ended December 31, 2019. The increase was primarily attributable to loan growth somewhat offset with slight compression in net interest margin.

- Noninterest income for the year ended December 31, 2020, was $8.5 million compared to $6.7 million for the year ended December 31, 2019, an increase of $1.8 million, or 27.3%. The increase was primarily the result of fees from a new customer interest rate swap program launched in 2020. To a lesser extent it is the result of $742,000 gain on sale of securities, receipt of $615,000 BOLI benefit and other general increases in operations. This increase was partially offset by $2.0 million received in 2019 from the dissolution of the Alabama Loan Guarantee Program that the Bank participated in.
- Noninterest expense for the year ended December 31, 2020 was $32.2 million compared to $24.4 million for the year ended December 31, 2019, an increase of $7.8 million, or 32.0%. The increase was primarily related to a full year of operations with Small Town Bank and the write-down of repossessed equipment totaling $920,000. IT expenses increased for an upgrade in deposit platform and ongoing project to upgrade the lending platform. Professional fees increased $195,000 for PPP loan assistance and $226,000 for support associated with customer loan swap program. Professional fees were also inflated from the initial implementation of FDICA internal controls documentation and testing, as the Bank exceeded $1.0 billion in assets as of December 31, 2020.

Primary Factors Used to Evaluate Our Business

Results of Operations

The most significant factors we use to evaluate our business and results of operation are net income, return on average assets and return on average equity. We also use net interest income, noninterest income and noninterest expense.

Net Interest Income

Net interest income is our principal source of net income and represents the difference between interest income and interest expense. We generate interest income from interest-earning assets that we own, including loans and investment securities. We incur interest expense from interest-bearing liabilities, including interest-bearing deposits and other borrowings, notably FHLB advances, the Company Line of Credit and our Subordinated Notes that were redeemed in June 2021. To evaluate net interest income, we measure and monitor: (i) yields on our loans and other interest-earning assets; (ii) the costs of our deposits and other funding sources; (iii) our net interest spread; and (iv) our net interest margin. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is a ratio of net interest income to average interest earning assets for the same period.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income.

Noninterest Income

Noninterest income primarily consists of: (i) service charges on deposit accounts; (ii) swap fees; (iii) SBA fees; (iv) mortgage banking income; (v) bank card services and interchange fees; (vi) benefits from changes in cash surrender value of BOLI; and (vii) other miscellaneous fees and income.

Our income from service charges on deposit accounts, which includes nonsufficient funds fees, is impacted by several factors, including number of accounts, products utilized and account holder cash management behaviors. These are further impacted by deposit products utilized by customers, marketing of new products and other factors. The income recognized on SBA and USDA loans, mortgage banking and interest rate swaps are impacted by prevailing market conditions and volumes of loans originated. Income on BOLI, which is non-taxable, reflects changes in the cash surrender value of our BOLI policies, which is the amount that the Bank may realize under these insurance policies. Our other miscellaneous income can include items such as other service fees, and other nonrecurring items. All of these can vary based on activity and other factors.

Noninterest Expense

Noninterest expense primarily consists of: (i) salaries and employee benefits; (ii) equipment and occupancy expenses; (iii) professional and other service fees; (iv) data processing and telecommunication expenses; (v) FDIC deposit insurance; and regulatory assessments; and (vi) other operating expenses.

Salaries and employee benefits include compensation, employee benefits and employer tax expenses for our personnel. Equipment and occupancy expenses include depreciation, lease expense, and property maintenance related items. Professional and other service fees includes legal, accounting, consulting, SBA third party loan administration expenses management, and third party internal audits and reviews. Data processing and telecommunications includes expenses paid to our primary third-party data processor and other ancillary providers. It also includes telecommunication and data services.

Primary Factors Used to Evaluate Our Financial Condition

The most significant factors we use to evaluate and manage our financial condition include asset quality, capital and liquidity.

Asset Quality

We monitor the quality of our assets based upon factors including level and severity of deterioration in borrower cash flows and asset quality. Problem assets are assessed and reported as delinquent, classified, nonperforming, nonaccrual or troubled debt restructurings. We also monitor credit concentrations. We manage the allowance for loan losses to reflect loan volumes, identified credit and collateral conditions, economic conditions and other qualitative factors.

Capital

We monitor capital using regulatory capital ratios. Factors used other than regulatory rules include overall financial condition, including the trend and volume of problem assets, reserves, risks, level and quality of earnings, and anticipated growth, including acquisitions.

Liquidity

Deposits primarily consist of commercial and personal accounts maintained by businesses and individuals in our primary market areas. We also utilize brokered deposits, Qwickrate certificates of deposits and reciprocal deposits through a third-party network that effectively allows depositors to receive insurance on amounts greater than the FDIC insurance limit, which is currently $250,000. We manage liquidity based on factors that include the amount of core deposits to total deposits, level of non-customer deposits, short-term funding needs and sources, and the availability of unused funding sources. As of March 31, 2021, approximately $63.6 million was available for borrowing on committed lines with the FHLB and $87.2 million was available for purchases of federal funds from correspondents on an overnight uncommitted basis.

Results of Operations for the Three Months Ended March 31, 2021 and 2020

The following table shows the average outstanding balance of each principal category of our assets, liabilities and stockholders' equity, together with the average yields on our assets and average costs of our liabilities for the periods indicated. Yields and costs are calculated by dividing the annualized income or expense by the average daily balances of the corresponding assets or liabilities for the same period.

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
	(Dollars in thousands)					
Assets:						
Interest-earnings assets:						
Gross loans, net of unearned income (1)	$1,066,556	$13,021	4.95%	$ 860,369	$11,787	5.51%
Investment securities	111,609	608	2.21%	58,525	367	2.52%
Other interest-earning assets	78,154	48	0.25%	103,451	355	1.38%
Total interest-earning assets	$1,256,319	$13,677	4.42%	$1,022,345	$12,509	4.92%
Allowance for loan losses	(12,138)	—	—	(9,432)	—	—
Noninterest-earning assets	123,938	—	—	104,647	—	—
Total Assets:	$1,368,119			$1,117,560		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
NOW, savings and MMDA deposits	$ 529,381	$ 695	0.53%	$ 409,816	$ 925	0.91%
Time deposits	324,668	495	0.62%	353,866	1,609	1.83%
FHLB Advances	33,244	51	0.62%	3,920	12	1.25%
Other Borrowings	12,755	152	4.82%	12,468	181	5.85%
Total Interest-bearing liabilities	$ 900,048	$ 1,393	0.63%	$ 780,070	$ 2,727	1.41%
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	$ 316,553	—	—	$ 202,655	—	—
Other liabilities	8,460	—	—	5,773	—	—
Total noninterest-bearing liabilities	$ 325,013			$ 208,428		
Stockholders' Equity	$ 143,058			$ 129,062		
Total Liabilities and Stockholders' Equity	$1,368,119			$1,117,560		
Net Interest Income		$12,284			$ 9,782	
Net Interest Spread (2)			3.79%			3.51%
Net Interest Margin (3)			3.97%			3.85%

(1) Includes nonaccrual loans.
(2) Net interest spread is the difference between interest rates earned on interest earning assets and interest rates paid on interest-bearing liabilities.
(3) Net interest margin is a ratio of net interest income to average interest earning assets for the same period.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates.

The following tables set forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to: (i) effects on interest income attributable to changes in volume (change in volume multiplied by prior rate); and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been proportionately allocated to both volume and rate.

	Three Months Ended March 31, 2021 over 2020 Changes due to:		
	Volume	Rate	Total Variance
	(Dollars in thousands)		
Interest-Earning Assets:			
Loans	$2,550	$(1,316)	$ 1,234
Investment securities	289	(48)	241
Other interest earning assets	12	(319)	(307)
Total increase (decrease) in interest income	2,851	(1,683)	1,168
Interest-Bearing Liabilities:			
NOW, savings, MMDA deposits	166	(396)	(230)
Time deposits	(48)	(1,066)	(1,114)
FHLB advances	45	(6)	39
Other borrowings	4	(33)	(29)
Total increase (decrease) interest expense	167	(1,501)	(1,334)
Increase (decrease) in net interest income	$2,684	$ (182)	$ 2,502

Net interest income for the three months ended March 31, 2021 was $12.3 million compared to $9.8 million for the three months ended March 31, 2020, an increase of $2.5 million, or 25.5%. The increase in net interest income was comprised of a $1.2 million, or 9.6%, increase in interest income, plus a $1.3 million, or 48.1%, decrease in interest expense. The growth in interest income was primarily attributable to a $206.2 million, or 24.0%, increase in average gross loans outstanding as of March 31, 2021, compared to March 31, 2020, and by a 0.60% decrease in the yield on gross total loans. The increase in average gross loans outstanding was primarily due to organic growth and despite a net reduction of $5.7 million in outstanding PPP loans as pay-offs exceeded new PPP loan origination. The $1.3 million decrease in interest expense for the quarter ended March 31, 2021 was primarily related to a 0.62% decrease in the rate paid on interest-bearing liabilities partially offset by an increase of $120.0 million, or 15.4%, in average interest-bearing liabilities as of March 31, 2021 compared to March 31, 2020. The increase in average interest-bearing liabilities from March 31, 2020 to March 31, 2021 was due to organic growth. For the three months ended March 31, 2021, net interest margin and net interest spread were 3.97% and 3.79%, respectively, compared to 3.85% and 3.51%, respectively, for the same period in 2020, which reflects the increases in interest income discussed above relative to the greater decreases in interest expense.

Provision for Loan Losses

Credit risk is inherent in the business of making loans. We establish an allowance for loan losses through charges to earnings, which are shown in the statements of income as the provision for loan losses. Specifically identifiable and quantifiable known losses are promptly charged off against the allowance. The provision for loan losses is determined by conducting a quarterly evaluation of the adequacy of our allowance for loan losses and increasing or reducing our provision expense accordingly, or reducing the amount of our allowance, as appropriate. This has the effect of creating variability in the amount and frequency of charges to our earnings. The provision for loan losses and level of allowance for each period are dependent upon many factors, including loan growth, net charge offs, changes in the composition of the loan portfolio, delinquencies, management’s assessment of the quality of the loan portfolio, the valuation of problem loans and the general economic conditions in our market areas.

The provision for loan losses for the three months ended March 31, 2021 was $750,000 compared to $800,000 for the three months ended March 31, 2020. In March 2021, the provision was recorded based on

growth, and in March 2020, it was based on increased environmental factors related to the pandemic. There were no significant net charge-offs in the three months ended March 31, 2021. In the three months ended March 31, 2020, there were net recoveries of $134,000.

The allowance for loan losses as a percentage of gross loans was 1.16% and 1.15% at March 31, 2021 and 2020, respectively. The allowance for loan losses as a percentage of gross loans, without including PPP loans, was 1.23% at March 31, 2021.

Noninterest Income

While interest income remains the largest single component of total revenues, noninterest income is an important contributing component. Our most significant sources of noninterest income include SBA fees, which primarily includes gains on the sales and servicing of SBA loans; service charges on deposit accounts which includes overdraft program fees; and mortgage origination and sales fees. In May 2020, the Bank launched a program offering loans with interest rate swaps, which generated a new source of revenue. The new interest swap program is hedged with back-to-back interest rate swaps.

Noninterest income for the three months ended March 31, 2021 was $4.5 million compared to $2.4 million for the three months ended March 31, 2020, an increase of $2.1 million, or 87.5%. The following table sets forth the major components of our noninterest income for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Increase (Decrease)
	(Dollars in thousands)		
Noninterest income:			
Service charges on deposit accounts	$ 360	$ 451	$ (91)
Interest rate swap fees	558	—	558
SBA and USDA fees	2,865	478	2,387
Bank card services and interchange fees	362	247	115
Mortgage banking activities	407	288	119
Net (loss) gain on sale of securities	(232)	738	(970)
Other income and fees(1)	176	200	(24)
Total noninterest income	$4,496	$2,402	$ 2,094

(1) Other income and fees include income and fees associated with miscellaneous services and the increase in the cash surrender value of BOLI.

Income from service charges on deposit accounts includes fees for overdraft privilege charges, insufficient funds charges, account analysis service fees on commercial accounts, and monthly account service fees. These
fees decreased $91,000, or 20.2%, to $360,000 for the three months ended March 31, 2021 from $451,000 for the three months ended March 31, 2020. The decrease is primarily attributed to a reduction in insufficient funds fees resulting from customers receiving economic stimulus from the CARES Act.

Interest rate swap fees represent fees received when the Bank's customer enters into a back-to-back swap agreement. The program was launched in May 2020, so there were no fees for the three months ended March 31, 2020.

SBA and USDA fees primarily include gains on the sale of SBA loans and servicing of SBA loans. These fees increased $2.4 million, or 499.4%, to $2.9 million for the three months ended March 31, 2021, from $478,000 for the three months ended March 31, 2020. The Bank realized a gain of $2.8 million on the sale of a USDA loan during the first quarter of 2021. This loan was larger than historically sold, and this sale significantly improved our efficiency ratio.

Bank card services and interchange fees are derived from debit cards and foreign ATM transactions. These fees increased $115,000, or 46.6%, to $362,000 for the three months ended March 31, 2021, from $247,000 for

the three months ended March 31, 2020. The increase was primarily the result of greater transactional volume that generated additional interchange fees during the first quarter of 2021.

Income from mortgage banking activities primarily includes origination fees and gains on the sale of mortgage loans originated for sale in the secondary market. Income from mortgage banking activities increased $119,000, or 41.3%, to $407,000 for the three months ended March 31, 2021 from $288,000 for the three months ended March 31, 2020. This increase is the result of increased volumes driven by lower market interest rates and includes both refinances and purchases.

Securities (losses) gains, net, decreased $970,000 to a net loss of $232,000 for the three months ended March 31, 2021, from a net gain of $738,000 for the three months ended March 31, 2020. The loss in the first quarter of 2021 is the result of bonds sold, at a net loss, in the first quarter of 2021 to reposition a portion of the bond portfolio from taxable municipal bonds into longer term, high coupon tax-exempt municipal bonds.

Other income and fees decreased $23,000, or 11.6%, to $176,000 for the three months ended March 31, 2021 from $199,000 for the three months ended March 31, 2020. This decrease was primarily due to slight decreases in our BOLI and other income.

Noninterest Expense

Noninterest expense for the three months ended March 31, 2021 was $8.5 million compared to $7.9 million for the three months ended March 31, 2020, an increase of $647,000, or 8.2%, which primarily resulted from increases in salaries, performance-based compensation and employee benefits, professional fees, and other expense. This was offset by a reduction in other real estate expense during the three months ended March 31, 2021. The following table sets forth the major components of our noninterest expense for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Increase (Decrease)
	(Dollars in thousands)		
Noninterest expense:			
Salaries and employee benefits	$5,057	$4,487	$ 570
Equipment and occupancy expenses	879	902	(23)
Professional services	693	394	299
IT and data services	447	415	32
Other real estate (income) expenses	(90)	398	(488)
Other expenses(1)	1,546	1,290	256
Total noninterest expense	$8,532	$7,886	$ 646

(1) Other expenses include items such as FDIC insurance, telephone expenses, marketing and advertising expense, debit card expenses, courier fees, directors' fees, and insurance.

Salaries and employee benefits primarily include: (i) amounts paid to employees for base pay, incentive compensation, and bonuses; (ii) health and other related insurance paid by the Bank on behalf of our employees; and (iii) the annual cost for any increases in the liability for non-qualified plans maintained for certain key employees. Salaries and employee benefits increased $570,000, or 12.7%, from $4.5 million for the quarter ended March 31, 2020 to $5.1 million for the quarter ended March 31, 2021. The increase was primarily due to normal salary increases, increases in benefit and incentive costs, and the addition of production and support personnel in the fourth quarter of 2020. The number of full time equivalent ("FTE") employees was 191 at March 31, 2021, compared to 175 at March 31, 2020 and 190 at December 31, 2020.

Equipment and occupancy expenses consist of depreciation on property, premises, equipment and software, rent expense for leased facilities, maintenance agreements on equipment, property taxes, and other expenses related to maintaining owned or leased assets. Equipment and occupancy expense for the three months ended March 31, 2021 was $879,000 compared to $902,000 for the three months ended March 31, 2020, a decrease of $23,000, or 2.5%. The decrease was primarily attributable to an overall reduction in maintenance expenses.

Professional services expenses, which include legal fees, audit and accounting fees, and consulting fees, increased $299,000, or 75.9%, to $693,000 for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was primarily the result of the addition of SWAP administration expense of $90,000 and PPP administration expense of $182,000 that were not incurred in the three months ended March 31, 2020.

IT and data services expenses, which primarily consists of data processing services for core processing from a third-party vendor, increased $32,000, or 7.7%, to $447,000 for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase was primarily the result of general increases, and new services including a new lending platform in process for roll out mid-2021. This will create efficiencies and electronic signature capabilities.

Other real estate (income) expenses decreased $488,000, or 122.6%, to a net income of $90,000 for the three months ended March 31, 2021, from a net expense of $398,000 for the three months ended March 31, 2020. This decrease is substantially the result of write-downs and holding expenses incurred on foreclosed equipment during the three months ended March 31, 2020 and net OREO rental income during the three months ended March 31, 2021.

Other expenses include items such as FDIC insurance, telephone, advertising, debit card expenses, courier and insurance. Other expenses increased $257,000, or 19.8%, to $1.5 million for the three months ended March 31, 2021, compared to $1.3 million for the three months ended March 31, 2020. The increase was substantially due to additional charitable donations, and to a lesser extent, an increase in FDIC insurance expense based on the growth in liabilities funding our asset growth.

Results of Operations for the Years Ended December 31, 2020 and 2019

The following table shows the average outstanding balance of each principal category of our assets, liabilities and stockholders' equity, together with the average yields on our assets and average costs of our liabilities for the periods indicated. Yields and costs are calculated by dividing the annualized income or expense by the average daily balances of the corresponding assets or liabilities for the same period.

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
	(Dollars in thousands)					
Assets:						
Interest-earnings assets:						
Gross loans, net of unearned income (1)	$ 954,598	$47,786	5.01%	$747,507	$43,171	5.78%
Investment securities	83,987	1,960	2.33%	55,447	1,337	2.41%
Other interest-earning assets	102,214	539	0.53%	112,867	2,447	2.17%
Total interest-earning assets	$1,140,799	$50,285	4.41%	$915,821	$46,955	5.13%
Allowance for loan losses	(10,636)	—	—	(8,795)	—	—
Noninterest-earning assets	111,277	—	—	78,247	—	—
Total Assets:	$1,241,440			$985,273		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
NOW, savings and MMA deposits	$ 452,240	$ 3,085	0.68%	$329,996	$ 3,808	1.15%
Time deposits	354,125	4,769	1.35%	367,932	7,812	2.12%
FHLB Advances	21,448	178	0.83%	1,364	35	2.57%
Other Borrowings	12,522	676	5.40%	6,874	451	6.56%
Total Interest-bearing liabilities	$ 840,335	$ 8,708	1.04%	$706,166	$12,106	1.71%
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	$ 259,962	—	—	$164,908	—	—
Other liabilities	7,114	—	—	5,357	—	—

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
	(Dollars in thousands)					
Total noninterest-bearing liabilities	$ 267,076			$170,265		
Stockholders' Equity	$ 134,029			$107,330		
Total Liabilities and Stockholders' Equity	$1,241,440			$983,761		
Net Interest Income		$41,577			$34,849	
Net Interest Spread (2)			3.37%			3.42%
Net Interest Margin (3)			3.64%			3.81%

(1) Includes nonaccrual loans.
(2) Net interest spread is the difference between interest rates earned on interest earning assets and interest rates paid on interest-bearing liabilities.
(3) Net interest margin is a ratio of net interest income to average interest earning assets for the same period.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following tables set forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to: (i) effects on interest income attributable to changes in volume (change in volume multiplied by prior rate); and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been proportionately allocated to both volume and rate.

	Year Ended December 31, 2020 over 2019		
	Changes due to:		
	Volume	Rate	Total Variance
	(Dollars in thousands)		
Interest Earning Assets:			
Loans	$10,153	$(5,538)	$ 4,615
Investment securities	666	(43)	623
Other interest earning assets	(19)	(1,889)	(1,908)
Total increase in interest income	10,800	(7,470)	3,330
Interest-Bearing Liabilities:			
NOW, savings, MMA deposits	734	(1,456)	(722)
Time deposits	(194)	(2,850)	(3,044)
FHLB advances	166	(24)	142
Other borrowings	305	(79)	226
Total increase interest expense	1,011	(4,409)	(3,398)
Increase in net interest income	$ 9,789	$(3,061)	$ 6,728

Net interest income for the year ended December 31, 2020 was $41.6 million compared to $34.8 million for the year ended December 31, 2019, an increase of $6.8 million, or 19.3%. The increase in net interest income was comprised of a $3.3 million, or 7.0%, increase in interest income, offset by a $3.4 million, or 28.1%, decrease in interest expense. The growth in interest income was primarily attributable to a $207.1 million, or 27.7%, increase in average gross loans outstanding as of December 31, 2020, compared to December 31, 2019, and by a 0.77% decrease in the yield on gross total loans. The increase in average gross loans outstanding was primarily due to organic growth and PPP loan origination. The $3.4 million decrease in interest expense for the year ended December 31, 2020 was primarily related to a 0.68% decrease in the rate paid on interest-bearing liabilities and an increase of $134.2 million, or 19.0%, in average interest-bearing liabilities as of December 31, 2020 compared to December 31, 2019. The increase

in average interest-bearing liabilities from 2019 to 2020 was primarily due to the acquisition of Small Town Bank and organic growth. For the year ended December 31, 2020, net interest margin and net interest spread were 3.64% and 3.37%, respectively, compared to 3.81% and 3.42%, respectively, for the same period in 2019, which reflects the increases in interest income discussed above relative to the greater decreases in interest expense.

Provision for Loan Losses

Credit risk is inherent in the business of making loans. We establish an allowance for loan losses through charges to earnings, which are shown in the statements of income as the provision for loan losses. Specifically identifiable and quantifiable known losses are promptly charged off against the allowance. The provision for loan losses is determined by conducting a quarterly evaluation of the adequacy of our allowance for loan losses and charging the shortfall or excess, if any, to the current quarter's expense. This has the effect of creating variability in the amount and frequency of charges to our earnings. The provision for loan losses and level of allowance for each period are dependent upon many factors, including loan growth, net charge offs, changes in the composition of the loan portfolio, delinquencies, management's assessment of the quality of the loan portfolio, the valuation of problem loans and the general economic conditions in our market areas.

The provision for loan losses for the year ended December 31, 2020 was $3.3 million compared to $5.7 million for the year ended December 31, 2019. In 2020, the provisions were recorded based on increased environmental factors related to the pandemic. There were no significant charge-offs in 2020. In 2019, additional provisions were recorded due to the need to fund the allowance for loan losses after $4.3 million in charge-offs on two borrowers and an increase in the overall size of the loan portfolio substantially as a result of the acquisition of Small Town Bank.

In addition, the Company received $2.0 million resulting from the termination of a Loan Guarantee Program operated by the State of Alabama (the "Alabama Loan Guarantee Program"). The Alabama Loan Guarantee Program was designed to incentivize lenders to make term loans or provide lines of credit to new or existing small businesses by supporting such loans or lines of credit with a guarantee from the State of Alabama. The Alabama Loan Guarantee Program required a 1% fee on the commitment balance at origination and in return the Company received a guarantee of up to 50% of losses in the event of the borrower's default.

The payment of $2.0 million received by the Company from the State of Alabama in October 2019 was recorded as a gain and included in noninterest income on the accompanying consolidated statements of earnings. In connection therewith, the Company also recorded a $2.0 million loan loss provision to increase the allowance for loan losses due to the loss of the guarantee on such loans. We are continuing to monitor these loans. As of December 31, 2020, the Company had 11 loans outstanding totaling $9.3 million that were previously enrolled in the Alabama Loan Guarantee Program prior to its termination by the State of Alabama.

The allowance for loan losses as a percentage of gross loans was 1.15% and 1.11% at December 31, 2020 and 2019, respectively. The allowance for loan losses as a percentage of gross loans, without PPP, was 1.23% at December 31, 2020.

Noninterest Income

While interest income remains the largest single component of total revenues, noninterest income is an important contributing component. Our most significant sources of noninterest income include SBA fees, which primarily includes gains on the sales and servicing of SBA loans, service charges on deposit accounts which includes overdraft program fees, and mortgage origination and sales fees. In 2020, the Bank launched a program offering loans with interest rate swaps, which generated a new source of revenue. In 2019, the Bank received $2.0 million from the dissolution of the Alabama Loan Guarantee Program, which the Bank recorded as noninterest income.

Noninterest income for the year ended December 31, 2020 was $8.5 million compared to $6.7 million for the year ended December 31, 2019, an increase of $1.8 million, or 27.3%. The following table sets forth the major components of our noninterest income for the years ended December 31, 2020 and 2019:

	Year Ended December 31,		
	2020	2019	Increase (Decrease)
	(Dollars in thousands)		
Noninterest income:			
Service charges on deposit accounts	$1,458	$1,535	($ 77)
Interest rate swap fees	1,405	—	1,405
SBA and USDA fees	756	929	(173)
Bank card services and interchange fees	1,169	659	510
Mortgage banking activities	1,529	909	620
Funds from dissolution of loan guarantee program	—	2,000	(2,000)
Net gain on sale of securities	742	14	728
BOLI payment received	615	—	615
Other income and fees(1)	867	664	203
Total noninterest income	$8,541	$6,710	$ 1,831

(1) Other income and fees include income and fees associated with miscellaneous services and the increase in the cash surrender value of life insurance.

Income from service charges on deposit accounts includes fees for overdraft privilege charges, insufficient funds charges, account analysis service fees on commercial accounts, and monthly account service fees. These fees remained flat at $1.5 million for the years ended December 31, 2020 and 2019. There was a substantial decrease as the result of losing a significant lock box customer with fees of approximately $30,000 per month. This is somewhat offset by having Small Town Bank for a full year in 2020, compared to three months in 2019.

Interest rate swap fees represent fees received when the Bank's customer enters into a back-to-back swap agreement. The program was launched in 2020.

SBA and USDA fees primarily include gains on the sale of SBA loans and servicing of SBA loans. These fees decreased $173,000, or 18.6%, to $756,000 for the year ended December 31, 2020, from $929,000 for the year ended December 31, 2019. The decrease in fees was due to a reduced volume of SBA loans sold in 2020 compared to 2019.

Bank card services and interchange fees are derived from debit cards and ATM cards and machines. These fees increased $510,000, or 77.4%, to $1.2 million for the year ended December 31, 2020, from $659,000 for the year ended December 31, 2019. The increase was primarily the result of the acquisition of Small Town Bank in September 2019.

Income from mortgage banking activities primarily includes origination fees and gains on the sale of mortgage loans originated for sale in the secondary market. Income from mortgage banking activities increased $620,000, or 68.2%, to $1.5 million for the year ended December 31, 2020 from $909,000 for the year ended December 31, 2019. This increase is the result of the significant reduction in market rate in 2020 and includes both refinances and purchases.

Net securities gains increased from $14,000 to $742,000. The increase is the result of bonds sold in the first quarter of 2020 to reposition a portion of the bond portfolio. In the first quarter of 2020, the Bank sold approximately $20.0 million in tax exempt securities and reinvested in taxable securities to perform better in a downward movement of rates.

The Bank owns numerous Bank Owned Life Insurance (BOLI) policies in the ordinary course of business. During 2020, the Bank received a benefit payment of $615,000 related to the death of a former employee.

Other income and fees increased $203,000, or 30.6%, to $867,000 for the year ended December 31, 2020 from $664,000 for the year ended December 31, 2019. This increase was primarily due to rental income of $235,000 received on a new branch and offices purchased in Birmingham, Alabama which will not continue into 2021.

Noninterest Expense

Noninterest expense for the year ended December 31, 2020 was $32.2 million compared to $27.8 million for the year ended December 31, 2019, an increase of $4.4 million, or 15.9%, which primarily resulted from the increase in salaries, performance-based compensation and employee benefits from the acquisition of Small Town Bank in September 2019. The following table sets forth the major components of our noninterest expense for the years ended December 31, 2020 and 2019:

	Year Ended December 31,		
	2020	2019	Increase (Decrease)
	(Dollars in thousands)		
Noninterest expense:			
Salaries and employee benefits	$18,765	$14,942	$ 3,823
Equipment and occupancy expenses	3,682	2,537	1,145
Professional services	1,838	1,294	544
IT and data services	1,729	1,175	554
Acquisition related expenses	—	3,373	(3,373)
Other real estate expenses	945	252	693
Other expenses(1)	5,226	4,198	1,028
Total noninterest expense	$32,185	$27,771	$ 4,414

(1) Other expenses include items such as FDIC insurance, telephone expenses, marketing and advertising expense, debit card expenses, courier fees, directors' fees, and insurance. The increase is substantially the result of owning Small Town Bank for a full year in 2020.

Salaries and employee benefits primarily include: (i) amounts paid to employees for base pay, incentive compensation, and bonuses; (ii) health and other related insurance paid by the Bank on behalf of our employees; and (iii) the annual cost for any increases in the liability for non-qualified plans maintained for certain key employees. Salaries and employee benefits increased $3.8 million, or 25.5%, from $14.9 million for the year ended December 31, 2019 to $18.8 million for the year ended December 31, 2020. The increase was primarily due to the addition of employees for a full year in connection with the acquisition of Small Town Bank in September 2019. It is further related to normal salary increases, increases in benefit costs, and the addition of production and support personnel in the fourth quarter of 2020.

Equipment and occupancy expenses consist of depreciation on property, premises, equipment and software, rent expense for leased facilities, maintenance agreements on equipment, property taxes, and other expenses related to maintaining owned or leased assets. Equipment and occupancy expense for the year ended December 31, 2020 was $3.7 million compared to $2.5 million for the year ended December 31, 2019, an increase of $1.2 million, or 45.1%. The increase was primarily attributable to the addition of five Small Town Bank facilities and overall increases in maintenance expenses.

Professional services expenses, which include legal fees, audit and accounting fees, and consulting fees, increased $544,000, or 42.0%, to $1.8 million for the year ended December 31, 2020 compared to the year ended

December 31, 2019. This increase was primarily the result of the addition of swap servicing expense of $ 226,000 and PPP administration expense of $195,000 that were not incurred in 2019. In addition, professional fees increased as the Bank was subject to FDICIA reporting requirements.

IT and data services expenses, which primarily consists of data processing services for core processing from a third-party vendor, increased $554,000, or 47.1%, to $1.7 million for 2020 compared to 2019. The increase was primarily the result of the addition of Small Town Bank for a full year and to a lesser extent general increases, and new services including a new lending platform in process for roll out mid-2021. This will create efficiencies and electronic signature capabilities.

Acquisition related expenses recorded in 2019 were related to the acquisition of Small Town Bank.

Other real estate expenses increased $693,000, or 275.0%, to 945,000 for the year ended December 31, 2020, from $252,000 for the year ended 2019. This increase is substantially the result of write-downs and holding expenses incurred on foreclosed equipment. This equipment was sold in October 2020.

Other expenses include items such as FDIC insurance, telephone, advertising, debit card expenses, courier and insurance. Other expenses increased $1.0 million, or 24.5%, to $5.2 million for the year ended December 31, 2020, compared to $4.2 million for the year ended December 31, 2019. The increase was substantially due to a full year of expenses related to the purchase of Small Town Bank in September 2019.

Financial Condition

Total assets grew $126.7 million, or 9.5%, to $1.5 billion at March 31, 2021 from $1.3 billion at December 31, 2020. This growth includes organic loan growth of $58.9 million, net of a reduction in net PPP loans of $5.7 million. Cash and cash equivalents increased $85.8 million to $170.7 million. The growth was fueled by deposit growth of $120.4 million, or 10.6%, to $1.3 billion at March 31, 2021 compared to $1.1 billion at December 31, 2020. The majority of the growth was in non-interest bearing deposits and money market accounts.

Total assets increased $237.0 million, or 21.6%, to $1.3 billion at December 31, 2020 as compared to $1.1 billion at December 31, 2019. The increase in total assets was the result of 15.1% in organic loan growth and participation in the PPP loan program. Our gross loans, net of unearned income, increased $192.7 million, or 23.0%, to $1.0 billion at December 31, 2020, compared to $837.4 million at December 31, 2019. The increase in the gross loans was due to organic growth of $128.1 million and $66.6 million from the participation in PPP. Our securities portfolio increased $54.1 million, or 90.3%, to $114.0 million at December 31, 2020, compared to $59.9 million at December 31, 2019. The increase in our securities portfolio is the result of an effort to move liquidity to higher yielding bonds instead of interest-earning cash. Total deposits increased $189.1 million, or 19.9% to $1.1 billion at December 31, 2020, compared to $950.5 million at December 31, 2019. A substantial portion of this growth was in non-interest bearing funds.

Loan Portfolio

Loans represent the largest portion of earning assets, greater than the securities portfolio or any other asset category, and the quality and diversification of the loan portfolio is an important consideration when reviewing the Company's financial condition.

The Company originates residential real estate loans for the secondary market. The Company sells the residential real estate loans exclusively to two private investors who solely and independently make the credit decision and set the closing conditions. The loans are closed in the Company's name but are immediately assigned to the designated investor. These loans have an average turn time to purchase of 30 days or less. These mortgage loans are designated on the Company's balance sheet as held-for-sale. This segment represents less than 0.005% of total loans based on the latest thirteen-month average.

We have three loan portfolio segments: real estate ("RE") which is divided into three classes, commercial and industrial (C&I), and consumer and other. A class is generally determined based on the initial measurement

attribute, risk characteristic of the loan, and method for monitoring and assessing credit risk. Classes within the RE portfolio segment include construction and development or C&D, residential mortgages, and commercial mortgages.

Our loan clients primarily consist of small to medium sized business, the owners and operators of these businesses, as well as other professionals, entrepreneurs and high net worth individuals. We believe owner-occupied and investment commercial real estate loans, residential construction loans and commercial business loans provide us with higher risk-adjusted returns, shorter maturities and more sensitivity to interest rate fluctuations, and are complemented by our relatively lower risk residential real estate loans to individuals.

The following describes risk characteristics relevant to each of the loan portfolio segments:

Real estate—The Company offers various types of real estate loan products, which are divided into the classes described below. All loans within this portfolio segment are particularly sensitive to the valuation of real estate:

- Construction and development, or C&D, loans include extensions of credit to real estate developers or investors where repayment is dependent on the sale of the real estate or income generated from the real estate collateral.
- Residential mortgages include 1-4 family first mortgage loans, which are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property. These include second liens or open-end residential real estate loans, such as home equity lines. These loans are typically repaid by the same means as 1-4 family first mortgages.
- Commercial mortgages include both owner-occupied commercial real estate loans and other commercial real estate loans, such as commercial loans secured by income producing properties. Owner-occupied commercial real estate loans made to operating businesses are long-term financing of land and buildings and are repaid by cash flows generated from business operations. Real estate loans for income-producing properties such as apartment buildings, office and industrial buildings, and retail shopping centers are repaid from rent income derived from the properties.

Commercial and industrial—This loan portfolio segment includes loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, leases, or expansion projects. Loans are repaid by business cash flows. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the borrowers' business operations.

Consumer and other—This loan portfolio segment includes direct consumer installment loans, overdrafts and other revolving credit loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

The following table presents the balance and associated percentage of the composition of loans, excluding loans held for sale on the dates indicated:

	As of March 31,		Loan Portfolio Segments As of December 31,									
	2021 Amount	% of Total	2020 Amount	% of Total	2019 Amount	% of Total	2018 Amount	% of Total	2017 Amount	% of Total	2016 Amount	% of Total
	(Dollars in thousands)											
Real Estate Loans:												
Construction & Development	$121,199	11.1%	$102,559	9.9%	$ 93,011	11.1%	$ 77,197	11.0%	82,217	14.4%	$ 94,745	18.9%
Residential Mortgages	151,883	14.0%	152,212	14.7%	152,312	18.1%	125,026	17.7%	118,428	20.9%	113,296	22.6%
Commercial Mortgages	575,022	52.9%	514,923	49.8%	441,946	52.7%	363,536	51.5%	284,912	50.2%	246,690	49.1%
Commercial & Industrial	169,311	15.6%	187,839	18.3%	139,765	16.7%	132,061	18.7%	74,896	13.2%	41,252	8.2%

	As of March 31,		Loan Portfolio Segments As of December 31,									
	2021 Amount	% of Total	2020 Amount	% of Total	2019 Amount	% of Total	2018 Amount	% of Total	2017 Amount	% of Total	2016 Amount	% of Total
	(Dollars in thousands)											
PPP Loans	60,846	5.6%	66,556	6.4%	—	—	—	—	—	—	—	—
Consumer and other	9,200	0.8%	9,644	0.9%	11,955	1.4%	7,479	1.1%	7,131	1.3%	6,293	1.2%
Gross Loans	1,087,461	100.0%	1,033,733	100.0%	838,989	100.0%	705,299	100.0%	567,584	100.0%	502,276	100.0%
Deferred loan fees	(4,187)		(3,618)		(1,548)		(1,553)		(1,252)		(993)	
Allowance for loan losses	(12,605)		(11,859)		(9,265)		(7,833)		(5,754)		(4,949)	
Loans, net	$1,070,669		$1,018,256		$828,176		$695,913		$560,579		$496,334	

Gross loans increased $53.7 million, or 5.2%, to $1.1 billion as of March 31, 2021 as compared to $1.0 billion as of December 31, 2020. The net increase in the Company's gross loans was due to organic growth of $59.4 million and offset by a net decrease of $5.7 million in PPP loans. During the first quarter of 2021, the Company's participation in the PPP program resulted in new loans of $26.1 million and forgiveness of $31.8 million on existing loans. Portfolio segments and classes remained relatively consistent since December 31, 2020.

Gross loans increased $194.7 million, or 23.2%, to $1.0 billion as of December 31, 2020 as compared to $839.0 million as of December 31, 2019. The increase in the Company's gross loans was due to organic growth of $128.1 million and $66.6 million from the participation in the PPP Loan Program. Portfolio segments and classes remained relative consistent year over year.

The following tables show the contractual maturities of the Company's gross loan principal balances, which excludes loan discounts, overdrafts and other items in the distribution between fixed and adjustable interest rate loans at March 31, 2021, December 31, 2020 and 2019, respectively:

	As of March 31, 2021						
	Due in One Year or Less		Due After One Year Through Five Years		Due After Five Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)						
Real Estate Loans:							
Construction & Development	$ 5,825	$ 42,841	$ 25,764	$ 27,231	$ 3,244	$ 16,572	$ 121,477
Residential Mortgages	14,889	10,446	60,789	8,632	3,146	54,081	151,983
Commercial Mortgages	30,321	12,098	297,974	98,485	29,378	104,512	572,768
Commercial & Industrial	6,235	38,236	75,623	24,119	4,870	22,333	171,417
PPP Loans	—	—	60,846	—	—	—	60,846
Consumer and other	1,575	1,689	3,612	721	134	1,400	9,131
Gross Loans	**$ 58,845**	**$ 105,311**	**$ 524,608**	**$ 159,188**	**$ 40,772**	**$ 198,996**	**$ 1,087,622**

	As of December 31, 2020						
	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)						
Real Estates:							
Construction & Development	$ 5,097	$ 40,869	$ 25,901	$ 18,265	$ 2,428	$ 9,999	$ 102,559
Residential Mortgages	15,318	15,154	48,171	17,191	4,464	52,032	152,330
Commercial Real Estate Mortgages	33,587	13,754	293,197	49,917	13,200	111,363	515,018
Commercial & Industrial	6,705	40,395	70,973	25,453	23,414	21,209	188,149
PPP Loans	—	—	66,556	—	—	—	66,556
Consumer & Other	1,960	1,358	3,928	712	139	1,400	9,497
Gross Loans	**$ 62,667**	**$ 111,530**	**$ 508,726**	**$ 111,538**	**$ 43,645**	**$ 196,003**	**$ 1,034,109**

	As of December 31, 2019						
	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)						
Real Estate:							
Construction & Development	$ 13,115	$ 37,845	$ 18,867	$ 15,528	$ 1,264	$ 6,391	$ 93,010
Residential Mortgages	11,245	12,304	63,449	10,905	6,229	48,484	152,616
Commercial Real Estate Mortgages	47,470	28,553	267,962	23,129	11,507	59,949	438,570
Commercial & Industrial	5,871	27,664	63,910	28,202	4,849	9,997	140,493
Consumer & Other	2,915	707	6,022	573	89	1,500	11,806
Gross Loans	**$ 80,616**	**$ 107,073**	**$ 420,210**	**$ 78,337**	**$ 23,938**	**$ 126,321**	**$ 836,495**

The majority of our loans are priced with a fixed rate and a one to five-year maturity. This type of loan has historically been about 50% of total loans over the past three years because the majority of our commercial loans are priced with five-year balloons.

The Company is primarily involved in real estate, commercial, agricultural and consumer lending activities with customers throughout our markets in Alabama and Georgia. About 74.5% of our gross loans were secured by real property as of December 31, 2020, compared to 81.9% as of December 31, 2019. The Company believes that these loans are not concentrated in any one single property type and that they are geographically dispersed throughout our markets. Our debtors' ability to repay their loans is substantially dependent upon the economic conditions of the markets in which the Company operates, which consist primarily of wholesale/retail and related businesses.

Commercial real estate loans were 52.9% of total gross loans as of March 31, 2021 and represented 49.8% of total gross loans as of December 31, 2020. C&D loans were 11.1% of total gross loans as of March 31, 2021, relatively unchanged compared to year end 2020 at 9.9%. The ratio of the Company's commercial real estate loans to total Bank capital is 254.50% as of March 31, 2021 and 225.2% as of December 31, 2020. C&D loans represented 81.5% of total Bank capital as of March 31, 2021 as compared to 71.9% as of December 31, 2020. The ratios of commercial real estate loans and construction and development loans to total capital as of December 31, 2020 and 2019 were each below the 300%/100% concentration limits provided in regulatory guidance. Further, these loans are geographically diversified, primarily throughout our markets in Alabama and Georgia.

Commercial real estate loans were 49.8% of total gross loans as of December 31, 2020 and represent 52.7% of total gross loans as of December 31, 2019. C&D loans were 9.9% of total gross loans as of December 31, 2020, relatively unchanged compared to 2019 at 11.1%. The ratio of the Company's commercial real estate loans to total Bank capital is 225.2% as of December 31, 2020 and 227.5% as of December 31, 2019. C&D loans represented 71.9% of total Bank capital as of December 31, 2020 as compared to 73.4% as of December 31, 2019. The ratios of commercial real estate loans and construction and development loans to total capital as of December 31, 2020 and 2019 were each below the 300%/100% concentration limits provided in regulatory guidance. Further, these loans are geographically diversified, primarily throughout the states of Alabama and Georgia.

The Company has established concentration limits in its loan portfolio for commercial real estate loans by loan types, including collateral and industry, among others. All loan types are within established limits with the exception of the hotels/motels category, which have occasionally exceeded the Company's limit of 50% of total capital. The Company capped its hospitality loans in January 2020 and multi-family loans in September 2020. This sector's concentration is actively managed by the Senior Management team, including the Chief Executive Officer, President, Chief Risk/Credit Officer, and Chief Operating Officer.

The Company requires all business purpose loans to be underwritten by a centralized underwriting department located in Birmingham, Alabama. Industry-tested underwriting guidelines are used to assess a borrower's historical cash flow to determine debt service, and the Company further stress tests the debt service under higher interest rate scenarios. Financial and performance covenants are used in commercial lending to allow us to react to a borrower's deteriorating financial condition, should that occur.

Construction and Development. Loans for residential construction are for single-family properties to developers or investors. These loans are underwritten based on estimates of costs and the completed value of the project. Funds are advanced based on estimated percentage of completion for the project. Performance of these loans is affected by economic conditions as well as the ability to control the costs of the projects. This category also includes commercial construction projects.

Construction and development loans increased $18.6 million, or 18.1%, to $121.2 million as of March 31, 2021 from $102.6 million as of December 31, 2020. The majority of this increase was due to continued loan growth primarily in the Birmingham, Alabama and Atlanta, Georgia markets. Residential construction loans were relatively flat.

Construction and development loans increased $9.6 million, or 10.02%, to $102.6 million as of December 31, 2020 from $93.0 million as of December 31, 2019. The majority of this increase was due to commercial construction loan opportunities afforded the Company in 2020. Residential construction loans were relatively flat.

Commercial Real Estate. The Company's commercial real estate loan portfolio includes loans for commercial property that is owned by real estate investors, construction loans to build owner-occupied properties, and loans to developers of commercial real estate investment properties and residential developments. Commercial real estate loans are subject to underwriting standards and processes similar to the Company's commercial loans. These loans are underwritten primarily based on projected cash flows for income-producing properties and collateral values for non-income-producing properties. The repayment of these loans is generally dependent on the successful operation of the property securing the loans or the sale or refinancing of the property. Real estate loans may be adversely affected by conditions in the real estate markets or in the general economy. The properties securing the Company's real estate portfolio are diversified by type and geographic location. The Company believes the diversity helps reduce the exposure to adverse economic events that may affect any single market or industry.

Commercial real estate loans increased $60.1 million, or 11.7%, to $575.0 million as of March 31, 2021 from $514.9 million as of December 31, 2020. The increase in commercial real estate loans during this period

was mostly driven by general increases in lending activity, primarily in the Company's Huntsville, Alabama and Georgia markets. As of March 31, 2021, the Company's commercial real estate portfolio was comprised of $214.8 million in non-owner occupied commercial real estate loans and $101.4 million in commercial construction loans.

Commercial real estate loans increased $73.0 million, or 16.5%, to $514.9 million as of December 31, 2020 from $441.9 million as of December 31, 2019. The increase in commercial real estate loans during this period was mostly driven by general increases in lending activity, primarily in the Company's Opelika/Auburn, Alabama and Georgia markets. As of December 31, 2020, the Company's commercial real estate portfolio was comprised of $173.4 million in non-owner occupied commercial real estate loans and $67.7 million in commercial construction loans.

Residential. We offer one-to-four family mortgage loans on both owner-occupied primary residences and investor-owned residences, which make up approximately 59.6% of our residential loan portfolio. Our residential loans also include home equity lines of credit, which total $18.6 million, or approximately 12.3% of our residential portfolio as of March 31, 2021. By offering a full line of residential loan products, the owners of the small to medium sized businesses that we lend to use us, instead of a competitor, for financing a personal residence. We also offer multi-family loans which comprise the remaining 27.4% of the portfolio.

Commercial and Industrial. Commercial and industrial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably. Underwriting standards have been designed to determine whether the borrower possesses sound business ethics and practices, to evaluate current and projected cash flows to determine the ability of the borrower to repay their obligations, and to ensure appropriate collateral is obtained to secure the loan. Commercial and industrial loans are primarily made based on the identified cash flows of the borrower and, secondarily, on the underlying collateral provided by the borrower. Most commercial and industrial loans are secured by the assets being financed or other business assets, such as real estate, accounts receivable, or inventory, and typically include personal guarantees. Owner-occupied real estate is included in commercial and industrial loans, as the repayment of these loans is generally dependent on the operations of the commercial borrower's business rather than on income-producing properties or the sale of the properties.

Commercial and industrial loans decreased $18.5 million, or 9.9% to $169.3 miilion as of March 31, 2021 from $187.8 million as of December 31, 2020. The Company sold a $20.6 million loan to USDA during the first quarter of 2021. Commercial and industrial loans increased $48.1 million, or 34.4%, to $187.8 million as of December 31, 2020 from $139.8 million as of December 31, 2019.

Consumer and Other. The Company utilizes the central underwriting department for all consumer loans over $200,000 in total credit exposure regardless of collateral type. Loans below this threshold are underwritten by the responsible loan officer in accordance with the Company's consumer loan policy. The loan policy addresses types of consumer loans that may be originated and the requisite collateral, if any, which must be perfected. We believe the relatively smaller individual dollar amounts of consumer loans that are spread over numerous individual borrowers minimize risk.

Consumer and other loans (non-real estate loans) decreased $0.4 million, or 4.6%, to $9.2 million as of March 31, 2021 from $9.6 million as of December 31, 2020. Consumer and other loans (non-real estate loans) decreased $2.4 million, or 20.0%, to $9.6 million as of December 31, 2020, from $12.0 million as of December 31, 2019.

Loan Participations

In the normal course of business, the Company periodically sells participating interests in loans to other banks and investors. All participations are sold on a proportionate (pro-rata) basis with all cash flows divided proportionately among the participants and no party has the right to pledge or exchange the entire financial asset

without the consent of all the participants. Other than standard 90-day prepayment provisions and standard representations and warranties, participating interests are sold without recourse. We also purchase loan participations from time to time.

At March 31, 2021, December 31, 2020 and 2019, loan participations sold to third-parties (which are not included in the accompanying consolidated balance sheets) totaled $52.4 milllion, $32.1 million and $16.2 million, respectively. We sell participations to manage our credit exposures to borrowers. At March 31, 2021, December 31, 2020 and 2019, we purchased loan participations totaling $30.2 million, $25.1 million and $16.9 million, respectively. The variances come from purchases and sales of participations in the ordinary course of business.

Allowance for Loan Losses

The allowance for loan losses is funded as losses are estimated through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Confirmed losses are charged off immediately. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the uncollectibility of loans in light of historical experience, the nature and volume of the loan portfolio, the overall portfolio quality, specific problem loans, current economic conditions that may affect the borrower's ability to pay, the estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions.

The allowance for loan losses consists of specific and general components. The specific component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical loss experience adjusted for qualitative factors. Other adjustments may be made to the allowance for loan losses for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when it is probable, based on current information and events, that the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Loans, for which the terms have been modified at the borrower's request, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and are classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are not generally classified as impaired. Impaired loans are measured by the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent, less estimated costs to sell the collateral. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

The Company's homogeneous loan pools include commercial real estate loans, real estate construction and development loans, residential real estate loans, commercial and industrial loans, and consumer loans. The

general allocations to these loan pools are based on the historical loss rates for specific loan types and the internal risk grade, if applicable, adjusted for both internal and external qualitative risk factors. The qualitative factors considered by management include, among other factors, (1) changes in local and national economic conditions; (2) changes in asset quality and foreclosure rates; (3) changes in loan portfolio volume; (4) the composition and concentrations of credit; (5) the impact of competition on loan structuring and pricing; (6) the experience and ability of lending personnel and management; (7) the effectiveness of the Company's loan policies, procedures and internal controls; (8) current conditions in the real estate and construction markets; (9) the effect of entrance into new markets or the offering of a new product; and (10) the loan review system and oversight of our board of directors. The total allowance established for each homogeneous loan pool represents the product of the historical loss ratio and the total dollar amount of the loans in the pool.

The allowance for loan losses was $12.6 million at March 31, 2021 compared to $11.9 million at December 31, 2020, an increase of $0.7 million, or 5.9%. Additional provisions were recorded based on overall growth in loans.

The allowance for loan losses was $11.9 million at December 31, 2020 compared to $9.3 million at December 31, 2019, an increase of $2.6 million, or 28.0%. Additional provisions were recorded based on the uncertainty of economic conditions related to the COVID pandemic.

The following table provides an analysis of the allowance for loan losses at the dates indicated.

	As of March 31, 2021	As of December 31, 2020	2019	2018	2017	2016
			(Dollars in thousands)			
Average loans outstanding	$ 1,066,556	$ 954,598	$ 747,507	$ 635,045	$ 524,234	$ 447,639
Gross loans outstanding at end of period	$ 1,087,461	$ 1,033,733	$ 838,989	$ 705,299	$ 567,585	$ 502,276
Allowance for loan losses at beginning of the period	$ 11,859	$ 9,265	$ 7,833	$ 5,754	$ 4,949	$ 3,645
Charge offs:						
Construction & Development	—	23	—	—	—	35
Residential Mortgage	16	90	222	68	232	42
Commercial Real Estate Mortgage	—	795	219	180	15	—
Commercial & Industrial	—	—	3,627	72	485	247
Consumer & Other	2	18	268	5	—	76
Total charge-offs	**18**	**926**	**4,336**	**325**	**732**	**400**
Recoveries:						
Construction & Development	—	—	—	—	83	342
Residential Mortgage	2	9	18	9	5	130
Commercial Real Estate Mortgage	—	—	—	85	13	23
Commercial & Industrial	11	126	40	114	121	120
Consumer & Other	1	85	10	—	—	5
Total recoveries	**14**	**220**	**68**	**208**	**222**	**597**
Net charge-offs (recovery)	**$ 4**	**$ 706**	**$ 4,268**	**$ 117**	**$ 510**	**$ (197)**

	As of March 31, 2021	As of December 31, 2020	2019	2018	2017	2016
			(Dollars in thousands)			
Provision for loan losses	$ 750	$ 3,300	$5,700	$2,196	$1,315	$1,016
Balance at end of period	$ 12,605	$11,859	$9,265	$7,833	$5,754	$4,949
Ratio of allowance to end of period loans	1.16%	1.15%	1.11%	1.11%	1.02%	0.99%
Ratio of allowance to end of period loans (without PPP)	1.23%	1.23%	—	—	—	—
Ratio of net charge-offs (recovery) to average loans	0.00%	0.07%	0.57%	0.02%	0.10%	(0.04%)

Net charge-offs for the first quarter of 2021 totaled $4,000. Net charge-offs for 2020 totaled $706,000, a decrease of $3.6 million compared to $4.3 million for the year ended 2019.

Nonperforming Loans

Loans are considered delinquent when principal or interest payments are past due 30 days or more. Delinquent loans may remain on accrual status between 30 days and 90 days past due. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Typically, the accrual of interest on loans is discontinued when principal or interest payments are past due 90 days or when, in the opinion of management, there is a reasonable doubt as to collectability in the normal course of business. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Loans are restored to accrual status when loans become well-secured and management believes full collectability of principal and interest is probable.

A loan is considered impaired when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans include loans on nonaccrual status and performing restructured loans. Income from loans on nonaccrual status is recognized to the extent cash is received and when the loan's principal balance is deemed collectible. Depending on a particular loan's circumstances, the Company measures impairment of a loan based upon the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral less estimated costs to sell if the loan is collateral dependent. A loan is considered collateral dependent when repayment of the loan is based solely on the liquidation of the collateral. Fair value, where possible, is determined by independent appraisals, typically on an annual basis. Between appraisal periods, the fair value may be adjusted based on specific events, such as if deterioration of quality of the collateral comes to the Company's attention as part of its problem loan monitoring process, or if discussions with the borrower lead us to believe the last appraised value no longer reflects the actual market for the collateral. The impairment amount on a collateral-dependent loan is charged-off to the allowance if deemed not collectible and the impairment amount on a loan that is not collateral-dependent is set up as a specific reserve.

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated selling costs. Any write-down to fair value at the time of transfer to other real estate owned is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell. Costs of improvements are capitalized, whereas costs related to holding other real estate owned and subsequent write-downs to the value are expensed. Any gains and losses realized at the time of disposal are reflected in income.

Real estate, which the Company acquires as a result of foreclosure or by deed-in-lieu of foreclosure, is classified as other real estate owned ("OREO") until sold and is initially recorded at fair value less costs to sell when acquired, establishing a new carrying value. OREO totaled $10.2 million at March 31, 2021. Of this amount, $10.0 million, or 98.0%, are two commercial properties. One property for $2.9 million, located in Birmingham, Alabama, is under contract for sale with no loss expected. The second property for $7.1 million is

located in Oxford, Alabama. There is significant interest in the property and a sale in 2021 is expected, pending the expiration of the borrower's statutory right of redemption.

Nonperforming loans include nonaccrual loans and loans past due 90 days or more. Nonperforming assets consist of nonperforming loans plus OREO and collateral taken in foreclosure or similar proceedings.

Nonperforming loans were $3.9 million at March 31, 2021, which is all in nonaccruals. The Company did not have any loans 90 days past due at March 31, 2021. Of this total, $1.5 million, representing three properties that are under contract for sale, are expected to pay off the loans. The only other significant loan is a $873,000 church loan, which struggled through the pandemic, but is presently current and paying as agreed.

Total nonperforming loans increased approximately $348,000 from December 31, 2020 to March 31, 2021. The net increase was primarily the result of two loans added as non-accruing and offset by one loan that paid off. Total nonperforming loans decreased approximately $10.3 million from December 31, 2019 to December 31, 2020. The decrease was substantially the result of two foreclosures which are currently held in OREO.

The following table presents the contractual aging of the recorded investment and loan discount in current and past due loans by class of loans as of March 31, 2021, December 31, 2020 and 2019:

	Contractual Aging of Recorded Investments				
As of March 31, 2021	**Current**	**30-89 Days Past Due**	**90+ Days Past Due**	**Nonaccrual**	**Total**
	(Dollars in thousands)				
Real Estate Mortgages:					
Construction & Development	$ 120,063	$ 74	$ —	$ 1,062	**$ 121,199**
Residential Mortgages	150,423	635	—	825	**151,883**
Commercial Real Estate Mortgages	572,647	803	—	1,572	**575,022**
Commercial & Industrial	229,439	335	—	383	**230,157**
Consumer and other	9,171	14	—	15	**9,200**
Total loans	**$1,081,743**	**$ 1,861**	**$ —**	**$ 3,857**	**$1,087,461**

	Contractual Aging of Recorded Investments				
As of December 31, 2020	**Current**	**30-89 Days Past Due**	**90+ Days Past Due**	**Nonaccrual**	**Total**
	(Dollars in thousands)				
Real Estate Mortgages:					
Construction & Development	$ 101,375	$ 207	$ —	$ 977	**$ 102,559**
Residential Mortgages	150,837	476	42	857	**152,212**
Commercial Real Estate Mortgages	512,208	1,196	41	1,478	**514,923**
Commercial & Industrial	252,473	1,838	—	84	**254,395**
Consumer and other	9,581	33	8	22	**9,644**
Total loans	**$1,026,474**	**$ 3,750**	**$ 91**	**$ 3,418**	**$1,033,733**

	Contractual Aging of Recorded Investments				
As of December 31, 2019	**Current**	**30-89 Days Past Due**	**90+ Days Past Due**	**Nonaccrual**	**Total**
	(Dollars in thousands)				
Real Estate Mortgages:					
Construction & Development	$ 91,056	$ 548	$ —	$ 1,407	**$ 93,011**
Residential Mortgages	150,711	730	—	871	**152,312**
Commercial Real Estate Mortgages	429,367	1,486	132	10,961	**441,946**
Commercial & Industrial	137,810	1,523	319	113	**139,765**
Consumer and other	11,730	225	—	—	**11,955**
Total loans	**$ 820,674**	**$ 4,512**	**$ 451**	**$ 13,352**	**$ 838,989**

Nonperforming Assets

The following table sets forth the allocation of the Company's nonperforming assets among different asset categories as of the dates indicated. Nonperforming assets consist of nonperforming loans plus OREO and repossessed property. Nonperforming loans include nonaccrual loans and loans past due 90 days or more.

	As of March 31,	As of December 31,				
	2021	2020	2019	2018	2017	2016
			(Dollars in Thousands)			
Nonaccrual loans	$ 3,857	$ 3,418	$ 13,352	$ 3,874	$ 749	$ 1,806
Past due loans 90 days or more and still accruing	—	91	451	—	6	217
Total nonperforming loans	3,857	**3,509**	**13,803**	**3,874**	**755**	**2,023**
OREO	10,229	10,224	4,238	572	499	98
Repossessed equipment	—	—	2,804	—	—	—
Total nonperforming assets	**$ 14,086**	**$ 13,733**	**$ 20,845**	**$ 4,446**	**$ 1,254**	**$ 2,121**
Troubled debt restructured loans - nonaccrual(1)	$ 731	$ 479	$ 313	$ 1,641	$ 1,820	$ 2,470
Troubled debt restructured loans - accruing	$ 1,005	$ 1,275	$ 2,712	$ 189	$ 292	$ 421
Allowance for loan losses	$ 12,605	$ 11,859	$ 9,265	$ 7,833	$ 5,754	$ 4,949
Gross loans outstanding at end of period	$1,087,461	$1,033,733	$838,989	$705,299	$567,585	$502,276
Nonperforming loans to gross loans	0.35%	0.34%	1.65%	0.55%	0.13%	0.40%
Nonperforming assets to gross loans and OREO	1.28%	1.32%	2.47%	0.63%	0.22%	0.42%
Allowance for loan losses to nonperforming loans	326.8%	338.0%	67.13%	202.20%	761.78%	244.70%
Allowance for loan losses to gross loans	1.16%	1.15%	1.11%	1.10%	1.01%	0.99%
Nonaccrual loans by category:						
Real Estate:						
Construction & Development	$ 1,062	$ 977	$ 1,407	$ 47	$ 130	$ 245
Residential Mortgages	825	857	871	217	414	891
Commercial Real Estate Mortgages	$ 1,572	1,478	10,961	3,427	162	422
Commercial & Industrial:	383	84	113	183	36	241
Consumer and other	15	22	—	—	7	7
Total	**$ 3,857**	**$ 3,418**	**$ 13,352**	**$ 3,874**	**$ 749**	**$ 1,806**

(1) Troubled debt restructured loans are excluded from nonperforming loans unless they otherwise meet the definition of nonaccrual loans or are more than 90 days past due.

Repossessed equipment was sold in October 2020.

Troubled Debt Restructurings

A loan is considered a troubled debt restructuring ("TDR") based on individual facts and circumstances. The Company designates loan modifications as TDRs when for economic or legal reasons related to the borrower's financial difficulties, it grants a concession to the borrower that it would not otherwise consider. These concessions may include rate reductions, principal forgiveness, extension of maturity date and other actions intended to minimize potential losses.

In determining whether a borrower is experiencing financial difficulties, the Company considers if the borrower is in payment default or would be in payment default in the foreseeable future without the modification, the borrower declared or is in the process of declaring bankruptcy, the borrower's projected cash flows will not be sufficient to service any of its debt, or the borrower cannot obtain funds from sources other than the Company at a market rate for debt with similar risk characteristics.

In determining whether the Company will grant a concession, the Company assesses if it expects to collect all amounts due, whether the current value of the collateral will satisfy the amounts owed, if additional collateral or guarantees from the borrower will serve as adequate compensation for other terms of the restructuring, and whether the borrower otherwise has access to funds at a market rate for debt with similar risk characteristics.

The Company had two TDR loans during the first quarter of 2021 for approximately $253,000, two TDR loans in 2020 for approximately $286,000, and two TDR loans in 2019 for approximately $298,000. TDRs are excluded from the Company's nonperforming loans unless they otherwise meet the definition of nonaccrual loans or are past due 90 days or more after the restructuring. The balance of TDR loans as of March 31, 2021, December 31, 2020 and December 31, 2019, was $1.7 million, $1.8 million and $3.0 million, respectively.

Credit Quality

Credit quality and trends in the loan portfolio segments are measured and monitored regularly. Detailed reports, by product, collateral, accrual status, etc., are reviewed by the Chief Credit Officer, Officers Loan Committee and Directors Loan Committee.

In addition to the past due and nonaccrual criteria, the Company also evaluates loans according to its internal risk grading system. Loans are segregated between pass, special mention, substandard, doubtful and loss categories, which conform to regulatory definitions. A description of the general characteristics of the risk categories and definitions of those segregations follows:

Pass: A pass loan is a strong credit with no existing or known potential weaknesses deserving of management's close attention.

Special mention: These loans have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the institution's credit position at some future date. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Substandard: Substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified as a loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

The following tables summarize the risk category of the Company's loan portfolio based upon the most recent analysis performed as of December 31, 2020 and 2019:

As of March 31, 2021	Outstanding Loan Balance by Internal Risk Grades				
	Pass	Special Mention	Substandard	Doubtful	Total
	(Dollars in thousands)				
Real Estate:					
Construction & Development	$ 113,350	$ 2,087	$ 5,762	$ —	$ 121,199
Residential Mortgages	144,505	5,847	1,425	106	151,883
Commercial Real Estate Mortgages	544,233	24,557	6,232	—	575,022
Commercial & Industrial	218,689	10,885	317	266	230,157
Consumer and other	7,768	1,417	15	—	9,200
Total loans	**$1,028,545**	**$ 44,793**	**$ 13,751**	**$ 372**	**$1,087,461**

As of December 31, 2020	Outstanding Loan Balance by Internal Risk Grades				
	Pass	Special Mention	Substandard	Doubtful	Total
	(Dollars in thousands)				
Real Estate:					
Construction & Development	$ 95,214	$ 6,113	$ 1,232	$ —	$ 102,559
Residential Mortgages	144,256	6,245	1,627	84	152,212
Commercial Real Estate Mortgages	471,555	36,754	6,614	—	514,923
Commercial & Industrial:	240,646	13,138	611	—	254,395
Consumer and other	8,186	1,435	23	—	9,644
Total loans	**$ 959,857**	**$ 63,685**	**$ 10,107**	**$ 84**	**$1,033,733**

As of December 31, 2019	Outstanding Loan Balance by Internal Risk Grades				
	Pass	Special Mention	Substandard	Doubtful	Total
	(Dollars in thousands)				
Real Estate:					
Construction & Development	$ 82,250	$ 8,523	$ 2,238	$ —	$ 93,011
Residential Mortgages	143,864	4,717	3,631	100	152,312
Commercial Real Estate Mortgages	406,726	17,530	17,690	—	441,946
Commercial & Industrial:	118,288	20,368	1,109	—	139,765
Consumer and other	10,423	1,532	—	—	11,955
Total loans	**$ 761,551**	**$ 52,670**	**$ 24,668**	**$ 100**	**$ 838,989**

Securities Portfolio

The securities portfolio serves the following purposes: (i) it provides liquidity supplement cash flows from the loan and deposit activities of customers; (ii) it can be used as an interest rate risk management tool since it provides a large base of assets and the Company can change the maturity and interest rate characteristics more readily than the loan portfolio to better match changes in the deposit base and other Company funding sources; (iii) it is an alternative interest-earning asset when loan demand is weak or when deposits grow more rapidly than loans; and (iv) it provides a source of pledged assets for securing certain deposits and borrowed funds, as may be required by law or by specific agreement with a depositor or lender.

The securities portfolio consists of securities classified as available-for-sale. All available-for-sale securities are reported at fair value. Securities available-for-sale consist primarily of state and municipal securities, mortgage-backed securities and U.S. government sponsored agency securities. We determine the appropriate classification at the time of purchase.

The following table summarizes the fair value of the securities portfolio as of the dates presented.

	March 31, 2021			December 31, 2020			December 31, 2019		
	Amortized Cost	Fair Value	Unrealized Gain/(Loss)	Amortized Cost	Fair Value	Unrealized Gain/(Loss)	Amortized Cost	Fair Value	Unrealized Gain/(Loss)
	(Dollars in thousands)								
Available-for-sale									
U.S. treasury	$ 2,665	$ 2,663	$ (2)	$ —	$ —	$ —	$ —	$ —	$ —
U.S. government and agencies	9,311	9,376	65	9,154	9,366	212	7,258	7,165	(93)
State and municipal	57,168	58,984	1,816	64,468	67,941	3,473	29,239	29,659	420
Mortgage-backed securities	16,641	16,904	263	18,753	19,114	361	20,545	20,490	(55)
Asset based securities	8,956	9,106	150	9,035	9,111	76	—	—	—
Corporate debt securities	9,033	9,184	151	8,286	8,469	183	2,547	2,633	86
Total available-for-sale	$ 103,774	$106,217	$ 2,443	$ 109,696	$114,001	$ 4,305	$ 59,589	$59,947	$ 358

Certain securities have fair values less than amortized cost and, therefore, contain unrealized losses. At March 31, 2021, we evaluated the securities that had an unrealized loss for other-than-temporary impairment and determined all declines in value to be temporary. We anticipate full recovery of amortized cost with respect to these securities by maturity, or sooner in the event of a more favorable market interest rate environment. We do not intend to sell these securities and it is not probable that we will be required to sell them before recovery of the amortized cost basis, which may be at maturity.

The following table sets forth certain information regarding contractual maturities and the weighted average yields of our investment securities as of March 31, 2021 and December 31, 2020. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	As of March 31, 2021							
	Due in One Year or less		Due after One Year through Five Years		Due after Five Years through Ten Years		Due after Ten Years	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
	(Dollars in thousands)							
Available-for-sale								
U.S. treasury securities	$ —	— %	$ —	— %	$ 2,665	1.33%	$ —	— %
U.S. government and agencies	—	—	—	—	5,824	1.70%	3,487	1.64%
State and municipal	—	—	662	1.17%	2,631	2.15%	53,875	2.36%
Mortgage-backed securities	—	—	—	—	4,863	1.03%	11,778	0.79%
Asset based securities	—	—	—	—	—	—	8,956	0.92%
Corporate debt securities	—	—	533	3.20%	8,500	4.97%	—	—
Total available-for-sale	$ —	— %	$ 1,195	2.08%	$ 24,483	2.71%	$ 78,096	1.92%

	As of December 31, 2020							
	Due in One Year or less		Due after One Year through Five Years		Due after Five Years through Ten Years		Due after Ten Years	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
	(Dollars in thousands)							
Available-for-sale								
U.S. government and agencies	$ —	—	$ —	—	$ 6,149	1.17%	$ 3,005	2.26%
State and municipal	—	—	664	1.26%	1,618	2.50%	62,186	2.82%
Mortgage-backed securities	—	—	—	—	4,967	1.14%	13,786	1.20%
Asset based securities	—	—	—	—	—	—	9,035	0.94%
Corporate debt securities	—	—	536	3.18%	7,750	4.81%	—	—
Total available-for-sale	$ —	—	$ 1,200	2.12%	$ 20,484	2.67%	$ 88,012	2.35%

Bank-Owned Life Insurance

We maintain investments in BOLI policies to help control employee benefit costs, as a protection against loss of certain employees and as a tax planning strategy. We are the sole owner and beneficiary of the BOLI policies. At March 31, 2021, BOLI totaled $22.6 million compared to $22.5 million and $22.1 million at December 31, 2020 and 2019, respectively. The increase represents increases in the cash surrender value net of a slight reduction in the policies' total value due to an insured's death.

Deposits

Deposits represent the Company's primary and most vital source of funds. We offer a variety of deposit products including demand deposits accounts, interest-bearing products, savings accounts and certificates of deposit. The Bank also acquires brokered deposits, QwickRate internet certificates of deposit, and reciprocal deposits through the Promontory network. The reciprocal deposits include both the Certificate of Deposit Account Registry Service ("CDARS") and Insured Cash Sweep program. The Company is a member of the Promontory network which effectively allows depositors to receive FDIC insurance on amounts greater than the FDIC insurance limit, which is currently $250,000. Promontory allows institutions to break large deposits into smaller amounts and place them in a network of other Promontory institutions to ensure full FDIC insurance is gained on the entire deposit. Generally, internet and reciprocal deposits are not brokered deposits for regulatory purposes.

Our strong asset growth requires us to place a greater emphasis on both interest and non-interest-bearing deposits. Deposit accounts are added by loan production cross-selling, customer referrals, marketing advertisements, mobile and online banking and our involvement within our communities.

Total deposits at March 31,2021 were $1.3 billion, representing an increase of $120.4 million, or 10.6%, compared to $1.1 billion at December 31, 2020. Total deposits at December 31, 2020 were $1.1 billion, representing an increase of $189.1 million, or 19.9%, compared to $950.5 million at December 31, 2019. As of March 31, 2021, 29.0% of total deposits were comprised of noninterest-bearing demand accounts, 45.0% of interest-bearing non-maturity accounts and 26.0% of time deposits.

The following table summarizes our deposit balances as of March 31, 2021, December 31, 2020 and 2019:

	As of March 31, 2021		As of December 31, 2020		As of December 31, 2019	
	Balance	% of Total	Balance	% of Total	Balance	% of Total
	(Dollars in thousands)					
Noninterest-bearing deposits	365,114	28.98%	$ 290,867	25.52%	$188,270	19.81%
Interest-bearing deposits:						
NOW, savings and money market	566,486	44.96%	518,488	45.50%	404,113	42.51%
Time deposits	328,444	26.07%	330,306	28.98%	358,130	37.68%
Total interest-bearing deposits	894,930	71.02%	848,794	74.48%	762,243	80.19%
Total deposits	1,260,044	100.0%	$1,139,661	100.00%	$950,513	100.00%

The following tables set forth the maturity of time deposits as of March 31, 2021, December 31, 2020 and 2019:

	As of March 31, 2021 Maturity Within:				
	Three Months	Three Months Through 12 Months	Over 12 Months Through 3 Years	Over 3 Years	Total
	(Dollars in thousands)				
Time deposits ($250,000 or less)	$ 91,832	$ 134,746	$ 49,921	$ 17,043	$ 293,542
Time deposits (more than $250,000)	16,920	15,152	921	1,909	34,902
Total time deposits	$ 108,752	$ 149,898	$ 50,842	$ 18,952	$ 328,444

	As of December 31, 2020 Maturity Within:				
	Three Months	Three Months Through 12 Months	Over 12 Months Through 3 Years	Over 3 Years	Total
	(Dollars in thousands)				
Time deposits ($250,000 or less)	$ 73,834	$ 158,059	$ 43,675	$ 18,139	$ 293,707
Time deposits (more than $250,000)	9,023	24,753	604	2,219	36,599
Total time deposits	$ 82,857	$ 182,812	$ 44,279	$ 20,358	$ 330,306

	As of December 31, 2019 Maturity Within:				
	Three Months	Three Months Through 12 Months	Over 12 Months Through 3 Years	Over 3 Years	Total
	(Dollars in thousands)				
Time deposits ($250,000 or less)	$ 73,431	$ 203,454	$ 25,078	$ 9,925	$ 311,888
Time deposits (more than $250,000)	9,505	34,343	1,631	763	46,242
Total time deposits	$ 82,936	$ 237,797	$ 26,709	$ 10,689	$ 358,130

Time deposits issued in amounts of more than $250,000 represent the type of deposit most likely to affect the Company's future earnings because of interest rate sensitivity. The effective cost of these funds is generally higher than other time deposits because the funds are usually obtained at premium rates of interest.

Borrowed Funds

In addition to deposits, we utilize advances from the FHLB and other borrowings as a supplementary funding source to finance our operations.

FHLB Advances. The FHLB allows us to borrow, on both short and long-term, collateralized by a blanket floating lien on first mortgage loans and commercial real estate loans as well as FHLB stock. At March 31, 2021, December 31, 2020 and December 31, 2019, we had borrowing capacity from the FHLB of $63.6 million, $65.7 million and $71.6 million, respectively. The decrease in capacity is the net of adding new collateral less $31.9 million and $30.9 million in FHLB advances as of March 31, 2021 and December 31, 2020, respectively. We had $31.9 million in short-term FHLB borrowings as of March 31, 2021, $30.9 million as of December 31, 2020, of none as of December 31, 2019. We had no long-term FHLB borrowings as of March 31, 2021, December 31, 2020 and 2019. All our outstanding FHLB advances have fixed rates of interest.

The following table sets forth our FHLB borrowings as of December 31, 2020 and 2019:

	As of March 31, 2021	As of December 31, 2020	2019
		(Dollars in thousands)	
Amount outstanding at end of period	$ 31,900	$30,900	$ —
Weighted average interest rate at end of period	0.43%	0.73%	—
Maximum month-end balance	$ 36,900	$32,750	$7,500
Average balance outstanding during the period	$ 33,244	$21,448	$1,364
Weighted average interest rate during the period	0.62%	2.50%	2.78%

Lines of Credit. The Bank has uncollateralized, uncommitted federal funds lines of credit with multiple banks as a source of funding for liquidity management. The total amount of the lines of credit was $87.2 million as of March 31, 2021 and December 31, 2020, and $35.7 million as of 2019, all of which was available at these dates.

First Horizon Line of Credit. During 2019, the Company obtained a $25.0 million line of credit with First Horizon, which was extended in November 2020 and matures in August 2022 (the “Line of Credit”). The Line of Credit is collateralized by 100% of the capital stock of the Bank. The Line of Credit includes various financial and nonfinancial covenants. The Line of Credit has a variable interest rate of 90-day LIBOR plus 2.50% with a LIBOR floor of 0.50%, and requires quarterly interest payments. The Company utilized $8.0 million of the Line of Credit in connection with the purchase of East Alabama. The balance outstanding as of March 31, 2021 was $8.0 million.

Subordinated Debt Securities. In June 2016, the Company issued $4,500,000 of Fixed-to-Floating Rate Subordinated Notes due July 2026. The Subordinated Notes bore interest at 6.625% per annum, payable semiannually in arrears on January 1 and July 1 of each year until July 2021. Thereafter interest was payable quarterly in arrears at an annual floating rate equal to three-month LIBOR as determined for the applicable quarter plus 5.412%. The Company received approval by the Federal Reserve for repayment of the Notes, and we redeemed the Notes in full on June 23, 2021 through borrowings under our Line of Credit.

Liquidity and Capital Resources

Liquidity

Liquidity refers to the measure of our ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting our operating, capital and strategic cash flow needs, all at a reasonable cost. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements. We manage our liquidity position to meet the daily cash flow needs of customers, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders.

Interest rate sensitivity involves the relationships between rate-sensitive assets and liabilities and is an indication of the probable effects of interest rate fluctuations on the Company’s net interest income. Interest rate-

sensitive assets and liabilities are those with yields or rates that are subject to change within a future time period due to maturity or changes in market rates. A model is used to project future net interest income under a set of possible interest rate movements. The Company's Asset Liability Committee, or ALCO, reviews this information to determine if the projected future net interest income levels would be acceptable. The Company attempts to stay within acceptable net interest income levels.

Our liquidity position is supported by management of liquid assets and access to alternative sources of funds. Our liquid assets include cash, interest-bearing deposits in correspondent banks, federal funds sold, and the fair value of unpledged investment securities. Other available sources of liquidity include wholesale deposits, and additional borrowings from correspondent banks, FHLB advances and the Line of Credit.

Our short-term and long-term liquidity requirements are primarily met through cash flow from operations, redeployment of prepaying and maturing balances in our loan and investment portfolios, and increases in customer deposits. Other alternative sources of funds will supplement these primary sources to the extent necessary to meet additional liquidity requirements on either a short-term or long-term basis.

The Company and the Bank are separate corporate entities. The Company's liquidity depends primarily upon dividends received from the Bank and capital and debt issued by the Company. The Company relies on its liquidity to pay interest and principal on Company indebtedness, company operating expenses, and dividends to Company shareholders.

Capital Requirements

We are subject to various regulatory capital requirements administered by the federal and state banking regulators. Failure to meet regulatory capital requirements may result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for "prompt corrective action" (described below), we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting policies. The capital amounts and classifications are subject to qualitative judgments by the federal banking regulators about components, risk weightings and other factors. See "Supervision and Regulation".

As of March 31, 2021, both we and the Bank exceeded all the minimum bank regulatory capital requirements to be well capitalized to which we and the Bank were subject.

The table below summarizes the capital requirements applicable to us and the Bank in order to be considered "well-capitalized" from a regulatory perspective, as well as the Company's and the Bank's capital ratios as of March 31, 2021, December 31, 2020 and 2019. The Federal Deposit Insurance Act requires, among other things, that the federal banking regulators take prompt corrective action with respect to FDIC-insured depository institutions that do not meet certain minimum capital requirements. Under the Federal Deposit Insurance Act, insured depository institutions are divided into five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Under applicable regulations, an institution is defined to be well capitalized if it has a common equity tier 1 capital ratio ("CET1 capital") of 6.5%, a leverage ratio of at least 5%, a tier 1 risk-based capital ratio of at least 8%, and a total risk-based capital ratio of at least 10%, and it is not subject to a directive, order or written agreement to meet and maintain specific capital levels.

We and the Bank exceeded all regulatory capital requirements under Basel III and the Bank met all the minimum capital adequacy requirements to be considered "well-capitalized" as of the dates reflected in the table below.

	Actual		Minimum To be Considered "Well Capitalized"	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousandth)			
As of March 31, 2021				
Tier 1 capital (to average assets)				
Company	$124,231	9.21%	—	—
Bank	$136,185	10.10%	$ 67,422	5.00%
CET 1 capital (to risk-weighted assets)				
Company	$124,231	10.19%	—	—
Bank	$136,185	11.17%	$ 79,217	6.50%
Tier 1 capital (to risk-weighted assets)				
Company	$124,231	10.19%	—	—
Bank	$136,185	11.17%	$ 97,498	8.00%
Total capital (to risk-weighted assets)				
Company	$141,336	11.60%	—	—
Bank	$148,790	12.21%	$121,872	10.00%

	Actual		Minimum To be Considered "Well Capitalized"	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
As of December 31, 2020:				
Tier 1 capital (to average assets)				
Company	118,837	9.24%	—	—
Bank	130,852	10.18%	77,139	5.00%
CET 1 capital (to risk-weighted assets)				
Company	118,837	10.63%	—	—
Bank	130,852	11.70%	72,667	6.50%
Tier 1 capital (to risk-weighted assets)				
Company	118,837	10.63%	—	—
Bank	130,852	11.70%	89,436	8.00%
Total capital (to risk-weighted assets)				
Company	$135,196	12.09%	—	—
Bank	142,711	12.77%	111,795	10.00%

	Actual		Minimum To be Considered "Well Capitalized"	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
As of December 31, 2019:				
Tier 1 capital (to average assets)				
Company	107,484	9.78%	—	—
Bank	119,121	10.84%	54,923	5.00%
CET 1 capital (to risk-weighted assets)				
Company	107,484	11.24%	—	—
Bank	119,121	12.46%	62,138	6.50%
Tier 1 capital (to risk-weighted assets)				
Company	107,484	11.24%	—	—
Bank	119,121	12.46%	76,478	8.00%
Total capital (to risk-weighted assets)				
Company	$121,249	12.68%	—	—
Bank	128,386	13.43%	95,597	10.00%

Contractual Obligations

The following tables contain supplemental information regarding our total contractual obligations at March 31, 2021, and December 31, 2019:

	Payments Due at March 31, 2021			
	Within One Year	One to Five Years	After Five Years	Total
	(Dollars in thousands)			
Time deposits	$258,650	$ 69,608	$ 186	$328,444
Short-term borrowings	—	8,000	—	8,000
Subordinated debt securities	—	—	4,500	4,500
Total contractual obligations	$258,650	$ 77,608	$ 4,686	$340,944

	Payments Due at December 31, 2020			
	Within One Year	One to Five Years	After Five Years	Total
	(Dollars in thousands)			
Time deposits	$265,668	$ 64,395	$ 243	$330,306
Short-term borrowings	—	8,000	—	8,000
Subordinated debt securities	—	—	4,500	4,500
Total contractual obligations	$265,668	$ 72,395	$ 4,743	$342,806

	Payments Due at December 31, 2019			
	Within One Year	One to Five Years	After Five Years	Total
	(Dollars in thousands)			
Time deposits	$320,773	$ 37,155	$ 243	$358,171
FHLB advances	8,000	—	—	8,000
Subordinated debt securities	—	—	4,500	4,500
Total contractual obligations	$328,773	$ 37,155	$ 4,743	$370,671

We believe that we will be able to meet our contractual obligations as they come due through the maintenance of adequate cash levels. We expect to maintain adequate cash levels through profitability, loan and securities repayment and maturity activity and continued deposit gathering activities. We have in place various borrowing mechanisms for both short-term and long-term liquidity needs.

Off-Balance Sheet Arrangements

We are a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit to our customers is represented by the contractual or notional amount of those instruments. Commitments to extend credit and standby letters of credit are not recorded as an asset or liability by the Company until the instrument is exercised. The contractual or notional amounts of those instruments reflect the extent of involvement we have in particular classes of financial instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being

drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The amount and nature of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the potential borrower.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private short-term borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments for which collateral is deemed necessary.

The following table summarizes commitments we have made as of the dates presented.

	As of March 31, 2021	As of December 31, 2020	2019
	(Dollars in thousands)		
Commitments to grant loans and unfunded commitments under lines of credit	$ 229,347	$ 181,925	$ 170,956
Standby letters of credit	3,566	2,814	2,636
Total	$ 232,913	$ 184,739	$ 173,592

Interest Rate Sensitivity and Market Risk

As a financial institution, our primary component of market risk is interest rate volatility. Our interest rate risk policy provides management with the guidelines for effective funds management, and we have established a measurement system for monitoring our net interest rate sensitivity position. We have historically managed our sensitivity position within our established guidelines.

Fluctuations in interest rates will ultimately impact both the level of income and expense recorded on most of our assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which have a short term to maturity. Interest rate risk is the potential of economic losses due to future interest rate changes. These economic losses can be reflected as a loss of future net interest income and/or a loss of current fair market values. The objective is to measure the effect on net interest income and to adjust the balance sheet to minimize the inherent risk while at the same time maximizing income.

We manage our exposure to interest rates by adjusting our balance sheet assets and liabilities in the ordinary course of business. Based upon the nature of our operations, we are not subject to foreign exchange or commodity price risk. We do not own any trading assets.

Our exposure to interest rate risk is managed by ALCO in accordance with policies approved by the Bank's board of directors. ALCO formulates strategies based on appropriate levels of interest rate risk. In determining the appropriate level of interest rate risk, ALCO considers the impact on earnings and capital of the current outlook on interest rates, potential changes in interest rates, regional economies, liquidity, business strategies and other factors. ALCO meets regularly to review, among other things, the sensitivity of assets and liabilities to interest rate changes, the book and market values of assets and liabilities, commitments to originate loans and the maturities of investments and borrowings. Additionally, ALCO reviews liquidity, cash flow flexibility, maturities of deposits and consumer and commercial deposit activity. Management also employs methodologies to manage interest rate risk, which include an analysis of the relationships between interest-earning assets and interest-bearing liabilities and an interest rate risk simulation model and shock analyses.

We use interest rate risk simulation models and shock analyses to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics.

Contractual maturities and re-pricing opportunities of loans are incorporated in the models. The average lives of non-maturity deposit accounts are based on decay assumptions and are incorporated into the models. All of the assumptions used in our analyses are inherently uncertain and, as a result, the models cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the models' simulated results due to the timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

On a quarterly basis, we run a simulation model for a static balance sheet and other scenarios. These models test the impact on net interest income from changes in market interest rates under various scenarios. Under the static model, rates are shocked instantaneously and ramped rates change over a 12-month and 24-month horizon based upon parallel and non-parallel yield curve shifts. Parallel shock scenarios assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. Non-parallel simulation involves analysis of interest income and expense under various changes in the shape of the yield curve. Our internal policy regarding internal rate risk simulations currently specifies that for parallel shifts of the yield curve, estimated net interest income at risk for the subsequent one-year period should not decline by more than 10% for a 100 basis point shift, 15% for a 200 basis point shift, 20% for a 300 basis point shift, and 25% for a 400 basis point shift.

The following tables summarize the simulated change in net interest income over a 12-month horizon as of the dates indicated:

	As of March 31,	As of December 31,	
	2021	2020	2019
Change in Interest Rates (Basis Points)	Percent Change in Net Interest Income		
+400	18.27	8.33	9.59
+300	13.78	6.36	7.25
+200	9.17	4.23	5.08
+100	4.56	2.08	2.71
-100	0.42	(0.14)	(5.16)
-200	(4.39)	(5.05)	(9.75)
-300	(9.68)	(10.43)	(14.72)
-400	(14.22)	(15.12)	(19.88)

Inflation and increases in interest rates may result from fiscal stimulus and monetary stimulus, and the Federal Reserve has indicated it is willing to permit inflation to run moderately above its 2% target for some time. Increases in interest rates may cause consumers to shift their funds to more interest bearing instruments and to increase the competition for and costs of deposits. If customers move money out of bank deposits and into other investment assets or from transaction deposits to higher interest bearing time deposits, our funding costs may increase. Additionally, any such loss of funds could result in lower loan originations and growth, which could materially and adversely affect our results of operations and financial condition. Increases in market interest rates may reduce demand for loans, including residential mortgage loans originations. At the same time, increases in rates will increase the rates we charge on variable rate loans and may increase our net interest margin. Higher interest rates would decrease the values of our existing fixed rate securities investments and could potentially adversely affect the values and liquidity of collateral securing our loans. The effects of increased rates will depend on the rates of changes in our costs of funds and interest earned on our loans and investments and the shape of the yield curve.

Impact of Inflation

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with GAAP and practices within the banking industry which require the measurement of

financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation.

Critical Accounting Policies and Estimates

Our accounting and reporting policies conform to GAAP and conform to general practices within our industry. To prepare financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements and, as this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the financial statements. In particular, management has identified several accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are critical to understanding our financial statements.

The JOBS Act and our regulators provided us with extended transition period to January 1, 2023 for complying with CECL accounting standards affecting public companies

The following is a discussion of the critical accounting policies and significant estimates that we believe require us to make the most complex or subjective decisions or assessments. Additional information about these policies can be found in Note 1 of the Company's consolidated financial statements as of December 31, 2020.

Basis of Presentation and Consolidation. The consolidated financial statements include the accounts of the Company and its wholly owned consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents. The Company includes all cash on hand, balances due from other banks, and federal funds sold, all of which have original maturities within three months, as cash and cash equivalents.

Securities. Investment securities may be classified into trading, held-to-maturity, or available-for-sale portfolios. Securities that are held principally for resale in the near term are classified as trading. Securities that management has the ability and intent to hold to maturity are classified as held-to-maturity and recorded at amortized cost. Securities not classified as trading or held-to-maturity are available-for-sale and are reported at fair value with unrealized gains and losses excluded from earnings, but included in the determination of other comprehensive income. Management uses these assets as part of its asset/liability management strategy. These securities may be sold in response to changes in liquidity needs, interest rates, resultant prepayment risk changes, and other factors. Management determines the appropriate classification of securities at the time of purchase. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Realized gains and losses and declines in value determined to be other-than-temporary are included in gain or loss on sale of securities. The cost of securities sold is based on the specific identification method.

Loans. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances net of any unearned income, charge-offs, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the straight-line method, which is not materially different from the effective interest method required by GAAP.

Loans are placed on nonaccrual status when, in management's opinion, collection of interest is unlikely, which typically occurs when principal or interest payments are more than 90 days past due. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned

to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses. We have elected to take advantage of this extended transition period, which means that the financial statements included in this prospectus, as well as financial statements that we file in the future during the transition period, will not be subject to all new or revised accounting standards generally applicable to public companies for so long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period under the JOBS Act. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Confirmed losses are charged-off immediately. Subsequent recoveries, if any, are credited to the allowance. The Company's allowance for loan losses consists of specific valuation allowances established for probable losses on specific loans and general valuation allowances calculated based on historical loan loss experience for similar loans with similar characteristics and trends, discretionarily adjusted for general economic conditions and other qualitative internal and external risk factors.

The allowance for loan losses is evaluated on a quarterly basis by management and is based upon management's review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in economic and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral. The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and other business assets.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on various factors. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. All loans rated substandard or worse and greater than $250,000 are specifically reviewed to determine if they are impaired. Factors considered by management in determining whether a loan is impaired include payment status and the sources, amounts, and probabilities of estimated cash flow available to service debt in relation to amounts due according to contractual terms. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Loans that are determined to be impaired are then evaluated to determine estimated impairment, if any. GAAP allows impairment to be measured on a loan-by-loan basis by the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is secured by collateral. Loans that are not individually determined to be impaired or are not subject to the specific review of impaired status are subject to the general valuation allowance portion of the allowance for loan loss.

Loans Held for Sale. Loans held for sale are comprised of residential mortgage loans. Loans that are originated for best efforts delivery are carried at the lower of aggregate cost or fair value as determined by aggregate outstanding commitments from investors or current investor yield requirements. All other loans held for sale are carried at fair value. Loans sold are typically subject to certain indemnification provisions with the purchaser. Management does not believe these provisions will have any significant consequences.

Recently Issued Accounting Pronouncements

The following provides a brief description of accounting standards that have been issued but are not yet adopted that could have a material effect on our consolidated financial statements. Please also refer to the Notes to our consolidated financial statements included in this prospectus for a full description of recent accounting pronouncements, including the respective expected dates of adoption and anticipated effects on our results of operations and financial condition.

In February 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)" to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU 2016-02 requires organizations that lease assets (lessees) to recognize on the balance sheet the assets and liabilities for the rights and obligations created by the lease for all operating leases under current U.S. GAAP with a term of more than 12 months. The ASU is effective for non-public business entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The adoption of ASU 2016-02 is not expected to have a material impact on the Company's consolidated financial statements.

In July 2018 the FASB issued ASU 2018-11, "Leases –Targeted Improvements" to provide entities with relief from the costs of implementing certain aspects of the new leasing standard, ASU 2016-02. Specifically, under the amendments in ASU 2018-11: (1) entities may elect not to recast the comparative periods presented when transitioning to the new leasing standard, and (2) lessors may elect not to separate lease and non-lease components when certain conditions are met. The amendments have the same effective date as ASU 2016-02 (January 1, 2022 for the Company). The adoption of ASU 2018-11 is not expected to have a material impact on the Company's consolidated financial statements.

In June 2016 the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The new guidance will apply to most financial assets measured at amortized cost and certain other instruments including loans, debt securities held to maturity, net investments in leases and off-balance sheet credit exposures. The guidance will replace the current incurred loss accounting model that delays recognition of a loss until it is probable a loss has been incurred with an expected loss model that reflects expected credit losses based upon a broader range of estimates including consideration of past events, current conditions and supportable forecasts. The guidance also eliminates the current accounting model for purchased credit impaired loans and debt securities, which will require re-measurement of the related allowance at each reporting period. The guidance includes enhanced disclosure requirements intended to help financial statement users better understand estimates and judgement used in estimating credit losses. As originally issued, ASU 2016-13 was effective for financial statements issued for fiscal years and for interim periods within those fiscal years beginning after December 15, 2020, with institutions required to apply the changes through a cumulative-effect adjustment to their retained earnings balance as of the beginning of the first reporting period in which the guidance is effective. On October 16, 2019, the FASB approved a delay in the implementation of ASU 2016-13 by two years for non-pubic business entities, including the Company. Management has been in the process of developing a revised model to calculate the allowance for loan and leases losses upon implementation of ASU 2016-13 in order to determine the impact on the Company's consolidated financial statements and, at this time, expects to recognize a one-time cumulative effect adjustment to the allowance for loan and lease losses as of the beginning of the first reporting period in which the new standard is effective. The magnitude of any such one-time adjustments is not yet known.

BUSINESS

Company Overview

We are a bank holding company headquartered in Anniston, Alabama. We operate primarily through our wholly-owned subsidiary, Southern States Bank, an Alabama banking corporation formed in 2007. The Bank is a full service community banking institution, which offers an array of deposit, loan and other banking-related products and services to businesses and individuals in our communities. Our franchise is focused on personalized, relationship-driven service combined with local market management and expertise to serve small and medium size businesses and individuals. We believe that these services will build stronger, growing communities that will drive our success. As of March 31, 2021, we had total assets of $1.5 billion, gross loans of $1.1 billion, total deposits of $1.3 billion and total stockholders' equity of $144.6 million.

We provide banking services from 15 offices in Alabama and Georgia. Our primary service areas in Alabama are Anniston, Auburn, Birmingham and Huntsville with a presence extending into Calhoun, Lee, Jefferson, Talladega, Madison, Cleburne and Randolph Counties of Alabama and their surrounding areas. In Georgia, we serve the Columbus metropolitan statistical area ("MSA"), as well as Carroll, Coweta, and Dallas Counties in the greater Atlanta MSA. The Bank also operates a loan production office ("LPO") in Atlanta, Georgia.

Our History and Growth

The Bank was organized on August 23, 2007 by a group of financial executives and prominent business leaders with a shared vision to invest in highly experienced people and technology to offer high levels of personal service to our clients. Chartered with approximately $31 million of common equity, the Bank opened its Anniston, Alabama headquarters along with an office in Opelika, Alabama. We opened our Birmingham office six months later in February 2008.

In the following years, our growth has been driven by expansion in existing markets and into new markets. Over the last five years, we have an asset CAGR of over 20% while maintaining profitability, credit quality and prudent capital management. The following information summarizes our history and the tables illustrate our balance sheet and income statement growth as well as trends in other performance metrics as of or for the years ended December 31, 2016 through 2020, and the three months ended March 31, 2021:

- On May 18, 2012, we acquired Alabama Trust Bank's Sylacauga, Alabama branch and approximately $40 million in core deposits through an FDIC-assisted transaction.
- We opened full-service de novo branches in Huntsville, Alabama and Carrollton, Georgia in January and June of 2015, respectively, along with an LPO in Atlanta, Georgia in August 2015.
- In October 2015, we completed our acquisition of Columbus Community Bank in Columbus, Georgia and subsequently opened a second Columbus location in December 2015. We have successfully grown our deposits in this market from approximately $100 million at the time of acquisition to $233 million as of March 31, 2021.
- In 2016, we completed two rounds of private growth capital, issuing $4.5 million in subordinated debt in June and another $41.2 million in equity in December to several institutional investors. All Subordinated Notes were repaid in June 2021. In January 2017, we raised $3.4 million of common equity from local investors. We used the proceeds from these transactions to improve our capital ratios and to support our growth. Using the newly issued capital, our loans grew by 40.4% during 2017 and 2018 and deposits grew by 49.2% during the same period. We also opened a full service branch in Newnan, Georgia and hired four experienced lenders in Georgia.
- On May 8, 2019, we announced the acquisition of East Alabama and its subsidiary bank, Small Town Bank, and closed the transaction in September of 2019. The aggregate consideration paid was approximately $24.0 million in cash and the issuance of 1,142,846 shares of common stock. As of June 30, 2019, Small Town Bank had $240.6 million in assets, $120.8 million in gross loans and $199.9 million in deposits, of which $192.1 million were core deposits. Small Town Bank operated six

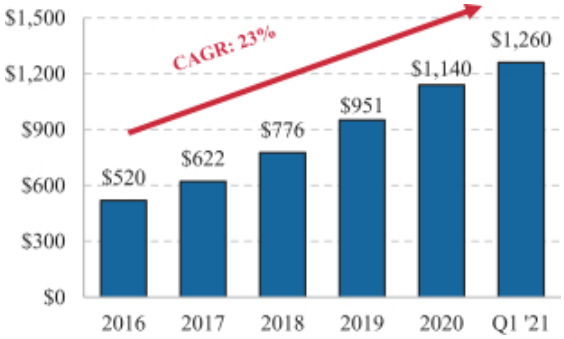
branches along the Alabama-Georgia border, and the acquisition allowed us to enter three new counties: Cleburne and Randolph County, Alabama and Paulding County, Georgia. Small Town Bank also operated a branch in Carroll County, Georgia, which we combined with an existing branch, and an LPO in Oxford, Alabama, which we consolidated with our branch there to expand our existing Anniston footprint.

- In 2020, we achieved record net income of approximately $12.1 million, which represents a 116% increase from 2019. We also had significant balance sheet and customer growth in 2020; our total assets increased 22%, deposits increased 20%, noninterest bearing deposits increased 52% and loans increased 15%, excluding PPP loans. Since March 2020, we have been an active participant in the PPP, providing 420 existing customers $71.7 million in loans through the first program and $26.2 million through the second program. In aggregate, we anticipate the realization $3.7 million in fees from this program. Over the course of the pandemic, we granted deferrals on 396 loans totaling $280.1 million, or approximately 28.0% of our loan portfolio. As of March 31, 2021, only two loans totaling $1.1 million remain.

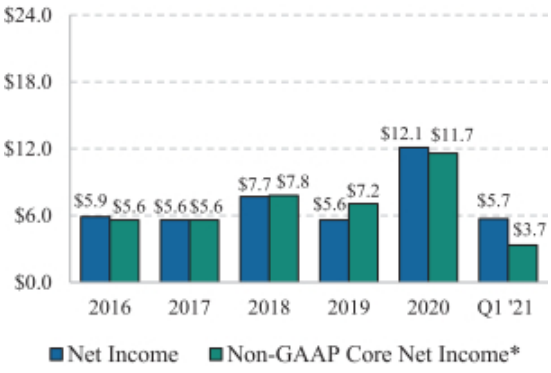
Total Assets ($mm)

Total Loans ($mm)

Total Deposits ($mm)

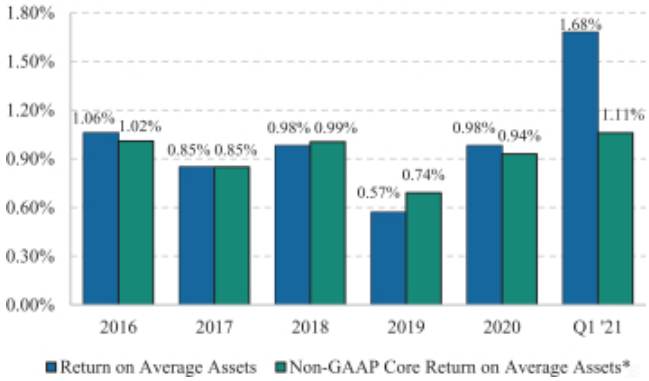


Net Income ($mm)



* Core net income is a non-GAAP financial measure. Please see “Non-GAAP Financial Measures” for a definition of core net income and a reconciliation of core net income to its most directly comparable GAAP financial measure.

Return on Average Assets (%)



* Core return on average assets is a non-GAAP financial measure. Please see "Non-GAAP Financial Measures" for a definition of core return on average assets and a reconciliation of core return on average assets to its most directly comparable GAAP financial measure.

Business Strategy

Our business strategy is to deliver best-in-class customer service and to be the most trusted bank serving our markets, while maintaining our asset quality and profitability. We intend to execute our strategic plan through the following:

- ***Continuing Our Organic Growth Strategy***. Organic loan and deposit growth have been our primary tenet since establishing the Bank, and we believe it is paramount in driving long-term stockholder value. We seek to continue to focus on organic growth throughout our footprint by deepening ties within our communities, building upon current client relationships and further leveraging the extensive experience of our senior management team, board of directors and commercial bankers. We have successfully grown our balance sheet with loan growth of 103.2% (excluding PPP loans) and deposit growth of 142.3% since 2016. We believe that our teams of engaged, experienced employees will continue to be an important factor in cultivating relationships with current and potential clients and driving growth. In addition to our employee focus, we have made significant investments in technology and risk management systems, and we believe that we have developed an infrastructure that can support significant additional growth with minimal capital investment.
- ***Emphasizing Commercial Banking in Local Communities***. We intend to continue operating as a community banking organization focused on meeting the specific needs of small and medium-sized businesses and individuals in our market areas. We will continue to provide a high degree of responsiveness and a wide variety of banking products and services to our customers. We are focused on being a dominant bank in the smaller markets we serve and a competitive player in our larger metropolitan markets. Our consistent corporate message is that the success of our communities and their businesses and individuals will drive the success of the Bank.
- ***Pursuing Strategic Growth Opportunities through Acquisitions and New Market Development***. We anticipate continuing to selectively pursue future acquisitions and new market expansions to supplement organic growth in our legacy markets. Our organic growth has been complemented by synergistic acquisitions and de novo expansion. We seek to expand our operations in attractive and adjacent markets with experienced banking teams that are a cultural fit and knowledgeable of our target client base. We may also make acquisitions or open additional offices in our existing markets. We seek acquisitions that provide meaningful financial benefits, long-term organic growth opportunities and economies of scale without compromising asset quality to the overall organization. Generally, we seek acquisitions of banks with $250.0 million to $750.0 million of assets headquartered in Alabama, Georgia, and select southeastern Tennessee markets, with an emphasis along the I-20, I-85 and I-75 corridors. Currently, we believe that there are approximately 103 potential banks that meet our size and location targets.

- ***Funding Asset Growth through Core Deposits and Relationship Banking***. We fund our loan growth primarily through low-cost core customer deposits. Our ratio of core deposits (total deposits less time deposits greater than $250,000) were 97.4% of total deposits as of March 31, 2021. Our loan to deposit ratio, excluding PPP, as of March 31, 2021 was 81.1%. The strength of our deposit franchise results from our development and maintenance of long-standing customer relationships. Our relationship managers and branch managers actively seek lending relationships with our existing depositors. Today, we believe approximately 65% of our lending relationships have deposits with our bank and our top 25 loans all have deposit relationships as of March 31, 2021. Additionally, we attract deposits from our commercial customers by providing them with personal service, a broad suite of commercial banking and treasury management products and convenient services such as remote deposit capture and commercial internet banking.
- ***Leveraging Technology to Enhance the Client Experience and Improve Productivity***. We provide client convenience through the use of technology and our mobile banking applications, along with our strategically placed banking locations. Since our founding, we have made significant investments in technology to offer online and mobile banking products that we believe are comparable to those offered by many similar-sized competitors and those of the nation's largest banks. We utilize Jack Henry as a core processing service provider that we believe can support our growth plan. We also leverage technology solutions to manage cyber security risks and data privacy. In addition to client-facing technology, significant investments have been made in the technology and software utilized by our employees. This technology and software enables our employees to be more productive by enhancing workflow and internal and external management reporting, removing unnecessary steps and reducing manual errors. For example, in 2020, we initiated a new customer platform through Jack Henry, which allows for electronic signatures on new and existing deposit accounts. In 2021, we are implementing a new lending platform to provide more digital capabilities to our borrowers and create internal efficiencies throughout our loan underwriting and processing.

Competitive Strengths

We believe that the following strengths will help us execute our business strategy:

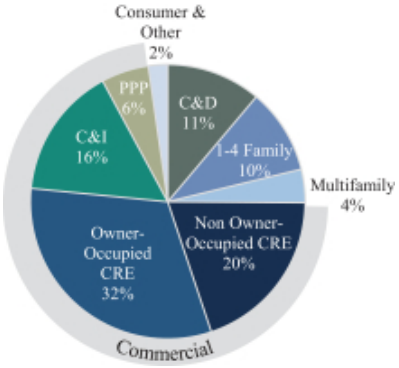
- ***Experienced and Invested Leadership***. Our board of directors has decades of combined business experience from a variety of backgrounds. Our directors actively participate in and support community activities, which we believe significantly benefit our business development efforts. Our executive leadership team is comprised of established industry veterans with a track record of profitable growth, operating efficiencies and strong risk management. Collectively, our directors and senior executives own approximately 15.0% of the total common stock outstanding as of March 31, 2021, excluding stock held by a private equity fund with a representative on our board of directors.
  - Stephen W. Whatley, founder of the Bank, serves as Chief Executive Officer of Southern States, a position he has held since 2007, and Chairman of the Board of Southern States, a position he has held since 2014. Prior to founding Southern States, Mr. Whatley served as Market President at Colonial Bank covering several counties in East Alabama and West Georgia. Mr. Whatley has over 40 years of experience in the banking industry in multiple states across the country.
  - Mark Chambers serves as President of Southern States. Mr. Chambers has worked at Southern States since 2007, including as Senior Executive Vice President and President of the Southeast Region. He has served as President since 2019. Mr. Chambers held the position of Market President (Auburn and Opelika, Alabama) at Wachovia Bank before his time at Southern States. He has over 30 years of banking experience.
  - Lynn Joyce serves as Senior Executive Vice President and Chief Financial Officer of Southern States. She has held this position since joining Southern States in 2013. Prior to joining Southern States, Ms. Joyce served in various positions with First Financial Bank, Bessemer, Alabama, which was publicly traded on NASDAQ, and prior to that worked in public accounting at a national firm.
  - Greg Smith is Senior Executive Vice President and Chief Risk Officer, positions he has held since 2019. From 2006 until 2019, he served as Senior Vice President and Chief Credit Officer of Southern States. Prior to joining Southern States, he worked as Commercial Loan Officer and Market President (Anniston, Alabama) at Regions Bank, a regional bank. Mr. Smith has over 30 years of experience in the banking industry.

- Jack Swift is Senior Executive Vice President and Chief Operating Officer of Southern States. He has held this position since 2019. Previously, he served as Senior Executive Vice President and President of the Central Region of Southern States from 2006 until 2019. Prior to joining Southern States, Mr. Swift worked as Senior Vice President at Colonial Bank. Mr. Swift has over 30 years of experience in the banking industry.

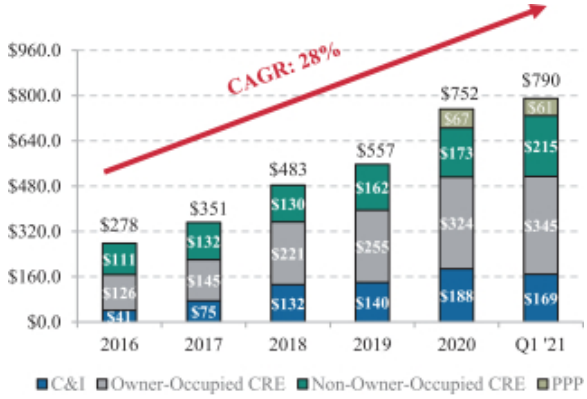
In addition to our executive leadership team, we believe that we are supported by a deep and talented bench of market leaders, many of whom have been with us for much of our existence.

- ***Diversified Loan Portfolio.*** We have an attractive, commercially focused loan portfolio, with 15.6% commercial and industrial, or C&I, loans, 31.7% owner-occupied commercial real estate, or CRE loans, 19.8% non-owner-occupied CRE loans, and 10.0% one-to-four-family residential loans at March 31, 2021. Approximately 47.3% of our loan portfolio is comprised of owner-operated business loans, which includes C&I and owner-occupied CRE loans on a combined basis, and 34.8% of our portfolio consists of loans for investor-owned properties and projects, which includes non-owner-occupied CRE loans, multi-family loans and construction and land development loans, or C&D loans, on a combined basis. We have had loan growth of 18.2% CAGR, excluding PPP, since 2016. Our loans are in market, except where we follow a local loan customer out of market. We believe that our knowledgeable and prudent approach to commercial lending results in relatively lower losses caused by defaults.

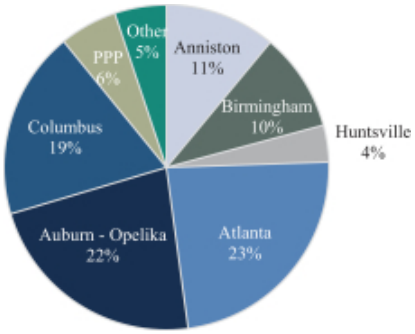
Loan Portfolio



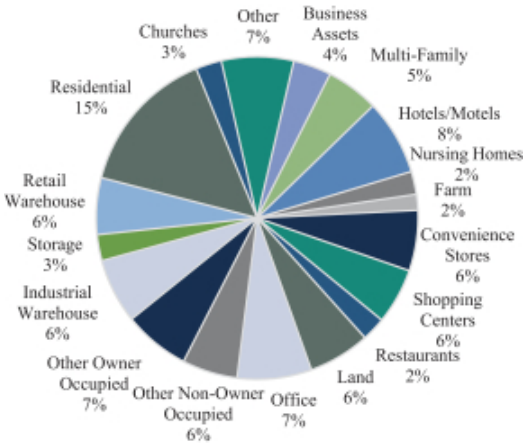
Commercial and CRE Loan Portfolio



Loans by Geography*



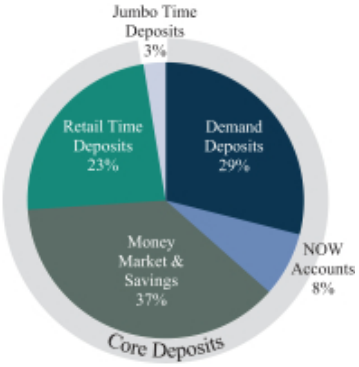
CRE by Type



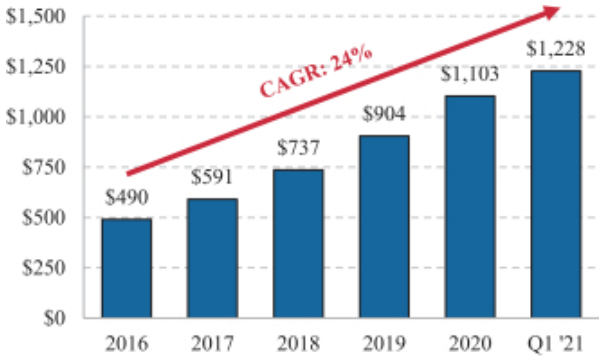
* Other markets include Sylacauga, Wedowee, Ranburne, Roanoke and Heflin; Atlanta includes the Carrolton, Newnan and Dallas markets

- ***Core-Deposit Base.*** We have built a strong core deposit base by providing quality products and services to customers in our market areas. We offer retail deposit services through our existing branch network, as well as mobile and online banking services. Core deposits totaled $1.2 billion, or 97.4% of total deposits, and noninterest-bearing deposits totaled $365.1 million, or 28.9% of total deposits, as of March 31, 2021. Our commercial lending has led to strong core deposit growth with a 24.1% CAGR since 2016. Our cost of total deposits was 0.39% for the three months ended March 31, 2021.

Deposit Portfolio



Core Deposits ($mm)



- ***History of Successful Acquisitions***. We have pursued a strategy of disciplined organic and acquisitive growth. Since 2012, we have successfully completed three acquisitions, including one bank purchased from the FDIC and two whole-bank acquisitions. Our management team has demonstrated success in identifying and integrating strategic transactions that either added density to our footprint or expanded our presence into attractive markets to ultimately build long-term stockholder value. Following each transaction, we retained the majority of the acquired deposit and desired lending relationships, which we believe reflects the strength of our relationship-based community banking focus and the quality of our established integration processes. When negotiating a transaction, we are disciplined on price and structure in order to manage the initial tangible book value dilution and earnback period. We modeled our two whole-bank acquisitions of Columbus Community Bank and Small Town Bank on a projected 3-year or less tangible book value earnback period with double digit accretion to projected earnings per share. We believe our approach to acquisitions and the availability of a publicly traded stock after this offering will position us well to be the acquirer of choice for other institutions in our target markets.

- ***Prudent Credit Risk Management***. We have a culture of well-developed risk management procedures at all levels of our organization. Our loan portfolio is primarily originated from borrowers within our footprint and is subject to a rigorous credit evaluation process that seeks to balance responsiveness with prudent underwriting and pricing practices. A centralized credit underwriting group underwrites all credit exposures, ensuring consistent application of credit standards. We have established processes to monitor our loan portfolio on a regular basis. Our management team and board of directors have established concentration limits by loan type, industry, and related borrowers, which are regularly reviewed in light of current conditions in our targeted market areas to mitigate developing risk areas within our loan portfolio and to ensure that the asset quality of our loan portfolio remains strong. Our CRE, C&D, and hospitality loans as a percentage of total capital at March 31, 2021 was 338.4%, 147.7%, and 54.0%, respectively. When credit issues arise, our management team takes an active approach in handling the problem. For example, we capped our hospitality loans at existing levels in January 2020 given market conditions, and our similarly capped multifamily loans in September 2020; both measures are still in effect today. We monitor our loan loss reserve and seek to maintain an adequate reserve for future losses.

- ***Stockholder Focus***. We started the Bank with a strategic plan to provide consistent, long-term growth and returns to our stockholders. Our tangible book value per share has increased 16.1% from December 31, 2019 to March 31, 2021, while increasing dividends and generating strong returns on capital. We changed from an annual to a quarterly dividend in April 2020 when we declared a $0.08 dividend per share. In January 2021, we increased our quarterly dividend to $0.09 per share. We believe that our experienced leadership team, commitment to organic and acquisitive growth, and prudent risk management will allow us to consistently build value for our stockholders.

Our Markets

We provide banking services from 15 offices in Alabama and in the Atlanta and Columbus, Georgia MSAs. Our markets are a mix of higher-growth areas and stable markets with strong core deposits. We have a top five deposit market share in four counties of operation and have outperformed the deposit growth in the majority of our markets. We find strength in the stability of our rural markets coupled with higher growth potential in metropolitan areas such as Atlanta, Birmingham, Huntsville and Auburn. Below is a description of our operations in the MSAs and selected counties:

Market Area*	Total Population 2021 (Estimated)	Projected Population Change 2021-2026 (%)	Projected Median Household Income 2026 ($)	Projected Household Income Change 2021-2026 (%)	Unemployment Rate** (%)
Anniston-Oxford MSA	112,767	(1.2)	52,934	7.9	3.4
Atlanta-Sandy Springs-Alpharetta MSA	6,137,994	5.9	75,740	12.2	3.9
Auburn-Opelika MSA	167,412	4.6	56,718	8.7	2.4
Birmingham-Hoover MSA	1,094,169	0.4	69,086	13.1	2.6
Columbus MSA	321,811	2.1	54,764	9.7	4.2
Huntsville MSA	481,729	4.3	72,962	7.2	2.2
Cleburne County, AL	14,883	0.2	48,082	6.8	2.2
Randolph County, AL	22,747	0.5	49,772	6.6	2.2
Talladega County, AL	79,589	(0.7)	47,451	7.3	3.6

Market Area***	Market Rank	Deposit Market Share (%)	Number of Branches	Market Deposits ($mm)	Deposits Per Branch ($mm)	YoY Deposit Growth (%)
Anniston-Oxford MSA	5	10.7	1	234.4	234.4	(11.7)
Atlanta-Sandy Springs-Alpharetta MSA	49	0.1	3	140.9	50.0	28.4
Auburn-Opelika MSA	7	6.7	2	239.5	119.8	40.3
Birmingham-Hoover MSA	31	0.1	1	48.3	48.2	(9.6)
Columbus MSA	6	1.4	2	171.4	85.7	(3.7)
Huntsville MSA	22	0.5	1	49.7	49.7	29.3
Cleburne County, AL	2	31.3	2	51.6	25.8	(9.4)
Randolph County, AL	1	35.7	2	125.4	62.7	5.3
Talladega County, AL	5	5.3	1	52.2	52.2	29.3

* *Demographic data provided by Claritas based on U.S. Census data*

** *Source: U.S. Bureau of Labor Statistics for MSAs; Alabama Department of Labor for counties; data as of May 2021*

*** *Source: FDIC; Deposit data as of 6/30/20*

Atlanta, Georgia. The Atlanta MSA is the ninth largest metro area in the United States with a 2020 population of 6.1 million. Atlanta has strong demographics and is projected by the U.S. Census Bureau to exceed the national average in population growth, median 2021 household income and change in household income from 2021 to 2026. Atlanta was voted the second best city for people between the ages of 21 and 36 by Money.com,

and it was also ranked the thirteenth Best Places for Business and Careers by Forbes. In 2020, Atlanta was the number one growth leader for becoming a metro area tech hub and was voted the number three metro area for corporate headquarters by Business Facilities. In fact, it serves as the headquarters of 16 Fortune 500 companies including Coca-Cola, Home Depot, UPS, WestRock and Delta Air Lines. The Atlanta MSA is home to multiple universities and professional sports teams. Businesses are attracted to Atlanta by its strong economic opportunities, talent-rich labor pool, and position as the central hub of the Southeast.

Auburn-Opelika, Alabama. The Auburn-Opelika MSA was the fourth-highest ranked MSA in the country in terms of migration growth, according to U-Haul's '2020 Migration Trends' study. In addition to being home to Auburn University, the largest employer in the MSA, accounting for approximately a quarter of the city's workforce, The East Alabama Medical Center, a Wal-Mart Distribution Center, Mando America Corporation, and Briggs & Stratton, have helped make Auburn-Opelika the second fastest growing MSA in Alabama.

Birmingham, Alabama. Birmingham is the largest market in Alabama by population and has a history of strong economic performance. In 2020, Birmingham was one of the cities with the lowest cost of living in America. Its healthcare, financial services and materials industries have continued to drive economic development and to attract new corporations across all sectors. Birmingham ranks in the top ten as a moving destination for new college graduates based on an April 2020 report by Smartasset Financial Technology. Also, Birmingham was the number eight best city for jobs in 2020 per Glassdoor. The most prominent companies headquartered in the city are Altec Industries, Encompass Health, Vulcan Materials and Alabama Power. Additionally, University of Alabama Birmingham serves as an international leader in health care and as one of the top transplant centers in the world.

Huntsville, Alabama. Huntsville is home to the Redstone Arsenal, which includes the U.S. Space and Rocket Center, NASA's Marshall Space Flight Center, and the United States Army Aviation and Missile Command. Huntsville's focus on space and technology attracts well-regarded professionals and businesses alike. Over 40% of the city has obtained a Bachelor's Degree or higher education, ranking it among the top-educated cities in the nation. Huntsville is one of the top 10 best cities for jobs in STEM by Forbes, and employers in Huntsville hire the third most high-tech employees in the county. The city was voted Top Ten Best Places for Business and Careers by Forbes with strong projected economic growth. The largest employer in Huntsville is the U.S. Army, but NASA and Boeing combine for nearly 9,000 employees as well. Huntsville's median household income is second to Atlanta in our markets. The City of Huntsville is the second largest city and the fastest growing major city in Alabama.

Columbus, Georgia. Columbus is the third most populous MSA in Georgia. The most notable employer is Fort Benning Military Base, located just south of the city, which employs over 40,000 people. The Columbus Chamber of Commerce estimates that Ft. Benning has an economic impact of more than $4 billion on the surrounding area. Other companies headquartered in Columbus include Aflac and the Total Systems group of Global Payments.

Corporate Information

Our principal executive office is located at 615 Quintard Avenue, Anniston, Alabama 36201, and our telephone number is (256) 241-1092. We maintain an Internet website at www.southernstatesbank.net. The information contained on or accessible from our website is not part of this prospectus and is not incorporated by reference herein.

Properties

We provide banking services from 15 offices in Alabama and the Atlanta and Columbus, Georgia MSAs. We also operate a LPO in Atlanta, Georgia. Our executive offices and those of the Bank are located at 615 Quintard Avenue, Anniston, Alabama. The Bank also owns an operations center located at 1131 Wilmer Avenue, Anniston, Alabama 36202. We believe that our banking and other offices are in good condition and are suitable and adequate to our needs.

The Bank owns its main office building and ten of its banking centers. The remaining facilities are occupied under lease agreements, with terms ranging from one to two years, with extension options. The following table shows our banking offices as of December 31, 2020, and whether owned or leased:

Office Address	Owned/Leased
Executive Offices 615 Quintard Avenue Anniston, Alabama	Owned
2601 Frederick Road Opelika, Alabama	Owned
7 Office Park Circle(1) Birmingham, Alabama	Leased
101 West Fort Williams Street Sylacauga, Alabama	Owned
415 Church Street N.W. Building H Suite 100 Huntsville, Alabama	Leased
905 Maple Street Carrollton, Alabama	Owned
5604 Whittelsey Boulevard Columbus, Georgia	Owned
4045 Orchard Rd. SE Suite 510 (LPO) Smyrna, Georgia	Leased
1326 13th Street Columbus, Georgia	Leased
815 Opelika Road Auburn, Alabama	Owned
1483 East Highway 34(2) Newnan, Georgia	Leased
548 Main Street Roanoke, Alabama	Owned
21044 Main Street Ranburne, Alabama	Owned
117 Main Street Wedowee, Alabama	Owned
645 Ross Street Heflin, Alabama	Owned
45 East Ross Street Dallas, Georgia	Owned

(1) The Bank has purchased a location to be utilized by the end of 2021 as a new Birmingham location in the same area on Highway 280 as the current location. This premier location in Birmingham will house the Birmingham Branch, Corporate Accounting/Administration and Credit Administration. The location will have excess space that may be leased.

(2) The Bank has purchased land and received regulatory approval to construct a new modern branch office in Newnan, Georgia.

Competition

Southern States Bank faces substantial competition in attracting and retaining deposits and making loans to its customers in all of its principal markets. The banking and financial services industry is highly competitive, and we compete with a wide range of financial institutions within our markets, including local, regional and national commercial banks and credit unions. We also compete with mortgage companies, trust companies, brokerage firms, consumer finance companies, mutual funds, securities firms, insurance companies, third-party payment processors, financial technology companies and other financial intermediaries for certain of our products and services. Some of our competitors are not subject to the regulatory restrictions and level of regulatory supervision applicable to us.

Interest rates on loans and deposits, as well as prices on fee-based services are typically significant competitive factors within the banking and financial services industry. Other important competitive factors in our industry and markets include office locations and hours, quality of client service, community reputation, continuity of personnel and services, capacity and willingness to extend credit, and ability to offer excellent banking products and services.

Competition involves efforts to retain current customers, obtain new loans and deposits, increase types of services offered, and offer competitive interest rates on deposits and loans. Many of our competitors are much larger financial institutions that have greater financial resources than we do and compete aggressively for market share. These competitors attempt to gain market share through their financial product mix, pricing strategies and banking center locations.

While we seek to remain competitive with respect to fees charged, interest rates and pricing, we believe that our broad suite of financial solutions, our high-quality client service culture, our positive reputation and our longstanding community relationships will enable us to compete successfully within our markets and enhance our ability to attract and retain clients.

Human Capital Management

As of December 31, 2020, the Company had 190 FTE employees. Our employees are not represented by a collective bargaining unit. We consider our relations with our employees to be excellent.

We are committed to fostering, cultivating, and preserving a culture of diversity and inclusion. We are working to cultivate our leaders and shape future talent to help us meet the needs of our customers now and in the future. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of not only our culture but our reputation and our achievement as well. We embrace our employee’s differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

The Company incorporates annual training on “Valuing Diversity” along with other technical and professional development programs. Our emphasis on training allows employees to enhance and expand their abilities.

The Company offers competitive compensation to attract and retain talent. Our generous total rewards package includes market-competitive salary, bonuses, short-term and long-term equity incentives, healthcare and retirement benefits, and paid time off. Approximately 25% of our employees own stock in the Company. Employees have regular performance reviews and salary raises commensurate with performance.

With the outbreak of COVID in 2020, we sought to protect the health and well-being of our employees by adopting the ability of employees to work at home, practicing social distancing within our offices, and

developing other procedures such as wearing of masks and frequent sanitizing of our workspaces. We worked with employees who had particular needs or concerns about the virus and safety of working within our offices. We continue to evolve to meet our employees' health, wellness, and work-life balance needs.

Legal Proceedings

Southern States and Southern States Bank are parties to various legal proceedings in the ordinary course of their respective businesses, including proceedings to collect loans or enforce security interests. In the opinion of management, none of these legal proceedings currently pending will, when resolved, have a material adverse effect on the financial condition or the results of operations of Southern States or Southern States Bank. However, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to our business, including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security and anti-money laundering and anti-terrorism laws, we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

MANAGEMENT

Executive Officers

The following table sets forth certain information regarding our executive officers and the executive officers of the Bank, including their names, ages and positions:

Name	Age	Position with Southern States and the Bank
Stephen W. Whatley	69	Chairman of the Board and Chief Executive Officer
Mark Chambers	57	President
Lynn Joyce	57	Senior Executive Vice President and Chief Financial Officer
Greg Smith	58	Senior Executive Vice President and Chief Risk Officer
Jack Swift	60	Senior Executive Vice President and Chief Operating Officer

The business experience of each of our executive officers is set forth below. There are no arrangements or understandings between any of the officers and any other person pursuant to which he or she was selected as an officer. The compensation for Mr. Whatley, Mr. Chambers and Ms. Joyce is set forth below under “Executive and Director Compensation” and such persons are sometimes referred to as “named executive officers.”

Stephen W. Whatley. Mr. Whatley has served as our Chief Executive Officer since 2007 and Chairman of our board of directors since 2014. Mr. Whatley has worked in the banking industry since 1973, in states across the country. Prior to joining Southern States, he served as Market President of Colonial Bank from 1982 through 2006. From 1980 until 1982, he served as Vice President Commercial Lender of AmSouth Bank and, from 1978 until 1982, as Vice President of Trust Company Bank. Whatley served as board member for the East Central Region of Colonial Bank from 1989 until 2000. He currently serves on the Wetlands America Trust Board. Mr. Whatley has served previously on the board of a number of non-profit entities, including Ducks Unlimited, Inc. and Community Action Agency. Mr. Whatley holds a Bachelor of Science in Economics from Auburn University and a Master of Arts in Economics from California State University at Los Angeles. Mr. Whatley’s extensive experience working in leadership roles in the banking industry, together with his skills and knowledge of the industry, are among his qualifications to serve as our Chairman of the Board and Chief Executive Officer.

Mark Chambers. Mr. Chambers has served as our President since 2019. From 2007 until 2019, he served as Senior Executive Vice President and President, Southeast Region of Southern States. Prior to joining Southern States, Mr. Chambers worked as Market President at Wachovia Bank from 2004 until 2007, and as a Commercial Lender at Aliant Bank from 1998 until 2004. Mr. Chambers holds a Bachelor of Science in Finance and a Master of Business Administration from Auburn University.

Lynn Joyce. Ms. Joyce has served as Senior Executive Vice President and Chief Financial Officer of Southern States since 2013. Prior to joining Southern States, she served as Executive Vice President and Chief Financial Officer of First Financial Bank, a NASDAQ listed institution for a portion of time during her tenure, from 1992 until 2013. From 1986 until 1992, Ms. Joyce worked in the audit division of a major accounting firm. Ms. Joyce is a member of the Alabama Society of Certified Public Accountants. Ms. Joyce holds a Bachelor of Science in Business Administration – Accounting from the University of Alabama, in Huntsville.

Greg Smith. Mr. Smith has served as Senior Executive Vice President and Chief Risk Officer of Southern States since 2019. From 2006 until 2019, he served as our Senior Vice President and Chief Credit Officer. Prior to joining Southern States, he worked as Credit Admin, Commercial Loan Officer and Market President at Regions Bank. Mr. Smith holds a Bachelor of Science in Finance from the University of Alabama.

Jack Swift. Mr. Swift has served as our Senior Executive Vice President and Chief Operating Officer since 2019. From 2006 until 2019, he served as Senior Executive Vice President and President, Central Region of Southern States. Prior to joining Southern States, he served as Senior Vice President of Colonial Bank from 1996 until 2006, and as Vice President of SouthTrust Bank from 1992 until 1996. Mr. Swift holds a Bachelor of Arts in Business Administration from Birmingham Southern University.

Our executive officers are appointed by our board of directors and hold office until their successors are duly appointed and qualified or until their earlier death, resignation or removal. The executive officers of Southern States Bank are appointed by the board of directors of Southern States and Bank hold office until their successors are duly appointed and qualified or until their earlier death, resignation or removal.

In addition to the executive officers listed above, the Bank is managed by a team of experienced bankers who oversee various aspects of our organization including lending, credit administration, treasury services, wealth management, marketing, finance, operations, information technology, regulatory compliance, risk management and human resources. Our team has a demonstrated track record of achieving profitable growth, maintaining a strong credit culture, implementing a relationship-driven approach to banking and successfully executing acquisitions. The depth of our team's experience, market knowledge and long-term relationships in Alabama and West Georgia provide us with a steady source of referral business.

Board of Directors

Our board of directors (or "board") oversees our business and monitors the performance of management. In accordance with corporate governance principles, the independent members of our board do not involve themselves in day-to-day operations of Southern States or the Bank. The directors keep themselves informed through, among other things, discussions with our Chief Executive Officer, other key executives and our principal outside advisors (legal counsel, outside auditors, and other consultants), by reading reports and other materials that we send them and by participating in board and committee meetings.

The following table sets forth certain information about our directors, including their names, ages and year in which they began serving as a director of the Company.

Directors	Age	Director Since
Lewis Beavers	71	2019
Robert F. Davie	81	2007
Alfred J. Hayes, Jr.	76	2015
Brent David Hitson	54	2007
Brian Stacy Holmes	57	2007
Jimmy Alan LaFoy	80	2007
James Lynch	71	2017
Cynthia S. McCarty	61	2020
Jay Florey Pumroy	64	2007
J. Henry Smith, IV	51	2009
Henry Turner	74	2008
Stephen W. Whatley	69	2007

In accordance with our bylaws, the total number of directors constituting the entire board may not be less than five nor more than 15. Our board of directors is currently composed of 12 members, each elected for a one year term, or until his or her successor is elected or qualified, or until his or her earlier death, resignation or removal. Our directors discharge their responsibilities throughout the year at board and committee meetings and also through telephone contact and other communications with our executive officers or directors.

Stephen W. Whatley's employment agreement provides that he will be nominated as a director so that he may remain a director during the term of his employment. Mr. Beavers was added to the board of directors as a result of the acquisition by Southern States of Small Town Bank in 2019. The acquisition agreement for that transaction provided that Mr. Beavers will be nominated for a full three-year term and, as a result of moving to annual elections of directors, we expect to nominate Mr. Beavers for re-election at each of our next two annual meetings. In addition, Mr. Lynch is a member as a result of Patriot's investment in Southern States and will

continue to be a member as long as Patriot owns at least 4.9% of Southern States' common stock. See "Description of Southern States Capital Stock."

A brief description of the background of each of our directors, together with the experience, qualifications, attributes or skills that qualify each to serve as a director, is set forth below (other than Stephen W. Whatley, whose background is provided above).

Lewis Beavers. Mr. Beavers has worked as the managing partner of Lawrence, See & Beavers, a privately owned accounting firm, since 1976, and has served as Secretary and Treasurer of L&A Enterprises, Inc., a residential construction company, since 2002. He has served as a member of the Finance Committee of the Douglas County Chamber of Commerce since 2005 and has previously served on several advisory boards of community banks in Georgia. From 2006 until 2019, he served on the board of directors of Small Town Bank. Mr. Beavers holds a Bachelor of Business Administration in Accounting and Finance from West Georgia College. He received his CPA certificate in 1975 and currently holds a Residential Construction Contractor's license from Georgia. Mr. Beavers' extensive accounting and financial expertise, including in our industry and related industries, are among his qualifications to serve as a member of our board.

Robert F. Davie. Mr. Davie has owned and operated Davie's School Supplies, a supplier of educational products with locations in Anniston, Alabama and Montgomery, Alabama, since 1975. He has served on the board of directors of the Southern Disability Foundation, a non-profit organization, since 2015. He holds a Bachelor of Arts and Science from Auburn University. Mr. Davie's many years of experience owning and operating a business are among his qualifications to serve as a member of our board.

Alfred J. Hayes, Jr. Mr. Hayes has over 40 years of banking experience. Mr. Hayes retired from First Union Bank in 1997 after 30 years, and from Colonial Bank in 2009. Mr. Hayes is active in civic, social, and professional organizations in Columbus, Georgia. Mr. Hayes holds a Bachelor of Business Administration in Real Estate from the University of Georgia and a Masters of Business Administration from Columbus State University. Mr. Hayes' extensive experience working in our industry and his understanding of the regulatory structure in which we operate are among his qualifications to serve as a member of our board.

Brent David Hitson. Mr. Hitson is a partner at Burr & Forman LLP, a law firm in Birmingham, Alabama, a position he has held since 2005. Mr. Hitson holds a Bachelor of Science in Business Administration from Auburn University and a Juris Doctorate from Cumberland School of Law at Samford University. Upon graduation from law school in 1996, Mr. Hitson spent a year working as a judicial law clerk at the United States Court of Federal Claims in Washington, D.C. Mr. Hitson is licensed to practice law in Alabama, Georgia and Mississippi, and has handled matters in multiple state and federal courts across the United States. Mr. Hitson's legal expertise combined with his past experience owning and managing his own company are among his qualifications to serve as a member of our board.

Brian Stacy Holmes. Mr. Holmes has owned and served as President of Holmes II Excavation, Inc., a privately owned construction company, since 1992. Mr. Holmes has also owned and served as managing member of Holmes Properties, LLC, a real estate investment company, since 1999, and as owner and managing member of Salt Creek Land Company, LLC, a real estate investment company, since 2001. Mr. Holmes is currently part owner and member of TLC, LLC, a real estate investment company, which he has owned since 2010. Mr. Holmes' experience and expertise in management and business operations are among his qualifications to serve as a member of our board.

Jimmy Alan LaFoy. Mr. LaFoy has worked as General Manager at LaFoy and Associates, CPA, LLC, an accounting firm he has privately owned since 2003. From 1977 until 2003, he worked as an accountant. Mr. LaFoy has served as a member of the board of directors of the Baldwin Electric Membership Charitable Foundation, a non-profit organization, since 2009, and as a member of the board of directors of the National Rural Utilities Corporation Finance Cooperative, a non-profit organization, since 2015. Mr. LaFoy served as a member of the board of directors of Farmers National Bank, and of its successor, First American Bank, until

2006. Mr. LaFoy holds a Bachelor of Science in Commerce and Business, with a major in Accounting, from the University of Alabama. Mr. LaFoy's extensive career in the accounting and financial industries, as well as his knowledge of business operations, are among his qualifications to serve as a member of our board.

James Lynch. Mr. Lynch has served as the managing partner of Patriot Financial Partners, a private equity fund focusing on investments in the community bank sector ("Patriot"), since 2007. Mr. Lynch has more than 40 years of banking experience, including prior service as a Chief Executive Officer. Mr. Lynch has also served as a member of the board of directors of a number of bank holding corporations, including Cape Bancorp, from 2008 until 2015 and Heritage Oaks Bancorp, from 2009 until 2017. Mr. Lynch holds a Bachelor of Science in Marketing from LaSalle University. Mr. Lynch's experience in finance, strategic planning and investing, along with his experience serving on boards of directors in our industry, are among his qualifications to serve as a member of our board.

Cynthia S. McCarty. Ms. McCarty is a professor of economics at Jacksonville State University, a position she has held since 1990. Ms. McCarty holds a Bachelor of Arts degree in Foreign Language International Trade with a minor in Finance and Economics from Auburn University. She also holds a Masters in Business Administration from the University of North Carolina Chapel Hill. Ms. McCarty's business and economic knowledge and expertise are among her qualifications to serve as a member of our board.

Jay Florey Pumroy. Mr. Pumroy has worked as a senior partner of Wilson, Dillon, Pumroy and James, LLC, a law firm, since 1982. He has investments in retail and commercial real estate through Business Park, LLC and Covington Properties South, LLC. Mr. Pumroy has served as a member of the board of directors of Mt. Cheaha Corporation, a private Harley Davidson dealership, since 2004, and on the board of directors of Soup Bowl of Anniston, Inc., a non-profit organization, since 2013. Mr. Pumroy served as a member of the board of directors of the East Central Region of Colonial Bank from 1987 until 2006. He holds a Bachelor of Science in Accounting from the University of Alabama and a Juris Doctorate from the Law School of the University of Alabama. Mr. Pumroy is an active member of the Alabama Bar Association and is a long term member of the Calhoun County Chamber of Commerce. Mr. Pumroy's legal and business management expertise and experience are among his qualifications to serve as a member of our board.

J. Henry Smith, IV. For more than 20 years, Mr. Smith has served as President of Interstate Sheet Metal Co., Inc., a sheet metal contractor specializing in public works projects and other large contracts throughout Alabama. He holds a Bachelor of Arts in History from Vanderbilt University. Mr. Smith's extensive managerial experience, as well as his business development and project execution experience and knowledge of business operations, are among his qualifications to serve as a member of our board.

Henry Turner. Mr. Turner has worked at Honda Motor Company, a publicly traded automobile manufacturer, in its Alabama Operations for more than 20 years, including as a purchasing manager for Honda of America, from 1988 until 2000, and Department Manager, Purchasing Department for Honda of Alabama, from 2000 until 2010. Prior to joining the Honda Motor Company, Mr. Turner worked as a registered representative with Murch and Co., a private brokerage firm. Mr. Turner has served on a number of civic organizations, including as a member and Chairperson of the South Regions Minority Supplier Development Council and currently as a member of the board of directors of the Minority Business Opportunity Committee since 2011. Mr. Turner holds a Bachelor of Science in General Business from John Carroll University. Mr. Turner's many years of leadership experience at a large public company, his background and finance, and his experience serving civic organizations and the community are among his qualifications to serve as a member of our board.

Corporate Governance Principles and Board Matters

Director Qualifications

We believe that our directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in

business, government or civic organizations. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on their own unique experience. Each director must represent the interests of all stockholders. When considering potential director candidates, our board of directors also considers the candidate's independence, character, judgment, diversity, age, skills, including financial literacy, and experience in the context of our needs and those of our board of directors. While we have no formal policy regarding the diversity of our board of directors, our board of directors may consider a broad range of factors relating to the qualifications and background of director nominees, which may include personal characteristics. Our board of director's priority in selecting board members is the identification of persons who will further the interests of our stockholders through his or her record of professional and personal experiences and expertise relevant to our growth strategy.

Director Independence

Under the rules of NASDAQ, independent directors must comprise a majority of our board of directors within a specified period of time of this offering. The rules of NASDAQ, as well as those of the SEC, also impose several other requirements with respect to the independence of our directors. Our board of directors has undertaken a review of the independence of each non-employee director based upon these rules and the charter of our Nominating and Corporate Governance Committee. Applying these standards, our board of directors has affirmatively determined that, with the exception of Mr. Pumroy and Mr. Holmes, each of our current non-employee directors qualifies as an independent director under the applicable rules. The 9 independent directors constitute a majority of the 12 members of our board of directors.

In making independence determinations, our board of directors has considered the current and prior relationships that each director has with us and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Board Leadership Structure

Our board of directors meets at least quarterly. Our board of directors solicits input and nominations from its members and elects one of its members as Chairman. The roles of Chief Executive Officer and Chairman of our board of directors, and the corresponding roles at the Bank, are held by Stephen W. Whatley, and, we do not have a policy regarding the separation of these roles, as our and the Bank's board of directors believes that it is in the best interests of our organization to make that determination from time to time based on the position and direction of our organization and the membership of our board of directors. Our and the Bank's board of directors has determined that combining the roles of Chief Executive Officer and Chairman is in the best interests of our stockholders at this time. Mr. Pumroy currently serves as lead director.

Board Risk Management and Oversight

Our board of directors is ultimately responsible for the oversight of our overall risk management processes while the Bank's board of directors is responsible for risk management oversight at the Bank. Our board of directors approves policies that set operational standards and risk limits at the Bank, and any changes to the Bank's risk management program require approval by the Bank's board of directors. Management is responsible for the implementation, integrity and maintenance of our risk management systems ensuring the directives are implemented and administered in compliance with the approved policy. Our board of directors has established standing committees to oversee our corporate risk governance processes, as described more fully below. In addition, we have appointed a Chief Risk Officer, who is a member of our executive management team, to support the risk oversight responsibilities of the board of directors and its committees and to involve management in risk management as appropriate by establishing committees comprised of management personnel who are assigned responsibility for oversight of certain operational risks. The Chief Risk Officer reports to the board of directors each quarter on our enterprise-wide risk management system. Greg Smith serves as our Chief Risk Officer.

Compensation Committee Interlocks and Insider Participation

No members of our compensation committee have been an officer or employee of the Company or the Bank. None of our executive officers is expected to serve or have served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our compensation committee. To the extent that any members of our compensation committee have participated in transactions with us, a description of those transactions is provided in "Executive and Director Compensation—Director Compensation," and "Certain Relationships and Related Party Transactions."

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics that is designed to ensure that our directors, executive officers and employees meet the highest standards of ethical conduct. The Code of Business Conduct and Ethics requires that our directors, executive officers and associates avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in our best interest. Amendments to the Code of Business Conduct and Ethics, or any waivers of their requirements with respect to our directors or executive officers, will be disclosed on our corporate website or by such other means as may be required by applicable NASDAQ rules. A copy of our Code of Business Conduct and Ethics will be available free of charge on the Investor Relations section of our website at www.southernstatesbank.net.

Board Committees

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Our board of directors also may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our corporate governance documents.

Audit Committee

Our Audit Committee consists of Messrs. LaFoy (Chairman), Smith, Beavers and Hayes. Our Audit Committee has the responsibility for, among other things:

- overseeing the design and implementation of our internal audit function;
- selecting, engaging and overseeing the independent auditors;
- overseeing the integrity of our financial statements, including the annual audit, the annual audited financial statements, financial information included in our periodic reports that will be filed with the SEC and any earnings releases or presentations;
- overseeing our financial reporting process and internal controls;
- overseeing our compliance with applicable laws and regulations;
- overseeing our compliance and risk management functions;
- overseeing our process for receipt of complaints and confidential, anonymous submissions regarding accounting, internal accounting controls or auditing matters; and
- reviewing and investigating any possible violation of the Code of Business Conduct and Ethics or other standards of business conduct by any director or executive officer of the Company.

Rule 10A-3 promulgated by the SEC under the Exchange Act and applicable NASDAQ rules require our audit committee to be comprised entirely of independent directors. Our board of directors has affirmatively

determined that each of the members of our Audit Committee is independent under the rules of NASDAQ and for purposes of serving on an audit committee under applicable SEC rules. Our board of directors also has determined that Mr. LaFoy qualifies as an "audit committee financial expert" as defined by the SEC. Our board of directors has adopted a written charter for our Audit Committee, which will be available free of charge on the Investor Relations section of our website at www.southernstatesbank.net.

Compensation Committee

Our Compensation Committee consists of Messrs. LaFoy (Chairman), Hayes, Smith and Turner. Our Compensation Committee is responsible for, among other things:

- reviewing and approving goals and objectives relevant to the compensation of our executive officers;
- evaluating the performance of our executive officers and determining and approving the compensation levels of executive officers based on that evaluation;
- reviewing and administering our equity incentive plans, including the 2017 Incentive Stock Compensation Plan, and executive compensation programs;
- reviewing, approving and submitting to the board for approval other compensation of our executive officers, and any significant amendments or changes to such arrangements; and
- preparing the report of the Compensation Committee as required by item 407(e)(5) of Regulation S-K, when applicable.

Applicable NASDAQ rules require the Compensation Committee to be comprised entirely of independent directors. Our board of directors has affirmatively determined that each of the members of our Compensation Committee is independent under the rules of NASDAQ and for purposes of serving on a Compensation Committee under applicable SEC rules, and that each are "non-employee directors" as defined in Rule 16b-3 of the Exchange Act. To the extent that the Compensation Committee has one or more members who are not "non-employee directors" as defined in Rule 16b-3 of the Exchange Act, grants of stock or equity awards will be made by a subcommittee of the Compensation Committee consisting solely of "non-employee directors" or by our full board or directors. Our board of directors has adopted a written charter for the Compensation Committee, which will be available free of charge on the Investor Relations section of our website at www.southernstatesbank.net.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of Messrs. Hitson (Chairman), Hayes and Turner. Our Nominating and Corporate Governance Committee is responsible for, among other things:

- identifying individuals qualified to become board members consistent with criteria approved by the board of directors;
- selecting, or recommending that the board of directors select, director nominees for the next annual meeting of stockholders or to fill vacancies;
- assisting the board of directors in fulfilling its oversight responsibilities relating to developing and implementing sound governance policies and practices;
- recommending director committee assignments; and
- developing and overseeing a process for the annual evaluation of the board of directors and management.

Applicable NASDAQ rules require director nominees to be selected, or recommended for the board's section, either by independent directors constituting a majority of the board's independent directors, or by a

committee consisting solely of independent directors. We have established a Nominating and Corporate Governance committee comprised entirely of independent directors. Our board of directors has affirmatively determined that each of the members of our Nominating and Corporate Governance Committee is independent under the rules of NASDAQ. Our board of directors has adopted a written charter for our Nominating and Corporate Governance Committee, which will be available free of charge on the Investor Relations section of our website at www.southernstatesbank.net.

EXECUTIVE AND DIRECTOR COMPENSATION

We have opted to comply with the executive compensation disclosure rules applicable to "emerging growth companies." In accordance with such rules, we are permitted to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year End Table, as well as limited narrative disclosures. Further, our reporting obligations extend only to the individuals serving as our principal executive officer and our two other most highly compensated executive officers, which are referred to as our "named executive officers." This section provides an overview of our executive compensation program, including a narrative description of the material factors necessary to understand the information disclosed in the summary compensation table below.

The compensation reported in the Summary Compensation Table below is not necessarily indicative of how we will compensate our named executive officers in the future. We will continue to review, evaluate and modify our compensation framework to maintain a competitive total compensation package. As such, and as a result of our becoming a publicly traded company, the compensation program following this offering could vary from our historical practices.

Our named executive officers for the year ended December 31, 2020 were:

- Stephen W. Whatley, Chairman and Chief Executive Officer of Southern States and the Bank;
- Mark Chambers, President of Southern States and the Bank; and
- Lynn Joyce, Senior Executive Vice President and Chief Financial Officer of Southern States and the Bank.

Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each of the named executive officers for the year ended December 31, 2020. Unless otherwise noted, all cash compensation for each of our named executive officers was paid by the Bank.

Name and Principal	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
Stephen W. Whatley Chairman and Chief Executive Officer	2020	473,820	77,500	71,073	71,073	211,703	33,314	938,483
Mark Chambers President	2020	327,100	—	40,888	40,088	109,611	29,088	547,575
Lynn Joyce Senior Executive Vice President and Chief Financial Officer	2020	302,100	—	37,763	37,763	101,234	34,856	513,716

(1) The amounts set forth reflect the aggregate grant date fair value in accordance with FASB ASC Topic 718. See "Note 9" to our consolidated financial statements for additional detail regarding the assumptions underlying the value of these equity awards. These awards were made pursuant to the 2017 Incentive Stock Compensation Plan.

(2) Represents amounts earned and paid under the Southern States Bank Performance Incentive Plan with respect to performance in the year ended December 31, 2020.

(3) The following table shows the amounts included in "All Other Compensation."

	Car Allowance ($)	Country Clubs Dues ($)	401(k) Employer Contributions ($)(1)	Life Insurance Premiums ($)(2)	Director Fees ($)(3)	Dividends Paid ($)	Total ($)
Stephen W. Whatley	15,000	1,207	11,400	1,500	1,400	2,807	33,314
Mark Chambers	15,000	—	13,193	1,500	500	688	29,088
Lynn Joyce	15,000	5,940	14,662	1,500	—	1,016	34,856

(1) Represents Southern States' matching contributions under the Southern States 401(k) Plan.
(2) Represents the employer-paid insurance premiums.
(3) For Mr. Whatley, represents fees earned or paid in cash for board and committee attendance. These fees are no longer paid after February 2020. For Mr. Chambers, represents advisory board fees for Southern States Bank. These fees are no longer paid after February 2020.

Narrative Disclosure to the Summary Compensation Table

General

We compensate our named executive officers through a combination of base salary, annual incentive bonus (under the Southern States Bank Performance Incentive Plan), discretionary bonuses, equity awards (under the 2017 Incentive Stock Compensation Plan), and other benefits including perquisites. Our Compensation Committee believes our executive compensation practices should attract, motivate, and retain key talent, while also tying pay to performance to promote stockholder value and core values. Each element of compensation is designed to achieve a specific purpose and to contribute to a total package that is competitive with similar packages provided by other institutions that compete for the services of individuals like our named executive officers. During 2020, decisions regarding compensation were made by the Compensation Committee.

Base Salary

We provide each of our named executive officers with a competitive fixed annual base salary. When setting the base salary of each named executive officer for 2020, the Compensation Committee considered a variety of considerations, including: salaries offered by members of our peer group as set forth in information provided by our external compensation consultant, Compensation Advisors, which is a member of Newcleus; internal pay equity considerations; the results achieved by each executive; future potential; experience; and scope of responsibilities. On an annual basis, the Compensation Committee reviewed base salaries of our named executive officers. The Compensation Committee, without the involvement of any of our named executive officers, determined the base salary for Mr. Whatley. With respect to our other named executive officers, the Compensation Committee, while overseeing the process and having the authority to override any compensation decisions, has historically allowed Mr. Whatley latitude in establishing base salaries.

In January 2021, base salaries were increased to $500,000, $345,000 and $318,000 for Mr. Whatley, Mr. Chambers and Ms. Joyce, respectively.

Annual Incentive Bonus

Our named executive officers participate in the Southern States Bank Performance Incentive Plan ("PIP"), a performance-based annual cash incentive plan intended to incentivize Company performance. Under the PIP, participants, including our named executive officers, are eligible to earn bonuses as a percentage of annual base salary based on achievement of goals established by senior management, which goals are reviewed and approved by the Compensation Committee, typically at the beginning of each year. At the end of the year, to the extent the applicable goals are met, the participant will be eligible for a bonus. The overall percentage of goals achieved must be 80% or higher in order for any incentive awards to be paid. An unacceptable level of problem loans issued by Southern States Bank can reduce incentive payments for affected participants and their management. The ultimate amount of the award can be adjusted up or down in the discretion of senior management and the Compensation Committee.

For the year ended December 31, 2020, the performance factors for the PIP for our named executive officers were net income after taxes (weighted 35%), qualified loan origination (weighted 20%), loan portfolio balance growth (weighted 15%), checking deposit balance growth (weighted 20%), and money market account and savings balance growth (weighted 10%).

Based on actual performance for the year ended December 31, 2020, Mr. Whatley was eligible to earn 32% to 48% of his base salary, and Mr. Chambers and Ms. Joyce were eligible to earn 24% to 36% of their base salary. For the year ended December 31, 2020, Mr. Whatley earned a bonus of $211,703, or 44.7% of his base salary, and Mr. Chambers and Ms. Joyce earned bonuses of $109,611 and $101,234, respectively, or 33.5% of their base salaries. The bonuses were paid in February 2021.

Discretionary Bonus

Discretionary bonuses are determined on a discretionary basis and are generally based on individual and company performance. For the year ended December 31, 2020, Mr. Whatley was paid a discretionary bonus of $77,500, which is the first of three annual bonuses in that amount the Company expects to pay to Mr. Whatley for successfully completing the acquisition of Small Town Bank.

Equity Awards

Our named executive officers are eligible for long-term equity incentive awards under the 2017 Incentive Stock Compensation Plan (the “Plan”). The Compensation Committee believes that granting equity awards to our named executive officers enhances performance consistent with our corporate strategic values, focuses our executives on long-term performance results consistent with the Company’s long-term strategic plan, and strengthens the link between executive pay and our stockholders by creating a shared interest in the Company’s growth. The Compensation Committee establishes a target award for each participant which, for our named executive officers, is stated as a percentage of annual base salary. For 2020, these percentages were 30% for Mr. Whatley, and 25% for Mr. Chambers and Ms. Joyce. The Compensation Committee has discretion to award Mr. Whatley up to an additional 5% of his base salary, and our Chief Executive Officer has discretion to award other officers up to an additional 5% of their base salary. Awards may be in the form of shares of restricted stock (“Restricted Stock”), incentive stock options (“ISOs”) or non-qualified stock options (“NQSOs”), and vest over time under the conditions set forth in the applicable award agreement.

The amounts shown in the Stock Awards column of the Summary Compensation Table above reflect grants of 3,548, 2,041 and 1,885 shares of Restricted Stock to Mr. Whatley, Mr. Chambers and Ms. Joyce, respectively, on January 30, 2021 attributable to the year ended December 31, 2020, which are valued at $71,073, $40,888 and $37,763, respectively, and vest in one-third increments over three years, beginning on the date of the grant.

The amounts shown in the Option Awards column of the Summary Compensation Table above reflect grants of 7,275, 4,185 and 3,865 ISOs to Mr. Whatley, Mr. Chambers and Ms. Joyce, respectively, on January 30, 2021 attributable to the year ended December 31, 2020. The ISOs vest in one-third increments over three years, beginning on the date of the grant. The exercise price of the ISOs is $20.03 per share.

Benefits and Other Perquisites

Our named executive officers are eligible to participate in the same benefit plans available to all of our full-time employees, including medical, dental, vision, life, disability and accidental death insurance.

We also provide our employees, including our named executive officers, with several retirement benefits. Our retirement plans are designed to assist our employees with planning for and securing appropriate levels of income during retirement. We believe these plans help us attract and retain quality employees, including executives, by offering benefits similar to those offered by our competitors.

Southern States Bank has a non-qualified supplemental executive retirement plan ("SERP") for each of its executive officers, including our named executive officers. The SERP is an employer paid deferred compensation agreement that provides a life-time supplemental retirement income to the employee, based on certain vesting and other requirements. Southern States Bank has purchased bank owned life insurance policies ("BOLI") and annuities on each of the SERP participants as a means of funding the benefits provided in the SERP. The benefits are paid upon retirement provided the executive is in good standing with the Company. Southern States is the owner of the BOLI and the annuities are held in a rabbi trust. Under each of the SERPs for our named executive officers, the normal retirement benefit will generally be paid upon the named executive officer's separation from service for any reason other than death, disability, or a change in control after reaching the retirement age specified in the SERP, provided the executive agrees that for a period of 12 months after separation from service, the executive will not engage in certain competitive activities within a 50 mile radius of any offices of the Bank. The benefit will be paid monthly, commencing on the first day of the second month following the date of the named executive officer's separation from service and continuing for the named executive officer's lifetime. In addition, a vested percentage of the monthly SERP benefit will be paid upon the named executive officer's separation from service (i) for any reason other than death, disability, or a change in control after reaching early retirement age but prior to normal retirement age or (ii) as a result of becoming disabled, commencing on the first day of the second month following the named executive officer's normal retirement age and continuing for the named executive officer's lifetime. The vested percentage is 50% at age 55 and increases by 5 percent for each year until age 65. Upon the named executive officer's death, Southern States Bank will pay the beneficiary the account balance no later than sixty days from the date of death, unless such death occurs after the named executive officer received 180 or more payments, in which case no additional payments will be made under the SERP. Upon a change in control of Southern States Bank, the named executive officers will fully vest in the normal retirement benefit, which will be paid monthly, starting on either (A) the later of (1) the named executive officer reaching the normal retirement age and (2) a separation from service or (B) a separation from service, depending on the SERP. The payment is tax-deductible to Southern States and taxable to the participant. Under the SERP, if, after reaching normal retirement age, a separation of service occurred, Mr. Whatley, Mr. Chambers and Ms. Joyce would receive approximately $200,000, $150,000 and $150,000 in annual lifetime benefits, respectively.

2017 Incentive Stock Compensation Plan

The purpose of the Plan is to promote the long-term success of the Company by providing financial incentives to eligible persons who are in positions to make significant contributions toward our success. The Plan is designed to enable the Company to attract individuals of outstanding ability for employment, to provide a method for such individuals to acquire ownership in the Company, and to render superior performance for the Company. The Plan was adopted by the Company and approved by stockholders in 2018.

The Plan is administered by the Compensation Committee, which has authority to grant awards under the Plan, to determine the terms of each award (which are evidenced by a written agreement describing the material terms of the award), to interpret the provisions of the Plan and to make all other determinations that it may deem necessary or advisable to administer the Plan.

The Plan provides for awards of up to 1,400,000 shares of common stock, which may be issued in the following forms:

- Options: Awards of options may be granted as either ISOs qualified under Section 422(b) of the Internal Revenue Code or NQSOs. The exercise price of an option (excluding an ISO granted to a 10% owner) may not be less than 100% of the fair market value of our common stock on the date of the grant. The exercise price may be paid in cash, or as otherwise provided in the award agreement.
- Restricted Stock: Awards of Restricted Stock may be issued subject to the terms and conditions as the Compensation Committee may determine. The recipient of an award of Restricted Stock has the right to receive dividends and vote shares awarded during the vesting period of such shares. A grant of Restricted Stock provides the recipient a right for 30 days from the date of grant to purchase additional shares of common stock from the Company in an amount equal to the number of shares of common stock subject to the grant.

The Compensation Committee has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award.

In the event of any transaction resulting in a change in control, outstanding stock options and other awards under the Plan that are payable in or convertible into our common stock will terminate upon the effective time of such change in control unless provision is made in connection with the transaction for the continuation or assumption of such awards by, or for the substitution of the equivalent awards of, the surviving or successor entity or a parent thereof. In the event of such termination, the holders of such awards will be permitted, immediately before the change in control, to exercise or convert all portions of such awards that are then exercisable or convertible or that will become exercisable or convertible upon or prior to the effective time of the change in control. The Compensation Committee may take such actions as it deems appropriate to provide for the acceleration of the exercisability of any or all outstanding stock options or other awards.

In the event of certain corporate transactions (including a stock dividend or split, spin-off, split-up, dividend, recapitalization, merger, consolidation or share exchange, or similar corporate change that is not part of a transaction resulting in a change in control of us), the Compensation Committee will appropriately adjust, if needed, (a) the maximum number and kind of shares reserved for issuance or with respect to which awards may be granted under the Plan and (b) the terms of outstanding awards, including, but not limited to, the number, kind, and price of securities subject to such awards.

Our board of directors may terminate, amend, or modify the Plan or any portion thereof at any time; provided, however, that (i) any such amendment that would require stockholder approval in order to ensure compliance with any applicable rules or regulations; and (ii) any amendment that would change the maximum aggregate number of shares for which awards may be granted under the Plan is generally subject to approval of the stockholders of the Company.

Employment and Change in Control Agreements

Each of Stephen W. Whatley, Mark Chambers and Lynn Joyce, the named executive officers, have employment agreements.

Mr. Whatley

The employment agreement, dated March 24, 2010, between Southern States Bank and Mr. Whatley, as amended by the amendment to the employment agreement, dated September 21, 2016 (the “Whatley Agreement”) provides for a two year term which automatically renews each day so that the term is always two years. Compensation set forth in the Whatley Agreement includes a base salary that is reviewed annually, annual incentive payments that are determined by the board of directors and equity incentives. In addition, Southern States Bank shall make available to Mr. Whatley, through its group term life insurance policy, life insurance coverage in an amount equal to at least one times his base salary, but not to exceed $250,000, and Mr. Whatley will also be entitled to receive up to $1,500 to purchase additional life insurance. The agreement may be terminated by Southern States Bank for cause (as defined in the Whatley Agreement) and any benefits cease except for earned but unpaid salary and benefits. The Whatley Agreement may also be terminated:

- upon disability or death, in which case Southern States Bank’s obligations cease except that the full salary and perquisites shall be paid upon disability until Mr. Whatley has satisfied the “elimination period” under any disability or insurance plan;
- without cause, by Southern States Bank, in which case Mr. Whatley will be (i) entitled to receive a severance payment (described below) and (ii) deemed to have retired from Southern States Bank and be entitled to receive the total combined qualified and non-qualified retirement benefit to which he is entitled under the Whatley Agreement;

- by Mr. Whatley voluntarily, in which case Southern States Bank's obligations cease except for earned but unpaid salary and benefits; and
- by Mr. Whatley for good reason, in which case Mr. Whatley shall be paid a severance payment (described below).

Mr. Whatley shall receive as a severance payment for termination without cause or for good reason a sum equal to one times the aggregate cash compensation due for the most recently completed calendar year and certain annualized benefits under employee benefit plans within 30 days of the time of termination. For purposes of determining compensation which is not fixed, such as a bonus, the annual amount of such unfixed compensation will be deemed to be equal to the average of such compensation over the three-year period immediately prior to the termination. In addition, all stock grants or options not vested shall be deemed to have vested and Mr. Whatley shall be credited with service for the remaining term of the Whatley Agreement under existing benefit plans.

For purposes of the Whatley Agreement, "good reason" means, without Mr. Whatley's consent, any reduction in base salary, a material diminution in Mr. Whatley's authority, duties or responsibilities, the failure of any successor to Southern States Bank to perform the Southern States Bank's obligations, a material breach of the Whatley Agreement by Southern States Bank, or Southern States Bank requiring Mr. Whatley to be permanently assigned to a location other than the current or future headquarters of Southern States Bank. Notwithstanding the foregoing, good reason shall be deemed to occur only when Mr. Whatley provides notice to Southern States Bank that a good reason event has occurred within 90 days of such occurrence, and Southern States Bank does not remedy the condition within 30 days of such notice.

The Whatley Agreement also provides that Mr. Whatley will be nominated as a director during the term of his employment.

Upon a change in control of Southern States Bank, and the termination of the employment of Mr. Whatley during the period beginning one year prior to and ending two years following such change in control for any reason other than cause, death or disability, Southern States Bank shall pay Mr. Whatley an amount equal to one times his highest annual compensation during the preceding three year period in 12 equal monthly payments. "Annual compensation" shall mean Mr. Whatley's annual base salary and cash bonus payments, excluding reimbursements and amounts attributable to stock options and other non-cash compensation. "Change in control" shall mean a change in the ownership or effective control of Southern States Bank or in the ownership of a substantial portion of the assets of Southern States Bank as set forth in applicable U. S. Treasury regulations.

The Whatley Agreement contains customary restrictive covenants with respect to the disclosure of confidential information and return of property. Each of these covenants may be enforced through specific performance, injunctive relief and other equitable remedies.

Mr. Whatley is also subject to a Confidentiality, Non-Competition Agreement and Non-Solicitation Agreement, dated September 21, 2016 (the "Whatley Non-compete Agreement"), pursuant to which, among other things, he will not as an agent, employee, stockholder or otherwise compete with Southern States Bank or directly or indirectly solicit customers of Southern States Bank for a period of 12 months immediately following his termination of employment. Upon a termination of his employment (other than for cause (as defined in the Whatley Non-compete Agreement)), in consideration of Mr. Whatley's covenant not to compete, Southern States Bank shall pay Mr. Whatley a sum equal to two times his highest annual compensation (as defined in the Whatley Non-compete Agreement) during the preceding three year period, including the year of such termination, in 12 equal monthly payments beginning the first day of the month following the termination of Mr. Whatley's employment.

The Whatley Non-Compete Agreement contains customary restrictive covenants with respect to the disclosure of confidential information and return of property. Each of these covenants may be enforced through injunctive relief and other equitable remedies.

Mr. Chambers

The employment agreement, dated February 5, 2007, by and between NAB, LLC, an Alabama limited liability company (which is the organizational predecessor to Southern States Bank), and Mr. Chambers, as amended on April 14, 2021 (as amended, the "Chambers Agreement"), provides for a three year term with the term extended on each anniversary so that the term continues to be three years from the extension unless terminated by either party upon six months' notice before the automatic renewal date. Compensation set forth in the Chambers Agreement includes a base salary that is reviewed annually, annual incentive payments that are determined by the board of directors and equity incentives. The Chambers Agreement also provides for a term life policy of a minimum amount of $1,000,000. The Chambers Agreement may be terminated by Southern States Bank for cause (as defined in the Chambers Agreement) and any benefits cease except for earned but unpaid salary and benefits. The Chambers Agreement may also be terminated:

- upon death, in which case Southern States' obligations are limited to paying any salary earned and any other amounts that may be due to the executor or administrator of Mr. Chambers' estate;
- upon total disability (as defined in the Chambers Agreement), in which case Mr. Chambers' compensation pursuant to the Chambers Agreement will terminate and Mr. Chambers will be paid in accordance with the long-term disability plans of Southern States Bank as may be in effect at that time; and
- without cause, by Southern States Bank, in which case Mr. Chambers shall receive severance compensation in an amount equal to his base salary for the balance of the three year term, any other amounts owed to Mr. Chambers at the time his employment terminates and continued insurance benefits in effect at the time of such termination for a period of 12 months after the termination date or until Mr. Chambers is employed by another employer (excluding self-employment), whichever period of time is shorter.

Upon a change in control (as defined in the Chambers Agreement), if Mr. Chambers' employment is terminated (except for cause) within the one year period after such change in control and before he reaches age 75, or has a change of duties or salary during such period, he will be entitled to a severance payment equal to two times his cash compensation for the most recently completed calendar year plus the annualized amounts being paid for his benefits participation total for each year. A change of duties or salary means a change in duties and responsibilities which results in duties and responsibilities that are inferior to his duties and responsibilities at the time of the change in control, a reduction in his annual salary from such rate in effect at the time of the change in control or a change of place of assignment from Lee County, Alabama to a location that is located further than 25 miles from Lee County, Alabama.

The Chambers Agreement also provides that Mr. Chambers will not engage in certain competitive activities within a 50 mile radius of any office of the Bank for a period of 12 months after termination, provided that Mr. Chambers is paid a severance payment equal to one times his base salary. The agreement contains customary restrictive covenants with respect to the disclosure of confidential information and return of property. Each of these covenants may be enforced through injunctive relief and other equitable remedies.

Ms. Joyce

The employment agreement, dated February 19, 2013, by and between Southern States Bank and Ms. Joyce, as amended on April 14, 2021 (as amended, the "Joyce Agreement") provides for a one-year term which automatically renews each day so that the term is always one year. Compensation set forth in the Joyce Agreement includes a base

salary that is reviewed annually, annual incentive payments that are determined by the board of directors and/or the Chief Executive Officer and eligibility to participate in equity incentive programs of Southern States Bank. In addition, Southern States Bank shall make available to Ms. Joyce, through its group term life insurance policy, life insurance coverage in an amount equal to at least one times her base salary, but not to exceed $250,000, and Ms. Joyce will also be entitled to receive up to $1,500 to purchase additional life insurance. The agreement may be terminated by Southern States Bank for cause (as defined in the Joyce Agreement) and any benefits cease except for earned but unpaid salary and benefits. The Joyce Agreement may also be terminated:

- upon disability or death, in which case Southern States Bank's obligations cease except that the full salary and perquisites shall be paid upon disability until the executive has satisfied the "elimination period" under any disability or insurance plan;
- without cause, by Southern States Bank, in which case all obligations of Southern States Bank cease but for earned but unpaid salary and benefits;
- by Ms. Joyce voluntarily, in which case Southern States Bank's obligations cease except for earned but unpaid salary and benefits; and
- by Ms. Joyce for good reason, in which case Ms. Joyce shall be paid a severance payment within 30 days of termination.

The severance payment is a sum equal to the aggregate cash compensation received by Ms. Joyce (salary and bonus) for the most recently completed calendar year and certain annualized benefits under employee benefit plans.

For purposes of the Joyce Agreement, "good reason" means, without Ms. Joyce's consent, any reduction in base salary, a material diminution in authority, duties or responsibilities, the failure of any successor to Southern States Bank to perform Southern States Bank's obligations, a material breach of the Joyce Agreement by Southern States Bank, or the requirement of a permanent relocation by Ms. Joyce to a location 30 miles or more beyond the current location or future headquarters of Southern States Bank. Notwithstanding the foregoing, good reason shall be deemed to occur only when Ms. Joyce provides notice to Southern States Bank that a good reason event has occurred within 90 days of such occurrence, and Southern States Bank does not remedy the condition within 30 days of such notice.

Upon a change in control of Southern States Bank, and the termination of the employment of Ms. Joyce during the period beginning six months prior to and ending 12 months following such change in control for any reason other than cause, death or disability, the Company shall pay Ms. Joyce an amount equal to two times her cash compensation for the most recently completed calendar year and the annualized amounts paid for benefits for the most recently completed calendar year in a lump sum within 30 days of termination or, if later, the change in control. However, such amount shall be reduced so that the payment, together with all other payments upon a change in control, is one dollar less than the amount that would constitute an "excess parachute payment" as defined in Section 280G of the Code. "Change in control" shall mean a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company as set forth in applicable U. S. Treasury regulations.

The Joyce Agreement also provides that Ms. Joyce will not engage in certain competitive activities within a 50 mile radius of any office of the Bank for a period of 12 months after termination, provided Ms. Joyce is paid a severance payment equal to one times her base salary.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding outstanding equity awards held by each of our named executive officers as of December 31, 2020.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)
Stephen W. Whatley	40,000	10,000(2)	10.00	1/20/2026	6,813	154,996
	6,666	3,334(3)	14.50	1/22/2028	1,896	30,336
	5,495	11,350(4)	16.00	1/22/2029	2,985	59,999
	—	18,237	20.10	1/22/2030		
Mark Chambers	20,000	5,000(2)	10.00	1/20/2026	1,096	17,536
	5,000	2,500(3)	14.50	1/22/2028	1,772	34,612
	3,176	6,352(4)	16.00	1/22/2029		
	—	10,828	20.10	2/22/2030		
Lynn Joyce	5,000	2,500(3)	14.50	1/22/2028	1,370	13,700
	3,162	6,324(4)	16.00	1/22/2029	1,091	17,456
	—	10,828	20.10	2/22/2030	1,772	34,612

(1) The amounts reflect the aggregate grant date fair value of equity awards in accordance with FASB ASC Topic 718. See “Note 10” to our consolidated financial statements for additional detail regarding assumptions underlying the value of these equity awards.

(2) Of the amounts shown, 10,000 and 5,000 options vested on January 12, 2021 for Mr. Whatley and Mr. Chambers, respectively. The remaining options will vest on January 12, 2022.

(3) Of the amounts shown, 3,333, 2,500 and 2,500 options vested on January 22, 2021 for Mr. Whatley, Mr. Chambers and Ms. Joyce, respectively. The remaining options will vest on January 22, 2022.

(4) Of the amounts shown, 5,615, 3,176 and 3,162 options vested on January 22, 2021 for Mr. Whatley, Mr. Chambers and Ms. Joyce, respectively. The remaining options will vest in equal amounts on January 22, 2022.

(5) These options will vest in equal installments on September 13, 2021 and September 13, 2022.

Director Compensation

Our directors received fees in 2020 of $1,200 per Bank board meeting attended, $500 per Company board meeting attended and $500 per committee meeting attended, except that the lead director received $1,750 for each Bank board meeting chaired and committee chairs received $700 for each meeting chaired.

The fee arrangement for board meetings for 2020 was a grant of stock with a value of $7,200, to vest based on attendance. The fee arrangement for board meetings for 2021 is a grant of stock with a value of $10,000 to vest immediately.

The following table shows the compensation paid during the year ended December 31, 2020 to each of our directors other than Mr. Whatley, whose compensation is shown above in the "Summary Compensation Table."

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards(2)	All Other Compensation(3)($)	Total ($)
Lewis Beavers(4)	23,100	7,200	86	30,386
Robert F. Davie	22,900	7,200	86	30,186
Floyd C. Davis(4)(6)	20,900	7,200	86	28,186
Alfred J. Hayes, Jr.	32,350	7,200	86	39,636
Brent David Hitson	24,100	7,200	86	31,386
Brian Stacy Holmes	30,100	7,200	86	37,386
Jimmy Alan LaFoy	34,600	7,200	86	41,886
James Lynch	29,300	7,200	86	36,586
Cynthia McCarty(5)	10,500	—	—	10,500
Jay Florey Pumroy	40,300	7,200	86	47,586
J. Henry Smith, IV	33,100	7,200	86	40,386
Henry Turner	34,600	7,200	86	41,826

(1) Represents fees earned or paid in cash for board and committee attendance, including for service as chair or lead director of the board and committees.
(2) Represents equity grants in the form of restricted stock awarded to directors.
(3) This column reflects dividends paid on stock awards.
(4) Messrs. Beavers and Davis joined the board of directors in October 2019. Pursuant to a director retirement agreement that we assumed in connection with the acquisition of Small Town Bank, Mr. Beavers will be eligible to receive retirement benefits beginning on July 1, 2020. The annual retirement benefit for Mr. Beavers is $9,606 per year.
(5) Ms. McCarty joined the board of directors in June 2020.
(6) Mr. Davis retired from the Board of Directors in April 2021.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies and Procedures Regarding Related Party Transactions

Transactions by the Company, the Bank or its subsidiaries with related parties are subject to certain regulatory requirements and restrictions, including Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W.

Under applicable SEC and NASDAQ rules, related party transactions are transactions in which we are a participant, the amount involved exceeds $120,000 and a related party has or will have a direct or indirect material interest. Our related parties include directors (including nominees for election as directors), executive officers, 5% stockholders and the immediate family members of these persons.

We have a written policy governing the review and approval of transactions with related parties that are expected to exceed $120,000 in any fiscal year. The policy calls for the related party transactions to be reviewed and, if deemed appropriate, approved or ratified by our Audit Committee. Upon determination by our Audit Committee that a transaction requires review under the policy, the material facts are required to be presented to the Audit Committee. In determining whether or not to approve a related party transaction, our Audit Committee will take into account, among other relevant factors, whether the related party transaction is in our best interest, whether it involves a conflict of interest and the commercial reasonableness of the transaction. In the event that we become aware of a related party transaction that was not approved under the policy (such as before the policy was adopted), our Audit Committee will review such transactions as promptly as reasonably practical and will take such course of action as may be deemed appropriate under the circumstances. In the event a member of our Audit Committee is not disinterested with respect to the related party transaction under review, that member may not participate in the review, approval or ratification of that related party transaction.

Certain transactions are not subject to the related party transaction approval policy, including: (1) decisions on compensation or benefits relating to directors or executive officers and (2) credit extensions by us in the ordinary course of business, on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable loans with persons not related to us and not presenting more than the normal risk of collectability or other unfavorable features. Loans to directors, executive officers and persons or groups having the power to vote more than 10% of the Company’s voting common stock are also subject to the requirements of Federal Reserve Regulation O and FDIC regulations Part 337.

All related party transactions, including those described below, have been made consistent with applicable law, including Federal Reserve Regulation W.

Related Party Transactions

The following is a description of each transaction since January 1, 2018, and each proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeds or will exceed $120,000; and
- any of our directors, nominees for director, executive officers or beneficial holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or employees), had or will have a direct or indirect material interest.

Brent David Hitson, a director of Southern States and a partner at the law firm of Burr & Foreman in Birmingham, Alabama, performs legal services for Southern States. Legal fees paid by Southern States to Burr & Foreman totaled $140,196, $145,149 and $181,470 for the years ended December 31, 2020, 2019 and 2018, respectively, and $124,528 for the three months ended March 31, 2021.

Jay Florey Pumroy, a director of Southern States and a partner at the law firm of Wilson, Dillon, Pumroy and James, Anniston, Alabama, performs legal services for Southern States. Legal fees paid by Southern States to Wilson, Dillon Pumroy and James totaled $30,604, $18,180 and $23,038 for the years ended December 31, 2020, 2019, and 2018, respectively, and $7,059 for the three months ended March 31, 2021. Additional fees were paid to Mr. Pumroy's firm directly by the Bank's loan customers in connection with loan closings.

In the three months ended March 31, 2021, Southern States became a corporate sponsor of an ARCA Menards Series race car and a NASCAR Camping World Truck Series race truck fielded by Bret Holmes. Bret Holmes is the son of director Brian Stacy Holmes. The Company made a one-time payment of $200,000 for an annual sponsorship during the three months ended March 31, 2021. Under the sponsorship, Southern States' brand is displayed on the ARCA car, NASCAR truck, car hauler, crew uniforms, driver uniform, and social media pages, and hospitality services are made available for Southern States' customers at race events, including credentials and pit passes for garage and race experiences.

Southern States has an arrangement with Holmes Aviation, LLC, a company owned by director Brian Stacy Holmes to rent, when needed, a Beechcraft King Air turboprop airplane for use by Southern States for company purposes. Southern States pays for use of the aircraft on an hourly rate plus the costs of the pilot and airport fees. Southern States paid $29,350 during the year ended December 31, 2020 and $9,400 during the three months ended March 31, 2021.

We believe that the terms and conditions of the foregoing transactions are comparable to terms that would have been available from a third party unaffiliated with us.

Ordinary Banking Relationships

Certain of our officers, directors and principal stockholders, as well as their immediate family members and affiliates, are customers of, or have or have had transactions with, the Bank, us or our affiliates in the ordinary course of business. These transactions include deposits, loans and other financial services related transactions. Related party transactions are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, do not involve more than normal risk of collectability or present other features unfavorable to us and are a type that the Bank generally makes available to the public. As of the date of this prospectus, no related party loans were classified or were nonaccrual, past due, restructured or potential problem loans. We expect to continue to enter into transactions in the ordinary course of business on similar terms with our officers, directors and principal stockholders, as well as their immediate family members and affiliates.

The Bank has policies governing affiliate and insider lending transactions to comply with Federal Reserve Regulations O and W. These policies prohibit extensions of credit to "insiders," as defined in the policies, including our executive officers and directors, unless the extension of credit:

- is made in the ordinary course of business on substantially the same terms (including interest rates and collateral) as, and following credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with members of the general public;
- does not involve more than the normal risk of repayment or present other unfavorable features; and
- is of a type that is generally made available by the Bank to the public.

As of March 31, 2021, we had loans and extension of credit to directors and officers totaling $8.5 million.

Other Transactions

Certain of our stockholders have preemption rights, registration rights, and board representation rights. Certain shareholders have also entered into passivity agreements with the Company incident to their investments in our common stock. See "Description of Southern States Capital Stock—Transactions with Institutional Investors."

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price up to % of the shares offered hereby for officers, directors, employees, and other persons with relationships to us. We will offer these reserved shares through a directed share program. Reserved shares purchased by our directors, executive officers and others will be subject to the 180-day lock-up provisions. The number of shares available for sale to the general public will be reduced to the extent such persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby. Directors and executive officers have expressed an intent to buy approximately shares in the offering. See “Underwriting—Directed Share Program.”

PRINCIPAL AND SELLING STOCKHOLDERS

The following table provides information regarding the beneficial ownership of our common stock as of April 30, 2021, and as adjusted to reflect the completion of this offering, for:

- each of our directors and named executive officers;
- all of our directors and executive officers, as a group;
- each other person known to us to be the beneficial owner of more than 5% of our common stock; and
- the selling stockholders.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities, or has the right to acquire such powers within 60 days. Except as indicated by the footnotes below, we believe, based on the information furnished to us by each person named in the table below, that such persons have sole voting and investment power with respect to all shares of common stock that they beneficially own.

The percentage of beneficial ownership is based on 7,375,011 shares of our voting common stock outstanding as of April 30, 2021 and shares to be outstanding after the completion of this offering, assuming the underwriters do not exercise their option to purchase additional shares, and shares to be outstanding after the completion of this offering, assuming full exercise of the underwriters' option to purchase additional shares of our common stock. The table does not reflect any shares of common stock that may be purchased in this offering by the individuals listed below. See "Underwriting—Directed Share Program."

Unless otherwise noted, the address for each stockholder listed on the table below is: c/o Southern States Bancshares, 615 Quintard Ave., Anniston, Alabama 36201.

	Shares Beneficially Owned Before Offering			Shares Beneficially Owned After Offering		
					If Underwriters' Option Not Exercised	If Underwriters' Option Exercised in Full
Name of Beneficial Owner	Number of Shares	Percent of Class	Shares Offered	Number of Shares	Percent of Class	Percent of Class
Directors and Named Executive Officers:(1)						
Lewis Beavers	860	*	—			
Robert F. Davie(2)	29,102	*	—			
Alfred Hayes, Jr.	4,122	*	—			
Brent David Hitson	26,358	*	—			
Brian Stacy Holmes	162,287	2.20	—			
Jimmy Alan LaFoy	25,858	*	—			
James J. Lynch(3)	2	*	—			
Cynthia McCarty(4)	2,852	*	—			
Jay Florey Pumroy	101,000	1.37	—			
J. Henry Smith, IV	45,051	*	—			
Henry A. Turner	3,814	*	—			
Stephen W. Whatley(5)	525,962	7.13	—			
Mark Chambers	56,043	*	—			
Lynn Joyce	42,628	*	—			
All Directors and Executive Officers as a Group (16 persons):(1)	1,108,691	15.03	—			

Name of Beneficial Owner	Shares Beneficially Owned Before Offering		Shares Offered	Shares Beneficially Owned After Offering		
	Number of Shares	Percent of Class		Number of Shares	If Underwriters' Option Not Exercised Percent of Class	If Underwriters' Option Exercised in Full Percent of Class
Principal and Selling Stockholders:						
Patriot Financial Partners(6)	730,870	9.91				
Floyd C. Davis(7)	672,346	6.83	—			
EJF Sidecar Fund Series LLC - Series E(8)	503,571	6.83				
EJF Financial Equities Fund III LP(8)	100,000	1.36				
Ithan Creek Investors USB, LLC(9)	503,571	6.83				

* Represents beneficial ownership of less than 1% of the class of shares.

(1) Excludes voting common stock subject to options with vesting and forfeiture conditions. Includes unvested shares of restricted stock held by the director or officer as of April 30, 2021 in the amount shown in the table below:

	Unvested Restricted Stock
Stephen W. Whatley	13,299
Mark Chambers	3,771
Lynn Joyce	3,613
Greg Smith	3,615
Jack Swift	3,615

(2) Includes 20,000 shares owned by MLPF&S for the Benefit of Davie Investments Limited.

(3) Mr. Lynch is a partner with Patriot Financial Partners. See footnote (6).

(4) Includes 2,000 shares owned by Patrick McCarty (spouse).

(5) 420,103 shares are pledged as collateral on a loan from a commercial bank.

(6) Includes voting stock collectively held by Patriot Financial Partners II, L.P., Patriot Financial Partners Parallel II, L.P. and Financial Manager L.P. In addition to the above mentioned voting shares, 341,417 of non-voting shares, which are not included above, are collectively owned by Patriot Financial Partners II, L.P. and Patriot Financial Partners Parallel II, L.P. The address of each of Patriot Financial Partners II, L.P. Patriot Financial Partners Parallel II, L.P. is Radnor Corporate Center, Suite 210, 100 Matsonford Rd., Radnor, PA 19087. In addition, Patriot Financial Manager LP owns 358 shares of non-voting common stock. The nonvoting common stock is non-voting in the hands of any holder of 9.9% or more of Southern States' voting common stock. The shares of nonvoting common stock are immediately convertible by the current holders if and to the extent such persons hold less than 10.0% of Southern States' voting common stock upon conversion. Upon the sale or transfer of the non-voting stock to any person unaffiliated with the holder who holds or controls less than 9.9% of Southern States' voting common stock, such transferred shares automatically will become an identical number of shares of voting common stock, as provided in Southern States' certificate of incorporation.

(7) Includes 115,477 shares owned by Angela G. Davis, the spouse of Mr. Davis, over which he has shared voting and investment power, and 406,197 shares held by the Floyd C. Davis Sr. Family Partnership LP, for which Mr. Davis serves as trustee, and over which he has shared voting and investment power. The address of Mr. Davis and the Floyd C. Davis Sr. Family Partnership, LP is 6366 Commerce Blvd., Suite 214, Rohnert Park, CA 94928.

(8) 2107 Wilson Blvd. #410, Arlington, VA 22201.

(9) Wellington Management Company LLC, 280 Congress Street, Boston, MA 02210.

DESCRIPTION OF SOUTHERN STATES CAPITAL STOCK

The authorized common stock of Southern States Bancshares, Inc. consists of 30,000,000 shares of voting common stock, $5.00 par value per share, of which shares will be issued and outstanding upon completion of this offering (excluding any shares issuable upon exercise of the underwriters' options under the underwriting agreement), 5,000,000 shares of non-voting common stock, $5.00 par value per share, of which 341,417 shares will be issued and outstanding upon completion of this offering, and 2,000,000 shares of preferred stock, par value $0.01 per share, none of which will be issued and outstanding upon completion of this offering.

The following summary of the capital stock, amended and restated certificate of incorporation and bylaws of Southern States does not purport to be complete and is qualified in its entirety by reference to the applicable provisions of the Alabama Business Corporation Law of 2019 ("ABCL") and to our amended and restated certificate of incorporation and bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part. Unless otherwise noted herein, references to our common stock include both our voting and non-voting common stock.

Common Stock

Voting Rights. Except for holders of our non-voting common stock, each holder of voting common stock is entitled to one vote per share on any issue requiring a vote of stockholders at any meeting. At the annual meeting, the holders of our common stock will elect nominees to the board of directors by a plurality vote. There is no cumulative voting in the election of directors. If a quorum is present, the transaction of any business at a stockholders' meeting, other than the election of directors, is approved if the votes cast favoring the action exceed the votes cast opposing the action.

Dividend Rights. Our stockholders are entitled to receive dividends on common stock only if, when and as declared by our board of directors from funds legally available therefor under Alabama corporate law and as limited by our banking regulators. Our voting common stock ranks pari passu with our non-voting common stock with respect to the payment of dividends and distribution. The principal source of the payment of dividends by Southern States is the payment of dividends to it by Southern States Bank. Please see "Dividend Policy— Dividend Restrictions" and "Supervision and Regulation" for a description of certain limitations and restrictions on the payment of dividends applicable to Southern States Bank.

Liquidation and Dissolution Rights. In the event of any liquidation or dissolution of Southern States, the holders of the common stock are entitled to receive, in cash or in kind, the assets of Southern States available for distribution that are remaining after payment or provision for payment of Southern States' debts and liabilities and the preference of any outstanding preferred stock. Our voting common stock ranks pari passu with our non-voting common stock with respect to rights upon liquidation and dissolution.

Non-voting Common Stock. The non-voting common stock has no voting rights except as otherwise required by law. The non-voting common stock is non-voting in the hands of any holder or its affiliates that own or control 9.9% or more of Southern States' voting securities of any class or series. A holder of non-voting common stock may convert shares of non-voting common stock into shares of voting common stock at any time or from time to time, provided the holder and its affiliates do not own or control more than 9.9% of the Company's voting securities of any class or series. Upon the sale or transfer of the non-voting stock to any person unaffiliated with the holder who holds or controls less than 9.9% of Southern States' voting securities of any class or series, such transferred shares automatically will become an identical number of shares of voting common stock, as provided in Southern States certificate of incorporation.

Other Matters. There is no redemption right, sinking fund provision, or right of conversion, except for our non-voting common stock, with respect to Southern States' common stock. Holders of the shares of common stock do not have preemptive rights to subscribe for additional shares when additional shares are offered for sale by Southern States.

Preferred Stock

We may issue up to 2,000,000 shares of preferred stock, $0.01 par value per share, in one or more classes or series as determined by our board of directors from time to time as necessary without further action by the holders of our common stock. No preferred shares are currently outstanding. The board of directors has the power to issue preferred stock and establish for each series of preferred stock the number of shares, voting rights, dividend rights, preferences as to dividends and liquidation, and other relative, participating or other rights, if any, and qualifications, limitations or restrictions, including redemption features and rights on liquidation or dissolution of Southern States. See "Anti-takeover Effect of Governing Documents and Applicable Law."

Transactions with Institutional Investors

Voting and Non-voting Common Stock. On December 27, 2016, we sold an aggregate of (1) 2,137,143 shares of voting common stock to Institutional Investors, and (2) 161,143 shares of Series B Preferred Stock to Patriot. The Series B Preferred Stock was non-voting and, under certain conditions, could be converted into shares of non-voting common stock on a one-to-five basis. Patriot converted its 161,143 shares of Series B Preferred Stock into 805,715 shares of non-voting common stock on May 1, 2017. Patriot converted 464,298 shares of non-voting common stock to voting common stock on April 8, 2021. Any shares sold by Patriot as a selling stockholder in this offering will be or will become voting common stock in the hands of the underwriters and purchasers from the underwriters.

Registration Rights. In connection with the transactions above, we entered into the Registration Rights Agreement providing for demand and piggyback registration rights. Pursuant to its demand registration rights, after June 28, 2020, Patriot had the right to require Southern States to file a registration statement with the SEC so that Patriot may resell its shares of common stock. Subject to the terms of the Registration Rights Agreement, the other Institutional Investors would be permitted to include their shares of common stock for resale in such registration statement. Patriot may make two such requests, provided that such requests are 180 days or more apart. Southern States must use commercially reasonable efforts to file such registration statement with the SEC within 75 days of its receipt of such request and use commercially reasonable efforts to cause such registration statement to become effective. Institutional Investors seeking to include their shares in the registration statement must notify Southern States within 10 business days following receipt of Southern States' notice. If Southern States is unable to file a registration statement or cause the registration statement to become effective within specified timeframes, Southern States must pay, subject to certain limitations, participating Institutional Investors an amount in cash equal to 1.0% of their aggregate original purchase price of the voting and non-voting common stock held by the Institutional Investors seeking to participate in such registration statement. Such payment will bear interest of 1.0% per month on an annualized basis, if such payment is not made within 10 business days of the due date.

If Southern States files a registration statement for a primary or secondary offer of its securities (other than a registration statement related to equity compensation plans or mergers and acquisitions), Southern States will give notice at least 15 days prior to the anticipated registration statement filing date to the Institutional Investors who may elect to have their securities included in a piggyback registration statement for resale. Southern States must effect registration of all securities that the Institutional Investors request to be included in the piggyback registration within 10 days following the notice given by Southern State. However, if the offering is underwritten, the number of shares to be sold by the selling Institutional Investors may be reduced upon recommendation of the managing underwriters.

In any of the foregoing registration statements, Southern States will pay the fees and expenses of such registration statements, including all registration and filing fees, printing expenses, trading market fees, fees and disbursements of counsel for Southern States and fees and expenses of the Institutional Investors reasonably incurred, including reasonable fees of the Institutional Investors' counsel.

Preemptive Rights. The Institutional Investors Stock Purchase Agreement provides that as long as they own at least 50% of the Southern States' shares they purchased in 2016 or 4.9% or more of the voting common stock

of Southern States, they may purchase additional shares of Southern States common stock (either voting or non-voting, as applicable) to maintain their ownership percentage in Southern States. Such rights do not apply to certain transactions such as a merger, but apply to a public or private offer of common stock. As of December 31, 2020, the Institutional Investors hold approximately 40.5% of Southern States' outstanding voting and non-voting common stock.

Board Representation and Information Rights. The Stock Purchase Agreement also provides Patriot with the right to select one representative to the Southern States and Southern States Bank boards of directors and one observer to attend the meetings of the Southern States and Southern States Bank boards of directors as long as Patriot (and its affiliates) owns at least 50% of the shares of stock of Southern States that it purchased in 2016, or 4.9% or more of the voting common stock of Southern States. Southern States must use reasonable best efforts to have Patriot's board representative elected as a director and recommend that its shareholders elect such board representative at any shareholders' meeting. Davis Partnership, LP ("Davis") also has the right to select one representative to be elected to the board of directors of Southern States effective June 27, 2020 and December 27, 2022, if Southern States remains a private company and Davis continues to own the shares of stock of Southern States which it purchased in 2016. Southern States will recommend the election of such representative to its board of directors. If this offering is not completed and Southern States does not otherwise become a public company, the other Institutional Investors have visitation rights at board meetings and the right to certain information, including books and records and financial statements.

Passivity Commitments. Patriot, various EJF funds and Wellington Management Company LLP, entered into passivity commitments with the Federal Reserve in connection with their 2016 investments in Southern States. These commitments limit the ability of such firms from exercising "control" or a "controlling influence" over Southern States in a manner that is inconsistent with the BHCA. Generally, such limitations prohibit any such firm from owning or controlling more than 9.9% of Southern States' outstanding voting securities, or acting in concert to exercise a "controlling influence" over Southern States, unless the Federal Reserve approves such ownership or control. In addition, the passivity commitments prohibit the investors from:

- seeking to have a representative on Southern State's board of directors (other than one Patriot representative) or having a representative serve as Southern States officer, agent or employee;
- taking any action that would cause Southern States to become a subsidiary of such investor;
- owning, controlling or holding the power to vote securities that represent 25% or more of any class of Southern States' voting securities;
- proposing a director or directors in opposition to a nominee or slate of nominees proposed by Southern States' management or board of directors;
- soliciting proxies with respect to any Southern States shareholder matter;
- entering into an agreement with Southern States that would substantially limit the discretion of Southern States' management;
- disposing or threatening to dispose of Southern States stock as a condition to induce specific action or non-action by Southern States; and
- entering into a banking or nonbanking transaction with Southern States, except for deposit accounts held by Southern States, provided the aggregate value of such deposits do not exceed $500,000.

Anti-takeover Effect of Governing Documents and Applicable Law

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws could have the effect of delaying or deferring the removal of incumbent directors or delaying, deferring or discouraging another party from acquiring control of us, even if such removal or acquisition would be viewed by our stockholders to be in their best interests. These provisions, summarized below, are intended to encourage

persons seeking to acquire control of us to first negotiate with our board of directors. These provisions may also serve to discourage hostile takeover practices and inadequate takeover bids. We believe that these provisions are beneficial because the negotiation they encourage could result in improved terms of any unsolicited proposal.

Authorized but Unissued Capital Stock. Upon completion of this offering, the authorized common stock of Southern States will consist of 30,000,000 shares, of which shares will be issued and outstanding, and 2,000,000 shares of preferred stock, of which no shares will be issued and outstanding. Our board of directors may authorize the issuance of one or more series of preferred stock without stockholder approval. These shares could be used by our board of directors to make it more difficult or to discourage an attempt to obtain control of us through a merger, tender offer, proxy contest or otherwise. In addition, the authorized but unissued shares of common stock may be issued for any proper purpose approved by the board of directors, except where such issuances are limited by the ABCL and rules of the NASDAQ. Although Southern States' board of directors may issue additional shares of common stock or non-voting common stock, the Company intends to issue only voting common stock in the future.

Stockholder Proposals. Our bylaws include specific procedures for stockholder proposals, including proposed nominations for directors, to be brought at stockholder meetings including that the stockholder must be a stockholder of record at the time of giving of notice of such meeting by the board of directors and a stockholder of record for the record date of the annual meeting, and comply with the procedures set forth in our bylaws as to such nomination or other business. Notice of a stockholder proposal notice must generally be delivered to the secretary of the Company no less than 60 days nor more than 90 days prior to the stockholder meeting. The notice of the stockholder proposal must include certain information listed in our bylaws, including, but not limited to, the name and address of each stockholder making the proposal, the name and address of any nominee for director, the class and number of shares of our capital stock, any proxy used in connection with the proposal, a description of the business desired to be brought before the meeting, and a description of all agreements, arrangements and understandings between the stockholder proposing the business to be brought before the meeting and any other affiliates and associates with whom the requesting stockholder is acting in concert in connection with the proposal.

Special Meeting and Action by Written Consent in Lieu of Meeting. Our certificate of incorporation allows for any action required by the ABCL to be taken at any annual or special meeting of the stockholders. However, stockholders may not act by written consent nor may stockholders call special meetings of stockholders. Southern States' bylaws provide that only the board of directors may call a special meeting of stockholders at any time.

Amendments. Upon a proposal by Southern States' board of directors, Southern States' certificate of incorporation may be amended with the approval of the stockholders at a meeting at which a quorum consisting of a majority of the votes entitled to be cast on the amendment exists. Southern States' bylaws provide that only the board of directors may call a special meeting of stockholders at any time. The bylaws may not be amended or repealed by stockholders without the affirmative vote of at least 75% of the stockholders at any annual meeting.

Board Composition and Director Changes. The bylaws of Southern States provides that the board of directors may be comprised of not less than five nor more than 15 persons. The bylaws provide that the board of directors may increase or decrease the number of directors within such limits. The bylaws provide that any vacancy in the board of directors may be filled by the board of directors. Despite the expiration of a director's term, the director shall continue to serve until his or her successor is elected and qualifies or until there is a decrease in the number of directors and his or her position is eliminated, provided any such decrease does not shorten a director's term. Stockholders of Southern States may remove one or more directors only for cause.

Exclusive Forum

The Southern States bylaws provide that unless Southern States otherwise consents in writing to the selection of an alternative forum, the Calhoun County Circuit Court of the State of Alabama, or the circuit court

of the county in which Southern States is otherwise headquartered will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Southern States, any action asserting a claim of breach of a fiduciary duty owed to Southern States, or its stockholders, by any of its directors, officers or other employees, any action asserting a claim arising pursuant to any provision of the ABCL, or any action asserting a claim governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable.

This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Indemnification of Directors and Officers

Subject to applicable law, a director shall not be held personally liable to Southern States or its stockholders for monetary damages for any action taken, or any failure to take any action as a director, except that a director's liability shall not be eliminated for (i) the amount of a financial benefit received by a director to which he or she is not entitled; (ii) an intentional infliction of harm on Southern States or the stockholders; (iii) a violation of section 10A-2A-8.32 of the ABCL; or (iv) an intentional violation of criminal law. It is the intention that the directors of Southern States be protected from personal liability to the fullest extent permitted by the ABCL as it now or hereafter exists. If at any time in the future the ABCL is modified to permit further or additional limitations on the extent to which directors may be held personally liable to Southern States, the protection afforded by Southern States' certificate of incorporation shall be expanded to afford the maximum protection permitted under such law.

Subject to the above limitations and in accordance with the ABCL, Southern States will indemnify a director or officer who was successful, on the merits or otherwise, in the defense of any proceeding, or of any claim, issue or matter in the proceeding to which he or she was a party because he or she is or was a director or officer of Southern States against reasonable expenses incurred in connection with the proceeding, notwithstanding that he or she was not successful on any other claim, issue or matter in any such proceeding.

Furthermore, the ABCL provides that Southern States may indemnify an individual made a party to a proceeding because he or she is or was a director or officer of Southern States against liability incurred in a proceeding if: (1) he or she conducted himself or herself in good faith; and (2) he or she reasonably believed (a) in the case of conduct in his or her official capacity with Southern States, that his or her conduct was in its best interest; and (b) in all other cases, that his or her conduct was at least not opposed to its best interest; and (3) in the case of any criminal proceeding he or she had no reasonable cause to believe his or her conduct was unlawful. Southern States may not indemnify a director or officer in connection with a proceeding by or in the right of Southern States in which the director or officer has not met the relevant standard of conduct; or in connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that financial benefit was improperly received by him or her.

Under the ABCL, Southern States may, before final disposition of a proceeding, advance funds to pay for or reimburse expenses incurred in connection with a proceeding by an individual who is a party to the proceeding because that individual is a director, if the director delivers to Southern States a signed written undertaking to repay any funds advanced if (i) the director is not entitled to mandatory indemnification, and (ii) it is ultimately determined that the director is not entitled to indemnification.

Southern States and Southern States Bank have procured a directors and officers liability insurance policy providing for insurance against certain liabilities incurred by directors and officers of Southern States and Southern States Bank while serving in their capacities as such, to the extent such liabilities could be indemnified under the above provisions.

Listing and Trading Market for Common Stock

Prior to this offering, our common stock has not been actively traded and has not been listed or traded on an established public trading market, and no quotations for our common stock were reported on any market. As a result, there has been no established public trading market for our common stock. Although our shares may have been sporadically traded in private transactions, the prices at which such transactions occurred may not necessarily reflect the price that would be paid for our common stock in an active market. As of March 31, 2021, there were approximately 621 holders of record of our common stock.

We anticipate that this offering and the listing of our common stock on NASDAQ will result in a more active trading market for our common stock. However, we cannot assure you that a liquid trading market for our common stock will develop or be sustained after this offering. You may not be able to trade in our shares when you seek to purchase or sell shares, and the market price for our common stock may be more or less than the initial public offering price in this offering. See “Underwriting” for more information regarding our arrangements with the underwriters and the factors considered in setting the initial public offering price.

Transfer Agent and Registrar

Computershare is the transfer agent and registrar for our common stock.

SUPERVISION AND REGULATION

General

Bank holding companies and banks are regulated extensively under both federal and state law. The bank regulatory framework is intended primarily for the protection of depositors, the deposit insurance system, and the banking system, and not for the protection of stockholders or any other group.

This supervisory and regulatory framework subjects banks and bank holding companies to regular examination by their respective regulatory agencies, which results in examination reports and ratings that, while not publicly available, can affect the conduct and growth of their businesses. These examinations consider not only compliance with applicable laws and regulations, but also capital levels, asset quality and risk, management's ability and performance, earnings, liquidity, sensitivity to market risks and various other factors.

Composite ratings are based on evaluations of an institution's managerial, operational, financial and compliance performance. The composite CAMELS rating is not an arithmetical formula or rigid weighting of numerical component ratings. Elements of subjectivity and examiner judgment, especially as these relate to qualitative assessments, are important elements in assigning ratings. The federal bank regulatory agencies are reviewing the CAMELS rating system and the consistency of such ratings.

These regulatory agencies have broad discretion to impose restrictions and limitations on the operations of a regulated entity where the agencies determine, among other things, that such operations are unsafe or unsound, a failure to comply with applicable law or are otherwise inconsistent with laws and regulations or with the supervisory policies of these agencies.

The following is a summary of the material elements of the supervisory and regulatory framework applicable to Southern States and Southern States Bank. It does not describe all of the statutes, regulations and regulatory policies that apply, nor does it restate all of the requirements of those that are described. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by express reference to each of the particular statutory and regulatory provisions. A change in applicable statutes, regulations or regulatory policy may have a material effect on the business of Southern States and Southern States Bank.

Southern States

Southern States is registered as a bank holding company with the Federal Reserve. Southern States is subject to examination, regulation and supervision by the Federal Reserve under the Bank Holding Company Act of 1956, as amended. Southern States is required to file annual reports and such additional information as the Federal Reserve may require.

The BHC Act generally prohibits a bank holding company from acquiring direct or indirect ownership or control of voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in any activity other than banking or managing or controlling banks or performing services for its authorized subsidiary. A bank holding company may, however, engage in or acquire an interest in a company that engages in activities that the Federal Reserve has determined by regulation or order to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

The BHC Act permits acquisitions of banks by bank holding companies, subject to various restrictions, including that the acquirer is "well capitalized" and "well managed". Such acquisitions are subject to the approval of the Federal Reserve. Under the Alabama Banking Code, with the prior approval of the Alabama Superintendent, an Alabama bank may acquire and operate one or more banks in Alabama or in other states pursuant to a transaction in which the Alabama bank is the surviving bank. In addition, one or more Alabama banks may enter into a merger transaction with one or more out-of-state banks, and an out-of-state bank resulting

from such transaction may continue to operate the acquired branches in Alabama. The Dodd-Frank Act permits banks, including Alabama banks, to branch anywhere in the United States. The establishment of a new branch requires both ASBD and FDIC approval.

The Company is a legal entity separate and distinct from the Bank. Various legal limitations restrict the Bank from lending or otherwise supplying funds to the Company. See "—Transactions with Affiliates."

Federal and state laws regulate Southern States' corporate governance, its investment authority, its manner of doing business, its employment practices, its consumer privacy policies and procedures, its relationship with Southern States Bank and its other affiliates, its ability to merge with, acquire, or be acquired by other entities, its requisite minimum capital and the forms of capital, its payment of dividends or other distributions, the types of businesses in which it can engage, and many other aspects of its business.

Southern States Bank

Southern States Bank is chartered by the ASBD. Southern States Bank is also a member of the FDIC and its deposits are insured, as provided by law, by the DIF. Southern States Bank is subject to supervision, regulation, and examination by the FDIC and ASBD. Southern States Bank is also subject to various requirements and restrictions under federal and state law, including capital adequacy requirements, requirements to maintain reserves against deposits, requirements under the CRA, restrictions on the types and amounts of loans that may be made and the interest that may be charged thereon and limitations on the types of investments that may be made, activities that may be engaged in, and types of services that may be offered. The operations of Southern States Bank are also affected by various consumer laws and regulations, including regulations of the Consumer Financial Protection Bureau ("CFPB"), and other state and federal agencies relating to equal credit opportunity, truth in lending disclosures, truth in savings disclosures, debt collection laws, privacy regulations, and regulation of consumer lending practices. In addition to the impact of direct regulation, commercial banks are affected significantly by the actions of the Federal Reserve as it attempts to control the money supply and credit availability in order to influence the economy.

Strict compliance at all times with state and federal banking laws, as well as other laws, is and will continue to be required. Southern States Bank believes that the experience of its executive management will assist it in its continuing efforts to achieve the requisite level of compliance. Certain provisions of state law may be preempted by existing and future federal laws, rules and regulations, and no prediction can be made as to the impact of preemption on state law or the regulation of Southern States Bank thereunder.

Enforcement Powers of Federal and State Banking Agencies

The federal and state bank regulatory agencies have broad enforcement powers, including the power to terminate deposit insurance, impose substantial fines and other civil and criminal penalties, and appoint a conservator or receiver for financial institutions. Failure to comply with applicable laws and regulations could subject us and our officers and directors to administrative sanctions and potentially substantial civil money penalties. In addition to the grounds discussed below under "—Prompt Corrective Action and Other Consequences of Capital Adequacy," the appropriate bank regulatory agency may appoint the FDIC as conservator or receiver for a depository institution (or the FDIC may appoint itself, under certain circumstances) if any one or more of a number of circumstances exist, including, without limitation, the fact that the depository institution is undercapitalized and has no reasonable prospect of becoming adequately capitalized, fails to become adequately capitalized when required to do so, fails to submit a timely and acceptable capital restoration plan or materially fails to implement an accepted capital restoration plan.

Payment of Dividends and Repurchases of Capital Instruments

Southern States is a legal entity separate and distinct from Southern States Bank. Southern States' principal source of cash flow, including cash flow to pay dividends to its stockholders, is dividends Southern States Bank

pays to Southern States as Southern States Bank's sole stockholder. Statutory and regulatory limitations apply to Southern States Bank's payment of dividends to Southern States as well as to Southern States' payment of dividends to its stockholders. The Federal Reserve's policy that a bank holding company should serve as a source of strength to its subsidiary banks includes the position that a bank holding company should generally only pay dividends or other capital distributions from current year earnings. The Federal Reserve also has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless its net income available to common stockholders over the past year has been sufficient to fully fund the dividends and the prospective rate of earnings retention appears to be consistent with the corporation's capital needs, asset quality and overall financial condition. Southern States' ability to pay dividends is also subject to the provisions of Alabama corporate law.

Federal Reserve Supervisory Letter SR-09-4 (February 24, 2009), as revised December 21, 2015 and July 24, 2020, applies to dividend payments, stock redemptions and stock repurchases. Prior consultation with the Federal Reserve supervisory staff is required before:

- declaring and paying a dividend that could raise safety and soundness concerns (for example, declaring and paying a dividend that exceeds earnings for the period for which the dividend is being paid);
- redemptions or repurchases of capital instruments when the bank holding company is experiencing financial weakness; and
- redemptions and purchases of common or perpetual preferred stock which would reduce such Tier 1 capital at end of the period compared to the beginning of the period.

Bank holding company directors must consider different factors to ensure that the company dividend level is prudent relative to maintaining a strong financial position, and is not based on overly optimistic earnings scenarios, such as potential events that could affect its ability to pay, while still maintaining a strong financial position. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce the bank holding company's dividends if:

- its net income available to stockholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
- its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or
- it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

The capital rules further limit Bank permissible dividends, stock repurchases and discretionary bonuses by the Company and the Bank, respectively, unless the Company and the Bank meet the capital conservation buffer requirement discussed under "Capital Adequacy" below.

The ASBD also regulates Southern States Bank's dividend payments. Under Alabama law, a state-chartered bank has to maintain a capital surplus equal to at least 20% of its capital. The Bank has a capital surplus at least equal to 20% of its capital. Thereafter, the prior approval of the Alabama Superintendent of Banks is required for its payment of dividends if the total of all dividends declared by a bank in any calendar year will exceed the total of (1) the bank's net earnings (as defined by statute) for that year, plus (2) its retained net earnings for the preceding two years, less any required transfers to surplus. In addition, no dividends, withdrawals or transfers may be made from the bank's surplus without the prior written approval of the Superintendent.

Southern States and Southern States Bank's payment of dividends may also be affected or limited by other factors, such as the requirement to maintain adequate capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit bank holding companies and banks from engaging in unsafe or unsound practices in conducting their business. The payment of dividends, depending on the financial condition of a bank holding company and of its subsidiary bank, could under certain circumstances be deemed an unsafe or unsound practice, and therefore restricted.

Under the Federal Deposit Insurance Act, an FDIC-insured depository institution may not make any capital distributions (including the payment of dividends) or pay any management fees to its holding company if it is undercapitalized or if such payment would cause it to become undercapitalized.

Restrictions on Acquisitions and Certain Activities

As a bank holding company, Southern States must obtain prior approval of the Federal Reserve before (1) acquiring, directly or indirectly (except in certain limited circumstances), ownership or control of more than 5% of the voting stock of a bank, (2) acquiring all or substantially all of the assets of a bank, or (3) merging or consolidating with another bank holding company. The Bank Holding Company Act also generally limits the business in which a bank holding company may engage to banking, managing or controlling banks, and furnishing or performing services for Southern States Bank. A bank holding company may engage in or acquire an interest in a company that engages in activities that the Federal Reserve has determined by regulation or order to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Banks are also subject to restrictions on the types of activities that they are permitted to engage in under regulations of the ASBD and the FDIC, which are generally limited to the business of banking and activities that are incidental to the business of banking.

Bank holding companies that meet certain eligibility requirements prescribed by the Bank Holding Company Act and elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of non-banking activities, including securities and insurance underwriting and sales, merchant banking and any other activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature or incidental to any such financial activity or that the Federal Reserve determines by order to be complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. Southern States has not elected to be a financial holding company, and we have not engaged in any activities determined by the Federal Reserve to be financial in nature or incidental or complementary to activities that are financial in nature.

Federal law also prohibits any person or company from acquiring “control” of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal bank regulator. “Control” is conclusively presumed to exist upon the acquisition of 25% or more of the outstanding voting securities of a bank or bank holding company, but may be presumed to exist under certain circumstances between 5.00% and 24.99% ownership.

The Federal Reserve may require that a bank holding company terminate an activity or terminate control of or liquidate or divest certain subsidiaries or affiliates when the Federal Reserve believes the activity or the control of the subsidiary or affiliate constitutes a significant risk to the financial safety, soundness or stability of any of its banking subsidiaries. The Federal Reserve also has the authority to regulate provisions of certain bank holding company debt. Under certain circumstances, a bank holding company must file written notice and obtain approval from the Federal Reserve prior to purchasing or redeeming its equity securities.

Moreover, poor examination ratings, lower capital ratios than peer group institutions, regulatory concerns regarding management, controls, assets, operations, or other factors can all potentially result in practical limitations on the ability of a bank or bank holding company to engage in new activities, grow, acquire new businesses, repurchase its stock or pay dividends, or to continue to conduct existing activities.

Company Expected to be Source of Financial Strength for Bank Subsidiary

Under Federal Reserve policy and the Federal Deposit Insurance Act, Southern States is expected to act as a source of financial strength to, and to commit resources to support, Southern States Bank. This support may be required at times when, absent such Federal Reserve policy, Southern States may not be inclined to provide it.

In the event an FDIC-insured subsidiary becomes subject to a capital restoration plan with its regulators, the parent bank holding company is required to guarantee performance of such plan up to 5% of the bank's assets, and such guarantee is given priority in bankruptcy of the bank holding company. In addition, where a bank holding company has more than one bank or thrift subsidiary, each of the bank holding company's subsidiary depository institutions may be responsible for any losses to the FDIC's DIF, if an affiliated depository institution fails. As a result, a bank holding company may be required to loan money to a bank subsidiary in the form of subordinate capital notes or other instruments which qualify as capital under bank regulatory rules. However, any loans from the holding company to such subsidiary banks likely will be unsecured and subordinated to such bank's depositors and to other creditors of the bank. See "Capital."

Capital Adequacy

The various federal banking agencies, including the Federal Reserve and FDIC, have adopted risk-based capital requirements for assessing bank and bank holding company capital adequacy. These standards establish minimum capital standards in relation to the relative credit risk of assets and off-balance sheet exposures. Capital is classified into two tiers. Tier 1 capital consists generally of common equity tier 1 capital (generally comprised of common stockholders' equity and retained earnings) and additional tier 1 capital (includes, among other things, certain types of noncumulative perpetual preferred stock) is reduced by goodwill and certain other intangible assets. Tier 2 capital generally includes the allowance for possible loan losses (subject to certain limitations) and certain types of subordinated debt and cumulative perpetual preferred stock. The risk-based capital guidelines require financial institutions to maintain specific defined credit risk factors and apply them to their assets which results in risk-adjusted assets.

The capital standards impose the following minimum capital requirements:

- a ratio of common equity tier 1 capital to total risk-weighted assets of 4.5%,
- a ratio of tier 1 capital to total risk-weighted assets of 6%,
- a ratio of total capital to total risk-weighted assets of 8%, and
- a ratio of tier 1 capital to adjusted average total assets of 4%.

In addition to these minimum regulatory capital ratios, the regulations establish a capital conservation buffer with respect to the first three ratios listed above. Specifically, banking organizations must hold common equity tier 1 capital in excess of their minimum risk-based capital ratios by at least 2.5% of risk-weighted assets in order to avoid limits on capital distributions (including dividend payments, discretionary payments on tier 1 instruments, and stock buybacks) and certain discretionary bonus payments to executive officers. Thus, when including the 2.5% capital conservation buffer, a bank holding company and a bank's minimum ratio of common equity tier 1 capital to risk-weighted assets becomes 7%, its minimum ratio of tier 1 capital to total risk-weighted assets becomes 8.5%, and its minimum ratio of total capital to risk-weighted assets becomes 10.5%.

These guidelines are only minimum standards and regulators expect bank holding companies and banks to maintain capital well above these minimum requirements. Failure to meet capital guidelines could subject a bank or bank holding company to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting brokered deposits, and certain other restrictions on its business, including in certain circumstances, the appointment of a receiver.

The federal banking agencies finalized a rule in November 2019 that allows bank holding companies and banks with less than $10.0 billion in total consolidated assets and limited amounts of certain assets and off balance sheet exposures and a leverage ratio of greater than 9% (subsequently temporarily reduced to 8% as a COVID-19 relief measure) to elect to use the Community Bank Leverage Ratio ("CBLR") framework. A community banking organization electing to use the CBLR framework would have a simplified capital regime

and would not be subject to other capital and leverage requirements and would be considered well capitalized as long as it continued to meet the requirements of the CBLR framework. We have not elected to use the CBLR framework and it is uncertain if Southern States will elect to utilize the CBLR framework in the future, as it believes it will continue to calculate the other capital measures, which provide comparable information to other publicly traded banking institutions. As a bank holding company with less than $3 billion in total consolidated assets, Southern States, with the Federal Reserve's permission, may be eligible to be treated as a "small bank holding company" under the Federal Reserve's Small Bank Holding Company and Savings and Loan Holding Company Policy Statement. If the Federal Reserve permitted this, Southern States' capital adequacy would be evaluated at the bank level and on a parent-only basis, and it would not be subject to consolidated capital standards for regulatory purposes. See "—Capital."

Prompt Corrective Action and Other Consequences of Capital Adequacy

The Federal Deposit Insurance Act requires, among other things, that the federal banking regulators take prompt corrective action with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. Under the Federal Deposit Insurance Act, insured depository institutions are divided into five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized as set forth below. An institution may be deemed to be in a capitalization category that is lower than is indicated by its actual capital position if it receives an unsatisfactory examination rating:

- well capitalized if it has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 8% or greater, a Common Equity Tier 1 capital ratio of 6.5% or greater, a leverage capital ratio of 5% or greater and is not subject to any written agreement, order, capital directive or prompt corrective action directive by a federal bank regulatory agency to maintain a specific capital level for any capital measure;
- "adequately capitalized" if it has a total risk-based capital ratio of 8% or greater, a Tier 1 risk-based capital ratio of 6% or greater, a Common Equity Tier 1 capital ratio of 4.5% or greater, and generally has a leverage capital ratio of 4% or greater;
- "undercapitalized" if it has a total risk-based capital ratio of less than 8%, a Tier 1 risk-based capital ratio of less than 6%, a Common Equity Tier 1 capital ratio of less than 4.5% or generally has a leverage capital ratio of less than 4%;
- "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6%, a Tier 1 risk-based capital ratio of less than 4%, a Common Equity Tier 1 capital ratio of less than 3%, or a leverage capital ratio of less than 3%; or
- "critically undercapitalized" if its tangible equity is equal to or less than 2% to total assets.

The federal bank regulatory agencies have authority to require additional capital and have indicated that higher capital levels may be required in light of market conditions and risk.

The Federal Deposit Insurance Act generally prohibits an FDIC-insured depository institution from making any capital distribution (including payment of dividends) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve. In addition, undercapitalized depository institutions are subject to, among other things, growth limitations and are required to submit capital restoration plans. An insured depository institution's holding company must guarantee the capital plan, up to an amount equal to the lesser of 5% of the depository institution's assets at the time it becomes undercapitalized or the amount of the capital deficiency when the institution fails to comply with the plan, for the plan to be accepted by the applicable federal regulatory authority. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. If a depository institution fails to submit an acceptable plan or fails to implement its plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, to sell to another bank or bank holding company, to reduce total assets, to restrict interest rates paid on deposits, to replace the board of directors or management and to cease receipt of deposits from correspondent banks. Critically undercapitalized depository institutions are subject to appointment of a receiver or conservator, generally within ninety (90) days of the date on which they become critically undercapitalized, and are subject to other restrictions.

Business activities may be influenced by an institution's capital classification. For example, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and an "adequately capitalized" institution may accept such deposits only with prior regulatory approval. Such approval has historically been difficult to obtain.

General Regulatory Considerations

Under the Federal Deposit Insurance Corporation Improvement Act ("FDICIA"), all insured institutions must undergo regular on-site examination by their appropriate banking agency. The cost of examinations of insured depository institutions and any affiliates may be assessed by the appropriate agency against each institution or affiliate as it deems necessary or appropriate. Insured institutions are required to submit annual reports to the FDIC and the appropriate agency (and state supervisor when applicable). FDICIA also requires the federal banking regulatory agencies to prescribe, by regulation, standards for all insured depository institutions and depository institution holding companies relating, among other things, to: (i) internal controls, information systems and audit systems; (ii) loan documentation; (iii) credit underwriting; (iv) interest rate risk exposure; and (v) asset quality.

In response to perceived needs in financial institution regulation, Congress enacted the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). FIRREA provides that a depository institution insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default.

FIRREA provides that financial institutions and their affiliated parties (such as officers and directors) may be subject to civil money penalties for certain types of violations and misconduct. In addition, the FDIC has been granted enhanced authority to withdraw or to suspend deposit insurance in certain cases. The banking regulators have not been reluctant to use the enforcement authorities provided under FIRREA. Further, regulators have broad power to issue cease and desist orders that may, among other things, require affirmative action to correct any harm resulting from a violation or practice, including restitution, reimbursement, indemnifications or guarantees against loss. A financial institution may also be ordered to restrict its growth, dispose of certain assets, rescind agreements or contracts or take other actions as determined by the ordering agency to be appropriate.

Federal and state banking laws subject banks to certain restrictions on extensions of credit to executive officers, directors, certain principal stockholders and their related interests. For example, such extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated third parties and (ii) must not involve more than the normal risk of repayment or present other unfavorable features. These laws also impose certain lending limits on such loans.

Community Reinvestment Act

The CRA requires that each insured depository institution shall be evaluated by its primary federal regulator with respect to its record in meeting the credit needs of its local community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of those institutions. These factors are also considered in evaluating mergers, acquisitions and applications to open a branch or facility.

A bank's compliance with its CRA obligations is based on a performance-based evaluation system that bases CRA ratings on an institution's lending, service and investment performance. When a bank holding company applies for approval to acquire a bank or other bank holding company, the Federal Reserve will review the CRA assessment of each subsidiary bank of the applicant bank holding company, and such records may be the basis for denying the application. In connection with its assessment of CRA performance, the appropriate bank regulatory agency assigns a rating of "outstanding," "satisfactory," "needs to improve" or "substantial noncompliance." As of its most recent CRA examination, dated December 2018, Southern States Bank was rated "Satisfactory."

The federal CRA regulations require that evidence of discriminatory, illegal or abusive lending practices be considered in the CRA evaluation. A less than satisfactory CRA rating will slow, if not preclude, acquisitions, and new branches and other expansion activities and may prevent a company from becoming a financial holding company.

CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank's primary federal regulator. A financial holding company election, and such election and financial holding company activities are permitted to be continued, only if any affiliated bank has not received less than a "satisfactory" CRA rating.

USA Patriot Act

After the terrorist attacks of September 11, 2001, Congress enacted broad anti-terrorism legislation called the "United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001," which is generally known as the "USA Patriot Act." Title III of the USA Patriot Act requires financial institutions, including Southern States and Southern States Bank, to help prevent, detect and prosecute international money laundering and the financing of terrorism. The Department of the Treasury has adopted additional requirements to further implement Title III.

The law is intended to enhance the powers of the federal government and law enforcement organizations to combat terrorism, organized crime and money laundering. The USA Patriot Act materially amended and expanded the application of the existing Bank Secrecy Act. It provided enhanced measures, including know your customer, new suspicious activity reporting rules and enhanced anti-money laundering programs. Under the USA Patriot Act, each financial institution is required to establish and maintain anti-money laundering compliance and due diligence programs, which include, at a minimum:

- the development of internal policies, procedures, and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test programs.

In addition, the USA Patriot Act requires regulatory agencies to consider the record of a bank or bank holding company in combating money laundering activities in their evaluation of bank and bank holding company merger, acquisition and branch expansion transactions.

The U.S. Treasury Department has issued regulations under the USA Patriot Act. The regulations state that a depository institution will be deemed in compliance with the USA Patriot Act provided it continues to comply with the Bank Secrecy Act regulations. Under these regulations, a mechanism has been established for law enforcement to communicate names of suspected terrorists and money launderers to financial institutions, in return for securing the ability to promptly locate accounts and transactions involving those suspects. Financial institutions receiving names of suspects must search their account and transaction records for potential matches and report positive results to FinCEN. Each financial institution must designate a point of contact to receive information requests. These regulations outline how financial institutions can share information concerning suspected terrorist and money laundering activity with other financial institutions under protection from the statutory safe harbor from liability, provided each financial institution notifies FinCEN of its intent to share information.

Recent FinCEN rules require banks to know the beneficial owners of customers that are not natural persons, update customer information in order to develop a customer risk profile, and generally monitor such matters.

FinCEN has also adopted regulations intended to prevent money laundering and terrorist financing through correspondent accounts maintained by U.S. financial institutions on behalf of foreign banks. Financial institutions are required to take reasonable steps to ensure that they are not providing banking services directly or indirectly to foreign shell banks.

Lending Limits

Under Alabama law, the amount of loans which may be made by a bank in the aggregate to one person is limited. Alabama law provides that unsecured loans by a bank to one person may not exceed an amount equal to 10% of the capital and unimpaired surplus of the bank. If the amount exceeds such 10% level, the excess must be secured up to a limit of 20%. For purposes of calculating these limits, loans to various business interests of the borrower, including companies in which a substantial portion of the stock is owned or partnerships in which a person is a partner, must be aggregated with those made to the borrower individually. Loans secured by certain readily marketable collateral are exempt from these limitations, as are loans secured by deposits and certain government securities.

Guidance on Commercial Real Estate Concentrations

Lending operations that involve concentrations of CRE loans are subject to enhanced scrutiny by federal banking regulators. Regulators have issued guidance with respect to the risks posed by commercial real estate lending concentrations. CRE loans generally include C&D loans and loans secured by multifamily property and nonfarm, nonresidential real property where the primary source of repayment is derived from rental income associated with the property, but it excludes owner-occupied real estate. The guidance prescribes the following guidelines for examiners to help identify institutions that are potentially exposed to concentration risk and may warrant greater supervisory scrutiny:

- Total loans for construction, land development and other land represent 100 percent or more of an institution’s total capital; or
- Total commercial real estate loans represent 300 percent or more of an institution’s total capital.

At December 31, 2020, Southern States Bank’s ratio of construction, land development and other land loans to total capital was 71.9%, and its ratio of total commercial real estate loans excluding owner-occupied commercial real estate loans (as defined in the guidance) to total capital was 225.2%.

FDIC Insurance Assessments

The FDIC has adopted a risk-based assessment system for insured depositary institutions that takes into account the risks attributable to different categories and concentrations of assets and liabilities. The assessment rate is based on a combination of factors, including certain financial data and its level of supervisory risk.

The FDIC may terminate the deposit insurance of a bank if it finds that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC.

Transactions with Affiliates

Southern States Bank is subject to sections 23A and 23B of the Federal Reserve Act, or the Affiliates Act, and the Federal Reserve’s implementing Regulation W. An affiliate of a bank is any company or entity that controls, is

controlled by or is under common control with the bank. Accordingly, transactions between Southern States and Southern States Bank will be subject to a number of restrictions. The Affiliates Act imposes restrictions and limitations on the Bank from making extensions of credit to, or the issuance of a guarantee or letter of credit on behalf of, Southern States or other affiliates, the purchase of, or investment in, stock or other securities thereof, the taking of such securities as collateral for loans and the purchase of assets of Southern States or other affiliates. Such restrictions and limitations prevent Southern States or other affiliates from borrowing from the Bank unless the loans are secured by marketable obligations of designated amounts. All such transactions, as well as contracts entered into between the Bank and affiliates, must be on terms that are no less favorable to the Bank than those that would be available from non-affiliated third parties. Federal Reserve policies also forbid the payment by bank subsidiaries of management fees which are unreasonable in amount or exceed the fair market value of the services rendered or, if no market exists, actual costs plus a reasonable profit.

Consumer Financial Services

Southern States Bank is subject to a number of federal and state consumer protection laws that extensively govern its relationship with its customers. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Service Members Civil Relief Act, the Military Lending Act, and these laws' respective state law counterparts, as well as state usury laws and laws regarding unfair and deceptive acts and practices. These and other federal laws, among other things, require disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, prohibit unfair, deceptive and abusive practices and subject us to substantial regulatory oversight. Violations of the applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal bank regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which we operate and civil money penalties. Failure to comply with consumer protection requirements may also result in failure to obtain any required bank regulatory approval for mergers or acquisitions or prohibition from engaging in such transactions even if approval is not required.

Dodd-Frank Act

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, was signed into law. This law significantly changed the bank regulatory structure and affected the lending, deposit, investment, trading and operating activities of banks and their holding companies. The Dodd-Frank Act required various federal agencies to adopt a broad range of new implementing rules and regulations and to prepare numerous studies and reports for Congress. The following summarizes just a few of the provisions of the Dodd-Frank Act.

The Dodd-Frank Act changed the types of instruments that are eligible for tier 1 capital treatment at the holding company-level. It also called for the Federal Reserve to apply to bank holding companies the same minimum leverage and risk-based capital standards that apply to banks under the Federal Deposit Insurance Act's prompt corrective action standards.

The Dodd-Frank Act eliminated the federal prohibitions on paying interest on demand deposits, thus allowing businesses to have interest-bearing checking accounts.

The Dodd-Frank Act required fees charged by banks for debit card transactions, commonly referred to as interchange fees, to be both "reasonable and proportional" to the cost incurred by the card issuer and authorized the Federal Reserve to implement regulations with respect to this requirement.

The Dodd-Frank Act also broadened the base for FDIC insurance assessments. Assessments are based on the average consolidated total assets less tangible equity capital of a financial institution. The Dodd-Frank Act permanently increased the maximum amount of deposit insurance for banks, savings institutions and credit unions to $250,000 per depositor.

The Dodd-Frank Act created a new Consumer Financial Protection (the "CFPB") with broad powers to supervise and enforce consumer protection laws. The CFPB has broad rule-making authority for a wide range of consumer protection laws that apply to all banks, including the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has examination and enforcement authority over all banks with more than $10 billion in assets. Banks with less than $10 billion in assets will be examined for compliance with consumer laws by their primary bank regulator.

The Dodd-Frank Act increased the regulation of consumer protections regarding mortgage originations, including originator compensation, minimum repayment standards and servicing requirements.

Mortgage Lending Rules

The Dodd-Frank Act authorized the CFPB to establish certain minimum standards for the origination of residential mortgages, including a proper determination of a borrower's ability to repay. Under the Dodd-Frank Act, financial institutions may not make a residential mortgage loan unless they make a "reasonable and good faith determination" that the consumer has a "reasonable ability" to repay the loan. The Dodd-Frank Act allows borrowers to raise certain defenses to foreclosure but provides a full or partial safe harbor from such defenses for loans that are "qualified mortgages." The CFPB published final rules to, among other things, specify the types of income and assets that may be considered in the ability-to-repay determination, the permissible sources for verification, and the required methods of calculating the loan's monthly payments. Since then, the CFPB has made certain modifications to these rules. The rules extend the requirement that creditors verify and document a borrower's income and assets to include all information that creditors rely on in determining repayment ability.

Financial Privacy and Cybersecurity Requirements

Federal law and regulations limit a financial institution's ability to share consumer financial information with unaffiliated third parties. Specifically, these provisions require all financial institutions offering financial products or services to consumer customers to provide such customers with the financial institution's privacy policy and provide such customers the opportunity to "opt out" of the sharing of personal financial information with unaffiliated third parties. The sharing of information for marketing purposes is also subject to limitations.

Federal law and regulations also establish certain information security guidelines that require each financial institution, under the supervision and ongoing oversight of its board of directors or an appropriate committee thereof, to develop, implement, and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, to protect against anticipated threats or hazards to the security or integrity of such information, and to protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. Federal and state laws require notice to be provided to customers of a data breach incident under certain circumstances.

Federal banking regulators regularly issue guidance regarding cybersecurity intended to enhance cyber risk management. A financial institution is expected to implement multiple lines of defense against cyber-attacks. Financial institutions are also expected to implement procedures designed to address the risks posed by potential cyber threats, and to allow the institution to respond and recover effectively after a cyber-attack.

Other Legislation and Regulation

Other legislative and regulatory proposals regarding changes in banking and the regulation of banks, thrifts and other financial institutions are considered from time to time by the executive branch of the federal government,

Congress and various state governments. It cannot be predicted whether any of such legislative or regulatory proposals will be adopted and, if adopted, how these will affect Southern States and Southern States Bank.

Monetary and Fiscal Policy

Banking is a business which depends on interest rate differentials. In general, the difference between the interest paid by a bank on its deposits and its other borrowings and the interest received by a bank on its loans to customers and its securities holdings generally constitutes the major portion of a bank's earnings. Thus, the earnings and growth of Southern States Bank will be subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The Federal Reserve regulates the supply of money through various means, including open-market dealings in United States government securities, the discount rate at which members may borrow, and reserve requirements on deposits and funds availability regulations. These instruments are used in varying combinations to influence the overall growth of bank loans, investments and deposits and also affect interest rates charged on loans or paid on deposits. The policies of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and will continue to do so in the future. The nature and timing of any future changes in Federal Reserve policies and their impact on Southern States Bank cannot be predicted.

SHARES ELIGIBLE FOR FUTURE SALE

Actual or anticipated issuances or sales of substantial amounts of our common stock in the public market following this offering could cause the market price of our common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by our stockholders.

Upon completion of this offering, we will have shares of our common stock issued and outstanding (or shares if the underwriters exercise in full their option to purchase additional shares). In addition, shares of our common stock are issuable upon the exercise of outstanding stock options.

The shares of common stock sold by the selling stockholders and us in this offering will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our "affiliates" may generally only be resold in compliance with Rule 144 under the Securities Act, which is described below. The remaining outstanding shares will be deemed to be "restricted securities" as that term is defined in Rule 144. Restricted securities may be resold in the U.S. only if they are registered for resale under the Securities Act or an exemption from registration is available.

Lock-Up Agreements

We, our executive officers, directors and the holders of shares or % of our currently outstanding shares of common stock, including the selling stockholders and the Institutional Holders, are entering into lock-up agreements under which we and they will generally agree not to offer, sell or otherwise transfer our or their shares for a period of 180 days after the completion of this offering. These lock-up agreements are subject to certain limited exceptions. For additional information, see "Underwriting—Lock-Up Agreements." As a result of these contractual restrictions, shares of our common stock subject to lock-up agreements will not be eligible for sale until these agreements expire or the restrictions are waived by the underwriters.

Following the lock-up period, all of the shares of our common stock that are restricted securities or are held by our affiliates will be eligible for sale in the public market only if (i) they are registered under the Securities Act or (ii) an exemption from registration, such as Rule 144, is available.

Rule 144

All shares of our common stock held by our "affiliates," as that term is defined in Rule 144 under the Securities Act, may be sold in the public market, subject to the lock-up agreements and our insider trading policies, in compliance with Rule 144. Rule 144 defines an affiliate as any person who directly or indirectly controls, or is controlled by, or is under common control with, the issuer, which generally includes our directors, executive officers, and certain other related persons. As of , 2021, affiliates held shares, or % of our total shares of common stock outstanding as of such date.

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is deemed to be, or to have been during the three months preceding the sale, an "affiliate" of ours would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of our common stock, or the average weekly trading volume of our common stock on NASDAQ during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale. Sales by our affiliates under Rule 144 are also subject to a six-month holding period and requirements relating to manner of sale, the availability of current public information about us and the filing of a form in certain circumstances.

In general, Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of

our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock without regard to the limitations described above, provided that such sales comply with the current public information requirements of Rule 144 and we were subject to the Exchange Act periodic reporting requirements for at least 90 days immediately before the sale. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144, provided that we were subject to the Exchange Act periodic reporting requirements for at least 90 days immediately before the sale.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors or officers, who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering, and who is not deemed to have been our "affiliate" during the immediately preceding 90 days, is entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirements or other restrictions contained in Rule 144. The shares that may be sold in compliance with Rule 701 that are subject to lock-up agreements as described above will not become eligible for sale until expiration or waiver of the restrictions set forth in those agreements.

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of shares of our common stock that are issuable under our Plan. Any such registration statement would be expected to be filed and become effective as soon as practicable after the completion of this offering. Upon effectiveness, the shares of common stock covered by that registration statement will be eligible for sale in the public market, subject to any vesting restrictions with us, Rule 144 restrictions applicable to our affiliates and the lock-up restrictions described above.

UNDERWRITING

Keefe, Bruyette & Woods, Inc. and Truist Securities, Inc. are acting as representatives of the underwriters and joint book-running managers of this offering. Under the terms of an underwriting agreement, which will be filed as an exhibit to the registration statement, each of the underwriters named below has severally agreed to purchase from us and the selling stockholders the respective number of common stock shown opposite its name below:

Underwriters	Number of Shares
Keefe, Bruyette & Woods, Inc.	
Truist Securities, Inc.	
Total	

The underwriters are offering the shares of our common stock subject to a number of conditions, including receipt and acceptance of our common stock by the underwriters. The obligations of the underwriters to pay for and accept delivery of the shares offered by this prospectus are subject to these conditions.

The underwriting agreement between us and the underwriters provides that if any underwriter defaults, the purchase commitments of the non-defaulting underwriters may be increased or this offering may be terminated.

In connection with this offering, the underwriters or securities dealers may distribute offering documents to investors electronically. See "Electronic Distribution."

Underwriting Discount

Shares of our common stock sold by the underwriters to the public will be offered at the initial public offering price set forth on the cover of this prospectus. Any shares of our common stock sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any of these securities dealers may resell any shares of our common stock purchased from the underwriters to other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all of the shares of our common stock are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. No sales of shares of our common stock will be made outside of the U.S. The underwriters reserve the right to reject an order for the purchase of shares, in whole or in part.

The following table shows the initial public offering price, underwriting discount, and proceeds before expenses to us and to the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their option to purchase an additional shares of our common stock, discussed below:

	Per Share	No Exercise	Full Exercise
Initial public offering price	$	$	$
Underwriting discount			
Proceeds to us before expenses			
Proceeds to the selling stockholders before expenses			

We and the selling stockholders estimate the expenses of this offering, not including the underwriting discount, to be $, and such expenses are payable by us. We also have agreed to reimburse the underwriters for certain of their offering expenses, including counsel fees, expenses related to FINRA matters and the directed share program and certain costs related to the road show. In accordance with FINRA Rule 5110, these reimbursed fees are deemed underwriting compensation for this offering.

Option to Purchase Additional Shares

We have granted the underwriters an option exercisable for 30 days after the date of this prospectus to purchase, from time to time, in whole or in part, up to an aggregate of shares from us at the initial public offering price less the underwriting discount. If the underwriters exercise this option, each underwriter will be obligated, subject to the conditions in the underwriting agreement, to purchase a number of additional shares of our common stock proportionate to the number of shares reflected next to such underwriter's name in the table above relative to the total number of shares reflected in such table.

Lock-Up Agreements

We, our executive officers and directors, and our Institutional Holders have entered into lock-up agreements with the underwriters. Under these agreements, we and each of these persons have agreed not to, directly or indirectly, without the prior written approval of the representatives and subject to certain limited customary exceptions:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, hypothecate, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock, whether now owned or hereafter acquired, or with respect to which we or such person has or hereafter acquires the power of disposition, or exercise any right with respect to the registration of any of the foregoing, or file or cause to be filed any registration statement in connection therewith under the Securities Act, with respect to any of the foregoing;
- enter into any swap, hedge or any other agreement or any transaction that transfers, in whole or in part, the economic consequence of ownership of the shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock, whether any such swap, hedge or transaction is to be settled by delivery of shares of our common stock or other securities, in cash or otherwise; or
- publicly disclose the intention to make any such offer, pledge, sale or disposition, or to enter into any such swap, hedge, transaction or other arrangement.

These restrictions will be in effect for a period of 180 days after the date of this prospectus. At any time and without public notice, the representatives may, in their sole discretion, waive or release all or some of the shares (or the other securities restricted thereby) from these lock-up agreements. However, as to any of our executive officers or directors, the representatives have agreed to notify us at least three business days before the effective date of any release or waiver, and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver.

These restrictions also apply to securities convertible into or exchangeable or exercisable for or repayable with our common stock to the same extent as they apply to our common stock. They also apply to common stock owned now or later acquired by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Offering Price Determination

Prior to this offering, there has been no public market for our common stock. The initial public offering price was negotiated between the representatives and us. In determining the initial public offering price of our common stock, the representatives considered:

- our history;
- our financial information;

- our management and our business potential and earning prospects;
- prospects for the industry in which we compete;
- the prevailing securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded shares of generally comparable companies.

The initial public offering price range set forth on the cover page of this prospectus is subject to change as a result of market conditions and other factors. An active trading market for the shares of our common stock may not develop. It is also possible that the shares of our common stock will not trade in the public market at or above the initial public offering price following the completion of this offering.

Indemnification and Contribution

We and the selling stockholders have agreed to indemnify the underwriters and their affiliates, selling agents and controlling persons against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments that the underwriters and their affiliates, selling agents and controlling persons may be required to make in respect of those liabilities.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price up to % of the shares offered hereby for officers, directors, employees, customers and certain other persons. We will offer these reserved shares through a directed share program. Shares purchased by our directors, executive officers and others pursuant to the directed share program will be subject to the lock-up provisions described above. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

Price Stabilization, Short Positions and Penalty Bids

To facilitate this offering and in accordance with Regulation M under the Exchange Act, or Regulation M, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock, including:

- stabilizing transactions;
- short sales; and
- purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or mitigating a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of our common stock than they are required to purchase in this offering. Short sales may be “covered short sales,” which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked short sales,” which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their option to purchase additional shares from us, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which they may purchase shares through the option to purchase additional shares described above. The underwriters must close out any naked short position by purchasing

shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market that could adversely affect investors who purchased in this offering.

As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of our common stock in the open market. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing shares of our common stock in this offering, if the syndicate repurchases previously distributed shares of our common stock to cover syndicate short positions or to stabilize the price of our common stock.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. If these activities are commenced, they may be discontinued by the underwriters at any time without notice. The underwriters may carry out these transactions on NASDAQ, in the over-the-counter market or otherwise.

Passive Market Making

In connection with this offering, the underwriters may engage in passive market making transactions in common stock on NASDAQ in accordance with Rule 103 of Regulation M during a period before the commencement of offers or sales of our common stock and extending through the completion of the distribution of this offering. A passive market maker must generally display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, the passive market maker may continue to bid and effect purchases at a price exceeding the then highest independent bid until specified purchase limits are exceeded, at which time such bid must be lowered to an amount no higher than the then highest independent bid. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters are not required to engage in passive market making and may end passive market making activities at any time.

Electronic Distribution

A prospectus in electronic format may be made available by email or on the Internet sites or through other online services maintained by one or more of the underwriters or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's web site and any information contained in any other web site maintained by an underwriter is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

Affiliations

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, loan referrals, valuation and brokerage activities. From time to time, the underwriters or their respective affiliates have directly and indirectly engaged, and may in the future engage, in various financial advisory, investment banking loan referrals and commercial banking services with us and our affiliates, for which they received or paid, or may receive or pay, customary compensation, fees and expense reimbursement.

In the ordinary course of their various business activities, the underwriters and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of ours or our affiliates. If the underwriters or their affiliates have a lending relationship with us, the underwriters or their affiliates may hedge their credit exposure to us consistent with their customary risk management policies. Typically, the underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the shares of common stock offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the shares of common stock offered hereby. The underwriters and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Since 2013, Truist Securities, Inc. (previously known as “SunTrust Robinson Humphrey”) has served as an investment banking firm for Southern States. The services performed by Truist Securities, Inc. (previously known as “SunTrust Robinson Humphrey”) have included advice regarding acquisitions, including the acquisition of Small Town Bank in 2019 and Columbus Community Bank in 2015, advice regarding the sale of equity in 2016 to the Institutional Investors, and other advice regarding Southern States growth plans, business plans and the economic environment.

Selling Restrictions

General

Other than in the U.S., no action has been taken by us or the underwriters that would permit a public offering of the shares of common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons obtaining possession of this prospectus are advised to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

LEGAL MATTERS

The validity of the shares of our common stock offered by this prospectus will be passed upon for us by Jones Walker LLP, Birmingham, Alabama. Certain legal matters in connection with this offering will be passed upon for the underwriters by Jones Day, Atlanta, Georgia.

EXPERTS

Our consolidated financial statements as of December 31, 2020 and 2019 and for the two years ended December 31, 2020 included in this prospectus have been audited by Mauldin Jenkins, LLC, independent registered public accounting firm, as set forth in its report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of that firm as experts in accounting and auditing.

On September 13, 2019, Southern States acquired East Alabama. See “Business – Our History and Growth.” At that time, the managing partner of Mauldin & Jenkins, LLC (the “Audit Firm”), along with his brother, had a loan (the “Loan”) from East Alabama’s subsidiary bank, Small Town Bank. The Loan was fully secured by the brothers’ family farm as well as by a certificate of deposit. East Alabama and Small Town Bank were never clients of the Audit Firm prior to September 13, 2019, at which time East Alabama was merged with Southern States and Small Town Bank was merged with the Bank. The Loan automatically became a loan of Southern States Bank upon the acquisition. At that point, the existence of the Loan rendered the Audit Firm not independent under SEC rules.

The facts underlying the existence of the Loan were reviewed by the Audit Firm and the Audit Committee of Southern States on several occasions. The Audit Firm advised the Audit Committee that, the Audit Firm concluded that it was objective and impartial regarding the audit of Southern States’ financial statements for the fiscal year ended December 31, 2019. The Audit Firm concluded, and the Audit Committee concurred, that the following factors supported the conclusion that the Audit Firm’s objectivity and impartiality were not impaired by the Loan:

- The Loan was paid off in full prior to the completion of Southern States’ 2019 audit and the release of Southern States’ audited financial statements and the audit report;
- The Loan’s amount was immaterial to the Southern States Bank’s total loan portfolio (0.095% at December 31, 2019) and that the Loan was only outstanding at Southern States Bank from September 13, 2019 through February 13, 2020;
- The Loan was made (i) in the ordinary course of Small Town Bank’s business, (ii) on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable persons unrelated to Small Town Bank, and (iii) did not involve more than the normal risk of collectability or present other unfavorable features;
- The Loan was fully secured including a component of cash collateral and was current under its terms at all times; and
- The managing partner of the Audit Firm did not provide audit or other services to Southern States at any point during the year ended 2019, nor any interim period during 2019 or 2020, and there has been no communication between the managing partner and the audit team related to Southern States’ accounting or the Audit Firm’s audit of Southern States during such period.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus, which constitutes a part of that registration statement, does not contain all of the information set forth in the registration statement and the related exhibits

and schedules. Some items are omitted in accordance with the rules and regulations of the SEC. Accordingly, we refer you to the complete registration statement, including its exhibits and schedules, for further information about us and the shares of common stock to be sold in this offering. Statements or summaries in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete and, where that contract or document is filed as an exhibit to the registration statement, each statement or summary is qualified in all respects by reference to the exhibit to which the reference relates.

The registration statement, of which this prospectus forms a part, and its exhibits and schedules are available to you for free on the SEC's Internet website at www.sec.gov.

Upon completion of this offering, we will become subject to the informational and reporting requirements of the Exchange Act and, in accordance with those requirements, will file reports and proxy statements with the SEC. These reports and proxy statements and other information will be available to you for free on the SEC's Internet website at www.sec.gov. You can also obtain reports and proxy statements and other information about us, free of charge, at our website at www.southernstatesbank.net. Information on, or accessible through, our website is not part of this prospectus. We intend to furnish to our stockholders our annual reports containing our audited consolidated financial statements certified by an independent registered public accounting firm.

Information that we file with the SEC after the date of this prospectus may supersede the information in this prospectus. You may read these reports and proxy statements and other information and obtain copies of such documents and information as described above. No person is authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this prospectus nor any distribution of securities made hereunder shall imply that there has been no change in the information set forth or in our affairs since the date hereof.

INDEX TO THE FINANCIAL STATEMENTS

Consolidated Financial Statements

Consolidated Financial Statements

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

CONSOLIDATED BALANCE SHEETS

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets		
Cash and due from banks	**$ 17,536**	$ 23,229
Interest-bearing deposits in banks	**129,071**	51,503
Federal funds sold	**24,121**	10,175
Total cash and cash equivalents	**170,728**	84,907
Securities available for sale	**106,217**	114,001
Other equity securities, at fair value	**4,995**	5,017
Restricted equity securities, at cost	**2,788**	3,224
Loans held for sale	**2,268**	5,696
Loans, net of unearned income	**1,083,274**	1,030,115
Less allowance for loan losses	**12,605**	11,859
Loans, net	**1,070,669**	1,018,256
Premises and equipment, net	**24,900**	24,426
Accrued interest receivable	**4,088**	4,243
Bank owned life insurance	**22,583**	22,458
Annuities	**12,920**	12,903
Foreclosed assets	**10,229**	10,224
Goodwill	**16,862**	16,862
Core deposit intangible	**1,698**	1,764
Other assets	**8,291**	8,525
Total assets	**$ 1,459,236**	$ 1,332,506
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	**$ 365,114**	$ 290,867
Interest-bearing	**894,930**	848,794
Total deposits	**1,260,044**	1,139,661
Other borrowings	**7,983**	7,975
FHLB Advances	**31,900**	30,900
Subordinated notes	**4,497**	4,493
Accrued interest payable	**274**	278
Other liabilities	**9,938**	8,543
Total liabilities	**1,314,636**	1,191,850
Commitments and contingencies:		
Stockholders' equity:		
Preferred stock, **$0.01 par value; 1,000,000 shares** authorized **0 shares** issued and outstanding at March 31, 2021 and 2020, respectively	**—**	—
Common stock, **$5 par value, 15,000,000** shares authorized; **7,716,428** and 7,678,195 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	**38,582**	38,391
Capital surplus	**65,885**	65,327
Retained earnings	**39,174**	34,183
Accumulated other comprehensive income	**1,808**	3,194
Unvested restricted stock	**(849)**	(439)
Total stockholders' equity	**144,600**	140,656
Total liabilities and stockholders' equity	**$ 1,459,236**	$ 1,332,506

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31,

	2021	2020
Interest income:		
Loans, including fees	**$13,021**	$11,787
Taxable securities	**401**	269
Nontaxable securities	**207**	98
Other interest and dividends	**48**	355
Total interest income	**13,677**	12,509
Interest expense:		
Deposits	**1,190**	2,534
Other borrowings	**203**	193
Total interest expense	**1,393**	2,727
Net interest income	**12,284**	9,782
Provision for loan losses	**750**	800
Net interest income after provision for loan losses	**11,534**	8,982
Noninterest income:		
Service charges on deposit accounts	**360**	451
SWAP fees	**558**	—
SBA/USDA fees	**2,865**	478
Mortgage origination fees	**407**	288
Net gain on sale of securities	**(232)**	738
Other operating income	**538**	447
Total noninterest income	**4,496**	2,402
Noninterest expenses:		
Salaries and employee benefits	**5,057**	4,487
Equipment and occupancy expenses	**879**	903
Data processing fees	**447**	415
Regulatory assessments	**221**	150
Other operating expenses	**1,928**	1,931
Total noninterest expenses	**8,532**	7,886
Income before income taxes	**7,498**	3,498
Income tax expense	**1,817**	823
Net income	**$ 5,681**	$ 2,675
Basic earnings per share	**$ 0.74**	$ 0.35
Diluted earnings per share	**$ 0.73**	$ 0.34

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31,

	2021	2020
Net income	**$ 5,681**	$ 2,675
Other comprehensive income (loss):		
Unrealized holding losses on securities available for sale arising during the period, net of benefit of **$547** and $573, respectively	**(1,558)**	(1,631)
Reclassification adjustment for losses (gains) on securities available for sale realized in net income, net of benefit (tax) of **$60** and ($192), respectively	**172**	(546)
Other comprehensive loss	**(1,386)**	(2,177)
Comprehensive income	**$ 4,295**	$ 498

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock						
	Shares	Par Value	Shares	Par Value	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unvested Restricted Stock	Total Stockholders' Equity
Balance, December 31, 2020	—	$ —	7,678,195	$ 38,391	$65,327	$ 34,183	$ 3,194	$ (439)	$ 140,656
Net income				—	—	5,681	—		5,681
Issuance of common stock			8,240	41	99	—	—		140
Exercise of common stock options			5,008	25	—	—	—		25
Issuance of restricted stock			24,985	125	376	—	—	(500)	1
Stock-based compensation				—	83	—	—	90	173
Common stock dividends paid				—	—	(690)	—	—	(690)
Other comprehensive income				—	—	—	(1,386)	—	(1,386)
Balance, March 31, 2021	—	$ —	7,716,428	$ 38,582	$65,885	$ 39,174	$ 1,808	$ (849)	$ 144,600

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,

	2021	2020
OPERATING ACTIVITIES		
Net income	**$ 5,681**	$ 2,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and software amortization	**477**	485
Net loss (gain) on sale of securities available for sale	**232**	(738)
Net amortization of securities	**134**	31
Amortization of core deposit intangible	**66**	66
Provision for loan losses	**750**	800
Deferred income taxes	**—**	—
Gain on sale of foreclosed assets	**—**	(104)
Write-down of foreclosed assets	**—**	500
Loss on sale of premises, equipment and software	**—**	—
Stock-based compensation	**173**	178
Net decrease (increase) in loans held for sale	**3,427**	(9,362)
Income from bank owned life insurance	**(125)**	(135)
Decrease (increase) in interest receivable	**155**	(239)
(Decrease) increase in interest payable	**(4)**	96
Net other operating activities	**2,100**	(191)
Net cash provided by operating activities	**13,066**	(5,938)
INVESTING ACTIVITIES		
Purchase of securities available for sale	**(12,949)**	(42,224)
Proceeds from sale of securities available for sale	**15,759**	22,470
Proceeds from maturities, calls, and paydowns of securities available for sale	**2,758**	1,445
Net redemption of restricted equity securities	**436**	(775)
Purchase of other equity securities	**—**	—
Purchase of annuity contracts	**—**	—
Purchase of bank owned life insurance contracts	**—**	—
Net increase in loans	**(53,263)**	(49,241)
Proceeds from sale of foreclosed assets	**95**	398
Proceeds from bank owned life insurance	**—**	—
Cash paid in acquisition	**—**	—
Proceeds from sale of premises, equipment and software	**—**	—
Purchase of premises, equipment and software	**(951)**	(6,538)
Net cash provided by (used in) investing activities	**(48,115)**	(74,465)
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	**120,383**	53,739
Proceeds from issuance of common stock	**165**	85
Net proceeds of other borrowings	**—**	20,861
Repayment of other borrowings	**1,012**	—
Common stock dividends paid	**(690)**	—
Net cash provided by (used in) financing activities	**120,870**	74,685
Net increase (decrease) in cash and cash equivalents	**86,821**	(5,718)
Cash and cash equivalents at beginning of year	**84,907**	115,235
Cash and cash equivalents at end of year	**$ 170,728**	$ 109,517
SUPPLEMENTAL DISCLOSURE		
Cash paid during the year for:		
Interest	**$ 1,397**	$ 2,631
Income Taxes	**$ —**	$ —
NONCASH TRANSACTIONS		
Transfers of loans to foreclosed assets	**$ 100**	$ 8
Internally financed sale of foreclosed assets	**$ —**	$ 923

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Southern States Bancshares, Inc. (the "Company") is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Southern States Bank (the "Bank"). The Bank is a commercial bank headquartered in Anniston, Calhoun County, Alabama. The Bank also operates branch offices in Birmingham, Opelika, Auburn, Huntsville, Sylacauga, Wedowee, Ranburne, Roanoke, Heflin, Alabama as well as Columbus, Carrollton, Dallas, and Newnan, Georgia. The Bank also has an LPO office located in Atlanta, Georgia. The Bank provides a full range of banking services in its primary market areas and the surrounding areas.

Basis of Presentation and Accounting Estimates

The unaudited consolidated financial statements include the accounts of the Company and its subsidiary. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of other real estate owned, financial instruments, deferred taxes, and other-than-temporary impairment of securities. In connection with the determination of the estimated losses on loans and the valuation of other real estate owned, management obtains independent appraisals for significant collateral.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its borrowers' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions.

In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Company has evaluated all transactions, events, and circumstances for consideration or disclosure through June 9, 2021, the date these financial statements were available, and has reflected or disclosed those items within the unaudited consolidated financial statements and related footnotes as deemed appropriate.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, cash items in process of collection, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Cash flows from loans held for sale, loans, restricted equity securities, and deposits are reported net.

The Company maintains amounts due from banks which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

The Bank is required to maintain reserve balances in cash or on deposit with a correspondent bank for the Federal Reserve Bank, based on a percentage of deposits. The total of those reserve balances was $0 at March 31, 2021 and December 31, 2020.

Securities

All securities are classified as “available for sale” and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Company evaluates investment securities for other-than-temporary impairment (OTTI) using relevant accounting guidance on a regular basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near term prospects of the issuer including an evaluation of credit ratings, (3) the impact of changes in market interest rates, (4) the intent of the Company to sell a security, and (5) whether it is more likely than not the Company will have to sell the security before recovery of its cost basis. If the Company intends to sell an impaired security, or if it is more likely than not the Company will have to sell the security before recovery of its cost basis, the Company records an other-than-temporary loss in an amount equal to the entire difference between fair value and amortized cost. Otherwise, only the credit portion of the estimated loss is recognized in earnings, with the other portion of the loss is recognized in other comprehensive income (loss).

Other Equity Securities

The mutual fund owned by the Bank is classified as an equity security, and it is carried at fair value with any periodic changes in value recorded through the income statement.

Restricted Equity Securities

Restricted equity securities are investments that are restricted in marketability. The Company, as a member of the Federal Home Loan Bank (FHLB) system, is required to maintain an investment in capital stock of the FHLB based upon its assets or outstanding advances. The Company has also purchased stock in First National Banker’s Bankshares, Inc. (FNBB), and Pacific Coast Banker’s Bank (PCBB), both correspondent banks.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Held For Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value (LOCOM). For loans carried at LOCOM, gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan. The estimated fair value of loans held for sale is based on independent third party quoted prices.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances less deferred fees and costs on originated loans and the allowance for loan losses. Interest income is accrued on the outstanding principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the life of the loan, using the straight line method without anticipating prepayments.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, or at the time the loan is 90 days past due, unless the loan is well-secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal and interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income or charged to the allowance; unless management believes that the accrual of interest is recoverable through the liquidation of collateral. Interest income on nonaccrual loans is recognized on the cash basis, until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and the loan has been performing according to the contractual terms generally for a period of not less than six months.

Certain Purchased Loans

Purchased loans are recorded at their fair value at the acquisition date. Credit discounts are included in the determination of fair value; therefore, an allowance for loan losses is not recorded at the acquisition date. Acquired loans are evaluated upon acquisition and classified as either purchased impaired or purchased non-impaired. Purchased impaired loans reflect credit deterioration since origination such that it is probable at acquisition that the Company will be unable to collect all contractually required payments. The purchased impaired loans acquired are subject to the Company's internal and external credit review and monitoring. If credit deterioration is experienced subsequent to the initial acquisition fair value amount, such deterioration will be measured, and a provision for credit losses will be charged to earnings.

Such purchased loans are accounted for individually. The Company estimates the amount and timing of expected cash flows for each purchased loan, and the expected cash flows in excess of the amount paid is recorded as interest income over the remaining life of the loan or pool (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not recorded (nonaccretable difference). Over the life of the loan, expected cash flows will continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income. Purchased impaired loans at the time of acquisition are accounted for under ASC 310-30.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain Purchased Loans (Continued)

Purchased non-impaired loans are accounted for under ASC 310-20, with the difference between the fair value and unpaid principal balance of the loan at the acquisition date amortized or accreted to interest income over the estimated life of the loans.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Confirmed losses are charged off immediately. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of loans in light of historical experience, the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions that may affect the borrower's ability to pay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical loss experience adjusted for qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when it is probable, based on current information and events, the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Loans, for which the terms have been modified at the borrower's request, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are not generally classified as impaired. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (Continued)

The Company's allowance is allocated among commercial real estate loans, real estate construction and development loans, residential real estate loans, commercial and industrial loans, and consumer loans. The general allocations to these loan pools are based on the historical loss rates for specific loan types and the internal risk grade, if applicable, adjusted for both internal and external qualitative risk factors. The qualitative factors considered by management include, among other factors, (1) changes in local and national economic conditions; (2) changes in asset quality and foreclosure rates; (3) changes in loan portfolio volume; (4) the composition and concentrations of credit; (5) the impact of competition on loan structuring and pricing; (6) the experience and ability of lending personnel and management; (7) effectiveness of the Company's loan policies, procedures and internal controls; (8) current conditions in the real estate and construction markets; (9) the effect of entrance into new markets or the offering of a new product; (10) the loan review system and oversight of the Board of Directors. The total allowance established for each homogeneous loan pool represents the product of the historical loss ratio adjusted for internal and external factors and the total dollar amount of the loans in the pool.

Troubled Debt Restructurings

A loan is considered a troubled debt restructuring (TDR) based on individual facts and circumstances. The Company designates loan modifications as TDRs when for economic or legal reasons related to the borrower's financial difficulties, it grants a concession to the borrower that it would not otherwise consider. These concessions may include rate reductions, principal forgiveness, extension of maturity date and other actions intended to minimize potential losses.

In determining whether a borrower is experiencing financial difficulties, the Company considers if the borrower is in payment default or would be in payment default in the foreseeable future without the modification, the borrower declared or is in the process of declaring bankruptcy, the borrower's projected cash flows will not be sufficient to service any of its debt, or the borrower cannot obtain funds from sources other than the Company at a market rate for debt with similar risk characteristics.

In determining whether the Company has granted a concession, the Company assesses, if it does not expect to collect all amounts due, whether the current value of the collateral will satisfy the amounts owed, whether additional collateral or guarantees from the borrower will serve as adequate compensation for other terms of the restructuring, and whether the borrower otherwise has access to funds at a market rate for debt with similar risk characteristics.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are reflected in income.

	Years
Buildings	10-39
Furniture and equipment	3-7

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company—put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated selling costs. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell. Costs of improvements are capitalized, whereas costs related to holding foreclosed assets and subsequent write-downs to the value are expensed. Any gains and losses realized at the time of disposal are reflected in income.

Goodwill

Goodwill represents the excess of the amount paid over the fair value of the net assets at the date of acquisition. Goodwill is subject to an annual evaluation of impairment. If desired, the Company can assess qualitative factors to determine if comparing the carrying value of the reporting unit to its fair value is necessary. Should the fair value be less than the carrying value, an impairment write-down would be taken. Based on its assessment of qualitative factors, the Company determined that no impairment exists at March 31, 2021.

Goodwill is not amortized but is evaluated for impairment on an annual basis or whenever an event occurs or circumstances change to indicate that it is more likely than not that an impairment loss has been incurred (i.e., a triggering event). During 2021, the Company performed a goodwill impairment test in March 2021. The qualitative factors considered in determining if fair value of the unit was less than the carrying amount were economic conditions related to the COVID-19 virus and the change in the interest rate environment. A quantitative assessment of goodwill impairment included determining the estimated fair value of Company using a market-based approach. The market approach was based on a comparison of certain financial metrics of the Company to public company peers. It was determined there was no impairment.

Core Deposit Intangible

A core deposit intangible is initially recognized based on a valuation, of acquired deposits, performed as of the acquisition date. The core deposit intangible is amortized over the average remaining life of the acquired customer deposits, or approximately 7 years. The intangible asset is reviewed annually for events or circumstances that could negatively impact the recoverability of the intangible. These events could include loss of core deposits, increased competition, or adverse changes in the economy. To the extent this intangible asset is deemed unrecoverable, an impairment

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Core Deposit Intangible (Continued)

charge would be recorded. The Company maintains steady deposit growth across our markets and continues to attract new customer deposits. The intangible asset was evaluated for impairment as of March 31, 2021 and based on that evaluation there was no impairment.

Accounting Policy for Derivative Instruments and Hedging Activities

FASB ASC 815, *Derivatives and Hedging* ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

In accordance with the FASB's fair value measurement guidance in ASU 2011-04, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Income Taxes

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets may be reduced by deferred tax liabilities and a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. Management believes that the Company will generate sufficient operating earnings to realize the deferred tax benefits.

Earnings Per Share

Basic earnings per share is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share reflect additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to outstanding stock options.

	For the Three Months Ended March 31,	
	2021	2020
Basic Earnings Per Share:		
Net income	**$ 5,681**	$ 2,675
Weighted average common shares outstanding	**7,681,578**	7,654,192
Basic earnings per share	**$ 0.74**	$ 0.35
Diluted Earnings Per Share:		
Net income allocated to common shareholders	**$ 5,674**	$ 2,675
Weighted average common shares outstanding	**7,681,578**	7,654,192
Net dilutive effect of:		
Assumed exercises of stock options	**113,281**	137,037
Average shares and dilutive potential common shares	**7,794,859**	7,791,229
Diluted earnings per share	$ 0.73	$ 0.34

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock Compensation Plans

Stock compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options and warrants, restricted stock plans, performance-based awards, share appreciation rights, and employee share purchase plans.

The stock compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options, while the estimated market price of the Company's common stock at the date of grant is used for restricted stock awards and stock grants.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Fair Value of Financial Instruments

Fair values of financial instruments are estimates using relevant market information and other assumptions, as more fully disclosed in Note 12. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Revenue Recognition

On January 1, 2018, the Company adopted ASC 606 and all subsequent amendments (collectively "ASC 606") which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as other real estate owned (OREO). The majority of the Company's revenues come from interest income and other sources, including loans and securities that are outside the scope of ASC 606. With the exception of gains/losses on sale of OREO, the Company's services that fall within the scope of ASC 606 are presented within noninterest income and are recognized as revenue as the Company satisfies its obligations to the customer. Services within the scope of ASC 606 reported in noninterest income include service charges on deposit accounts, bank card services and interchange fees, and ATM fees.

Recent Accounting Pronouncements

In February 2016 the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases (Topic 842)" to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

arrangements. ASU 2016-02 requires organizations that lease assets (lessees) to recognize on the balance sheet the assets and liabilities for the rights and obligations created by the lease for all operating leases under current U.S. GAAP with a term of more than 12 months. The ASU is effective for non public business entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The adoption of ASU 2016-02 is not expected to have a material impact on the Company's consolidated financial statements.

In July 2018 the FASB issued ASU 2018-11, "Leases –Targeted Improvements" to provide entities with relief from the costs of implementing certain aspects of the new leasing standard, ASU 2016-02. Specifically, under the amendments in ASU 2018-11: (1) entities may elect not to recast the comparative periods presented when transitioning to the new leasing standard, and (2) lessors may elect not to separate lease and non-lease components when certain conditions are met. The amendments have the same effective date as ASU 2016-02 (January 1, 2022 for the Company). The adoption of ASU 2018-11 is not expected to have a material impact on the Company's consolidated financial statements.

In June 2016 the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The new guidance will apply to most financial assets measured at amortized cost and certain other instruments including loans, debt securities held to maturity, net investments in leases and off-balance sheet credit exposures. The guidance will replace the current incurred loss accounting model that delays recognition of a loss until it is probable a loss has been incurred with an expected loss model that reflects expected credit losses based upon a broader range of estimates including consideration of past events, current conditions and supportable forecasts. The guidance also eliminates the current accounting model for purchased credit impaired loans and debt securities, which will require re-measurement of the related allowance at each reporting period. The guidance includes enhanced disclosure requirements intended to help financial statement users better understand estimates and judgement used in estimating credit losses. As originally issued, ASU 2016-13 was effective for financial statements issued for fiscal years and for interim periods within those fiscal years beginning after December 15, 2020, with institutions required to apply the changes through a cumulative-effect adjustment to their retained earnings balance as of the beginning of the first reporting period in which the guidance is effective. On October 16, 2019, the FASB approved a delay in the implementation of ASU 2016-13 by two years for non pubic business entities, including the Company. Management has been in the process of developing a revised model to calculate the allowance for loan and leases losses upon implementation of ASU 2016-13 in order to determine the impact on the Company's consolidated financial statements and, at this time, expects to recognize a one-time cumulative effect adjustment to the allowance for loan and lease losses as of the beginning of the first reporting period in which the new standard is effective. The magnitude of any such one-time adjustments is not yet known.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 2. SECURITIES

The amortized cost and fair value of securities are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale				
March 31, 2021:				
U.S. Treasury securities	**$ 2,665**	**$ —**	**$ (2)**	**$ 2,663**
U.S. Government sponsored enterprises (GSEs)	**9,311**	**131**	**(66)**	**9,376**
State and municipal securities	**57,168**	**2,165**	**(349)**	**58,984**
Corporate debt securities	**9,033**	**188**	**(37)**	**9,184**
Asset based securities	**8,955**	**151**	**(1)**	**9,105**
Mortgage-backed				
GSE residential/multifamily	**16,642**	**299**	**(36)**	**16,905**
Total securities available for sale	**$103,774**	**$ 2,934**	**$ (491)**	**$106,217**
December 31, 2020:				
U.S. Government sponsored enterprises (GSEs)	$ 9,154	$ 246	$ (34)	$ 9,366
State and municipal securities	64,468	3,531	(58)	67,941
Corporate debt securities	8,286	188	(5)	8,469
Asset based securities	9,035	76	—	9,111
Mortgage-backed				
GSE residential/multifamily	18,753	394	(33)	19,114
Total securities available for sale	$109,696	$ 4,435	$ (130)	$114,001

Securities with a carrying value of approximately $43,857 at March 31, 2021 and $40,983 at December 31, 2020, were pledged to secure public deposits and for other purposes as required or permitted by law.

The amortized cost and fair value of securities available for sale as of March 31, 2021 by contractual maturity are shown below. Actual maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or repaid with or without penalty. Therefore, these securities are not included by maturity in the following summary:

	Securities Available for Sale	
	Amortized Cost	Fair Value
Due from one year to five years	$ 1,195	$ 1,233
Due after five to ten years	19,620	19,866
Due after ten years	66,318	68,213
Mortgage-backed securities	16,641	16,905
	$ 103,774	$ 106,217

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 2. SECURITIES (Continued)

Temporarily Impaired Securities

The following table shows the gross unrealized losses and fair value of securities, aggregated by category and length of time that securities have been in a continuous unrealized loss position at March 31, 2021 and December 31, 2020.

	Less Than Twelve Months		Over Twelve Months		
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Total Unrealized Losses
March 31, 2021					
U.S. Treasury securities	**$ (2)**	**$ 553**	**$ —**	**$—**	**$ (2)**
U.S. Government sponsored enterprises (GSEs)	**(66)**	**2,733**	**—**	**—**	**(66)**
State and municipal securities	**(340)**	**15,046**	**(9)**	**157**	**(349)**
Corporate debt securities	**(37)**	**2,963**	**—**	**—**	**(37)**
Asset based securities	**(1)**	**960**	**—**	**—**	**(1)**
Mortgage-backed GSE residential/multifamily	**(36)**	**5,132**	**—**	**—**	**(36)**
Total securities	**$ (482)**	**$27,387**	**$ (9)**	**$157**	**$ (491)**

	Less Than Twelve Months		Over Twelve Months		
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Total Unrealized Losses
December 31, 2020					
U.S. Government sponsored enterprises (GSEs)	$ (34)	$ 2,051	$ —	$—	$ (34)
State and municipal securities	(58)	4,979	—	—	(58)
Corporate debt securities	(5)	1,495	—	—	(5)
Asset based securities	—	960	—	—	—
Mortgage-backed GSE residential/multifamily	(33)	6,643	—	—	(33)
Total securities	$ (130)	$16,128	$ —	$—	$ (130)

The unrealized losses on forty-one securities were caused by interest rate changes. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities before recovery of the amortized cost bases, at maturity, the Company does not consider these securities to be other-than-temporarily impaired at March 31, 2021.

Other-Than-Temporary Impairment

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. Factors included in the evaluation process may include geographic concentrations, credit ratings, and other performance indicators of the underlying asset. As of March 31, 2021 and December 31, 2020, no securities within the Company's investment securities portfolio was considered other-than-temporarily impaired.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. LOANS

Portfolio Segments and Classes

The composition of loans, excluding loans held for sale, is summarized as follows:

	December 31,	
	March 31, 2021	**December 31, 2020**
Real estate mortgages:		
Construction and development	**$ 121,199**	$ 102,559
Residential	**151,883**	152,212
Commercial	**575,022**	514,923
Commercial and industrial	**230,157**	254,395
Consumer and other	**9,200**	9,644
	1,087,461	1,033,733
Deferred loan fees	**(4,187)**	(3,618)
Allowance for loan losses	**(12,605)**	(11,859)
Loans, net	**$1,070,669**	$ 1,018,256

For purposes of the disclosures required pursuant to ASC 310, the loan portfolio was disaggregated into segments and then further disaggregated into classes for certain disclosures. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. There are three loan portfolio segments that include real estate, commercial and industrial, and consumer and other. A class is generally determined based on the initial measurement attribute, risk characteristic of the loan, and an entity's method for monitoring and assessing credit risk. Commercial and industrial is a separate commercial loan class. Classes within the real estate portfolio segment include construction and development, residential mortgages, and commercial mortgages. Consumer loans and other are a class in itself.

In light of the U.S. and global economic crisis brought about by the COVID-19 pandemic, the Company has prioritized assisting its clients through this troubled time. The CARES Act provides for Paycheck Protection Plan (PPP) loans to be made by banks to employers with less than 500 employees if they continue to employ their existing workers. As of March 31, 2021, the Company has outstanding 332 loans for a total amount of $60,846 under the PPP. At March 31, 2021, unaccreted deferred loan origination fees related to PPP loans totaled $1,536. PPP loan origination fees recorded as an adjustment to loan yield for the year were $976. These PPP loans are included within the commercial and industrial loan category in the table above.

The following describe risk characteristics relevant to each of the portfolio segments and classes:

Real estate - As discussed below, the Company offers various types of real estate loan products. All loans within this portfolio segment are particularly sensitive to the valuation of real estate:

- Loans for real estate construction and development are repaid through cash flow related to the operations, sale or refinance of the underlying property. This portfolio class includes extensions of credit to real estate developers or investors where repayment is dependent on the sale of the real estate or income generated from the real estate collateral.
- Residential mortgages include 1-4 family first mortgage loans which are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property. Also included in residential mortgages are real estate loans secured by farmland,

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Portfolio Segments and Classes (Continued)

second liens, or open end real estate loans, such as home equity lines. These loans are typically repaid in the same means as 1-4 family first mortgages.

- Commercial real estate mortgage loans include both owner-occupied commercial real estate loans and other commercial real estate loans such as commercial loans secured by income producing properties. Owner-occupied commercial real estate loans made to operating businesses are long-term financing of land and buildings and are repaid by cash flows generated from business operations. Real estate loans for income-producing properties such as apartment buildings, hotels, office and industrial buildings, and retail shopping centers are repaid by cash flows from rent income derived from the properties.

Commercial and industrial - The commercial loan portfolio segment includes commercial and industrial loans. These loans include those loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, leases, or expansion projects. Loans are repaid by business cash flows. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the borrowers' business operations.

Consumer and other - The consumer loan portfolio segment includes direct consumer installment loans, overdrafts and other revolving credit loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures which affects borrowers' incomes and cash for repayment.

Credit Risk Management

The Chief Credit Officer, Officers Loan Committee and Directors Loan Committee are each involved in the credit risk management process and assess the accuracy of risk ratings, the quality of the portfolio and the estimation of inherent credit losses in the loan portfolio. This comprehensive process also assists in the prompt identification of problem credits. The Company has taken a number of measures to manage the portfolios and reduce risk, particularly in the more problematic portfolios.

The Company employs a credit risk management process with defined policies, accountability and routine reporting to manage credit risk in the loan portfolio segments. Credit risk management is guided by a comprehensive Loan Policy that provides for a consistent and prudent approach to underwriting and approvals of credits. Within the Board approved Loan Policy, procedures exist that elevate the approval requirements as credits become larger and more complex. All loans are individually underwritten, risk-rated, approved, and monitored.

Responsibility and accountability for adherence to underwriting policies and accurate risk ratings lies in each portfolio segment. For the consumer portfolio segment, the risk management process focuses on managing customers who become delinquent in their payments. For the commercial and real estate portfolio segments, the risk management process focuses on underwriting new business and, on an ongoing basis, monitoring the credit of the portfolios. To ensure problem credits are identified on a timely basis, several specific portfolio reviews occur each year to assess the larger adversely rated credits for proper risk rating and accrual status.

Credit quality and trends in the loan portfolio segments are measured and monitored regularly. Detailed reports, by product, collateral, accrual status, etc., are reviewed by the Chief Credit Officer, Officers Loan Committee and Directors Loan Committee.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

A description of the general characteristics of the risk categories used by the Company is as follows:

- **Pass** - A pass loan is a strong credit with no existing or known potential weaknesses deserving of management's close attention.
- **Special Mention** - A loan that has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the institution's credit position at some future date. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.
- **Substandard** - Substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.
- **Doubtful** - Loans classified Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.
- **Loss** - Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

The following tables summarize the risk category of the Company's loan portfolio based upon the most recent analysis performed as of March 31, 2021 and December 31, 2020:

	Pass	Special Mention	Substandard	Doubtful	Total
March 31, 2021					
Real estate mortgages:					
Construction and development	**$ 113,350**	**$ 2,087**	**$ 5,762**	**$ —**	**$ 121,199**
Residential	**144,505**	**5,847**	**1,425**	**106**	**151,883**
Commercial	**544,233**	**24,557**	**6,232**	**—**	**575,022**
Commercial and industrial	**218,689**	**10,885**	**317**	**266**	**230,157**
Consumer and other	**7,768**	**1,417**	**15**	**—**	**9,200**
Total:	**$1,028,545**	**$44,793**	**$ 13,751**	**$ 372**	**$1,087,461**
December 31, 2020					
Real estate mortgages:					
Construction and development	$ 95,214	$ 6,113	$ 1,232	$ —	$ 102,559
Residential	144,256	6,245	1,627	84	152,212
Commercial	471,555	36,754	6,614	—	514,923
Commercial and industrial	240,646	13,138	611	—	254,395
Consumer and other	8,186	1,435	23	—	9,644
Total:	$ 959,857	$63,685	$ 10,107	$ 84	$1,033,733

Past Due Loans

A loan is considered past due if any required principal and interest payments have not been received as of the date such payments were required to be made under the terms of the loan agreement. Generally, management places a loan on nonaccrual when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is generally when a loan is 90 days past due. The following tables present the aging of the recorded investment in loans and leases as of March 31, 2021 and December 31, 2020:

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Past Due Loans (Continued)

	Current	Past Due Status (Accruing Loans) 30-59 Days	60-89 Days	90+ Days	Total Past Due	Nonaccrual	Total
March 31, 2021							
Real estate mortgages:							
Construction and development	**$ 120,063**	**$ 74**	**$ —**	**$—**	**$ 74**	**$ 1,062**	**$ 121,199**
Residential	**150,423**	**635**	**—**	**—**	**635**	**825**	**151,883**
Commercial	**572,647**	**803**	**—**	**—**	**803**	**1,572**	**575,022**
Commercial and industrial	**229,439**	**335**	**—**	**—**	**335**	**383**	**230,157**
Consumer and other	**9,171**	**14**	**—**	**—**	**14**	**15**	**9,200**
Total:	**$1,081,743**	**$1,861**	**$ —**	**$—**	**$ 1,861**	**$ 3,857**	**$1,087,461**
December 31, 2020							
Real estate mortgages:							
Construction and development	$ 101,375	$ 117	$ 90	$—	$ 207	$ 977	$ 102,559
Residential	150,837	382	94	42	518	857	152,212
Commercial	512,208	1,196	—	41	1,237	1,478	514,923
Commercial and industrial	252,473	626	1,212	—	1,838	84	254,395
Consumer and other	9,581	18	15	8	41	22	9,644
Total:	$1,026,474	$2,339	$1,411	$ 91	$ 3,841	$ 3,418	$1,033,733

Allowance for Loans Losses

The following tables detail activity in the allowance for loan losses by portfolio segment as of March 31, 2021 and March 31, 2020. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Real Estate	Commercial	Consumer	Total
March 31, 2021				
Allowance for loan losses:				
Balance, beginning of year	**$ 8,057**	**$ 3,609**	**$ 193**	**$ 11,859**
Provision for loan losses	**1,231**	**(428)**	**(53)**	**750**
Loans charged off	**(16)**	**—**	**(2)**	**(18)**
Recoveries of loans previously charged off	**2**	**11**	**1**	**14**
Ending balance	**$ 9,274**	**$ 3,192**	**$ 139**	**$ 12,605**
Ending balance – individually evaluated for impairment	**$ 357**	**$ 390**	**$ 12**	**$ 759**
Ending balance – collectively evaluated for impairment	**8,823**	**2,802**	**127**	**11,752**
Ending balance – loans acquired with deteriorated credit quality	**94**	**—**	**—**	**94**
Total ending balance	**$ 9,274**	**$ 3,192**	**$ 139**	**$ 12,605**

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Allowance for Loans Losses (Continued)

	Real Estate	Commercial	Consumer	Total
Loans:				
Ending balance – individually evaluated for impairment	**$ 15,829**	**$ 583**	**$ 42**	**$ 16,454**
Ending balance – collectively evaluated for impairment	**830,912**	**229,574**	**9,158**	**1,069,644**
Ending balance – loans acquired with deteriorated credit quality	**1,363**	**—**	**—**	**1,363**
Total ending balance	**$ 848,104**	**$ 230,157**	**$ 9,200**	**$ 1,087,461**
March 31, 2020				
Allowance for loan losses:				
Balance, beginning of year	$ 7,254	$ 1,885	$ 126	$ 9,265
Provision for loan losses	(1,875)	2,815	(140)	800
Loans charged off	(48)	—	(11)	(59)
Recoveries of loans previously charged off	2	112	79	193
Ending balance	$ 5,333	$ 4,812	$ 54	$ 10,199
Ending balance – individually evaluated for impairment	$ 35	$ 155	$ —	$ 190
Ending balance – collectively evaluated for impairment	5,296	4,656	52	10,004
Ending balance – loans acquired with deteriorated credit quality	2	1	2	5
Total ending balance	$ 5,333	$ 4,812	$ 54	$ 10,199
Loans:				
Ending balance – individually evaluated for impairment	$ 4,645	$ 16,011	$ —	$ 20,656
Ending balance – collectively evaluated for impairment	717,496	138,386	11,064	866,946
Ending balance – loans acquired with deteriorated credit quality	1,288	618	3	1,909
Total ending balance	$ 723,429	$ 155,015	$ 11,067	$ 889,511

Impaired Loans

A loan held for investment is considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due (both principal and interest) according to the terms of the loan agreement. The following tables detail our impaired loans, by portfolio class as of March 31, 2021 and December 31, 2020:

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Impaired Loans (Continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
March 31, 2021				
With no related allowance recorded:				
Real estate mortgages:				
Construction and development	**$ 5,511**	**$ 5,511**	**$**	**$ 5,511**
Residential	**2,396**	**2,396**	**—**	**2,405**
Commercial	**6,411**	**6,411**	**—**	**6,395**
Commercial and industrial	**200**	**200**	**—**	**208**
Consumer and other	**22**	**22**	**—**	**23**
Total with no related allowance recorded	**14,540**	**14,540**	**—**	**14,542**
With an allowance recorded:				
Real estate mortgages:				
Construction and development	**567**	**567**	**81**	**573**
Residential	**800**	**871**	**166**	**804**
Commercial	**1,507**	**1507**	**204**	**1,517**
Commercial and industrial	**383**	**383**	**390**	**387**
Consumer and other	**20**	**20**	**12**	**21**
Total with an allowance recorded	**3,277**	**3,348**	**853**	**3,302**
Total impaired loans:	**$ 17,817**	**$17,888**	**$ 853**	**$ 17,844**
December 31, 2020				
With no related allowance recorded:				
Real estate mortgages:				
Construction and development	$ 977	$ 977	$ —	$ 970
Residential	1,537	1,537	—	1,669
Commercial	5,117	5,117	—	5,425
Commercial and industrial	65	65	—	91
Consumer and other	22	22	—	24
Total with no related allowance recorded	7,718	7,718	—	8,179
With an allowance recorded:				
Real estate mortgages:				
Construction and development	644	644	106	668
Residential	1,557	1,628	628	1,636
Commercial	3,373	3,373	847	3,526
Commercial and industrial	791	791	478	886
Consumer and other	15	15	7	15
Total with an allowance recorded	6,380	6,451	2,066	6,731
Total impaired loans:	$ 14,098	$14,169	$ 2,066	$ 14,910

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. LOANS (Continued)

Impaired Loans (Continued)

A loan held for investment is considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due (both principal and interest) according to the terms of the loan agreement. The following tables detail our income on impaired loans, by portfolio class as of March 31, 2021 and March 31, 2020:

	Recorded Investment	Average Recorded Investment	Interest Income Recognized
March 31, 2021			
With no related allowance recorded:			
Real estate mortgages:			
Construction and development	**$ 5,511**	**$ 5,511**	**$ 41**
Residential	**2,396**	**2,405**	**23**
Commercial	**6,411**	**6,395**	**98**
Commercial and industrial	**200**	**208**	**3**
Consumer and other	**22**	**23**	**—**
Total with no related allowance recorded	**14,540**	**14,542**	**165**
With an allowance recorded:			
Real estate mortgages:			
Construction and development	**567**	**573**	**9**
Residential	**800**	**804**	**11**
Commercial	**1,507**	**1,517**	**22**
Commercial and industrial	**383**	**387**	**5**
Consumer and other	**20**	**21**	**—**
Total with an allowance recorded	**3,277**	**3,302**	**47**
Total impaired loans:	**$ 17,817**	**$ 17,844**	**$ 212**
March 31, 2020			
With no related allowance recorded:			
Real estate mortgages:			
Construction and development	$ 1,974	$ 1,976	$ 7
Residential	2,710	2,727	36
Commercial	775	778	7
Commercial and industrial	15,750	15,770	99
Consumer and other	—	—	—
Total with no related allowance recorded	21,209	21,251	149
With an allowance recorded:			
Real estate mortgages:			
Construction and development	—	—	—
Residential	130	132	1
Commercial	344	344	3
Commercial and industrial	879	882	15
Consumer and other	3	4	—
Total with an allowance recorded	1,356	1,362	19
Total impaired loans:	$ 22,565	$ 22,613	$ 168

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 4. PREMISES AND EQUIPMENT

Leases

The Company leases certain office facilities under long-term operating lease agreements. The leases expire at various dates through 2025 and some include renewal options. Many of these leases require the payment of property taxes, insurance premiums, maintenance, utilities and other costs. In many cases, rentals are subject to increase in relation to a cost-of-living index. The Company accounts for lease and non-lease components together as a single lease component. The Company determines if an arrangement is a lease at inception. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Future minimum lease payments on the leases described above, excluding any renewal options, are summarized as follows:

April 1, 2021 – March 31, 2022	$379
April 1, 2022 – March 31, 2023	155
April 1, 2023 – March 31, 2024	133
April 1, 2024 – March 31, 2025	29
	$696

Rental expense included in the consolidated statements of income for the three months ended March 31, 2021 and March 31, 2020 is $121 and $120, respectively.

NOTE 5. DEPOSITS

Major classifications of deposits are as follows:

	March 31, 2021	December 31, 2020
Noninterest-bearing transaction	**$ 365,114**	$ 290,867
Interest-bearing transaction	**519,991**	475,757
Savings	**46,495**	42,731
Time deposits, $250,000 and under	**296,042**	293,707
Time deposits, over $250,000	**32,402**	36,599
	$ 1,260,044	$ 1,139,661

Brokered deposits totaled approximately $39,151 at March 31, 20201 and $34,151 at December 31, 2020. The scheduled maturities of time deposits at March 31, 2021 are as follows:

April 1, 2021 – March 31, 2022	$ 258,650
April 1, 2022 – March 31, 2023	42,191
April 1, 2023 – March 31, 2024	8,651
April 1, 2024 – March 31, 2025	15,350
Thereafter	3,602
	$ 328,444

At March 31, 2021 and December 31, 2020, overdrawn transaction accounts reclassified to loans totaled $83 and $166, respectively.

Deposits from related parties held by the Company at March 31, 2021 and December 31, 2020 totaled $9,962 and $9,976, respectively.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 6. SUBORDINATED NOTES

On June 23, 2016, the Company issued $4,500 of Fixed-to-Floating Rate Subordinated Notes due July 2026 (the "Notes"). The Notes will initially bear interest at 6.625% per annum, payable semi-annually in arrears on January 1 and July 1 of each year, commencing on January 1, 2017 until July 1, 2021. Thereafter and to, but excluding, the maturity date or earlier redemption, interest shall be payable quarterly in arrears, at an annual floating rate equal to three-month LIBOR as determined for the applicable quarterly period, plus 5.412%. The Company may, at its option, beginning on July 1, 2021 and on any scheduled interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. Issuance costs related to the Notes totaled $79 and have been netted against the subordinated notes liability on the balance sheet. At March 31, 2021 and December 31, 2020, the remaining balance of the debt issuance cost was $3 and $7, respectively. The debt issuance costs are being amortized using the straight line method over sixty months and are recorded as a component of interest expense.

NOTE 7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Non-designated Hedges

Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments including the effects of offsetting as well as their classification on the consolidated balance sheets as of March 31, 2021 and December 31, 2020. As of March 31, 2021, the Company has posted cash collateral of $820. The amount of gain recognized in income on derivatives as a fair value adjustment and fee income, as of March 31, 2021, were $3 and $555, respectively.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet (Continued)

	March 31, 2021			December 31, 2020			
Derivatives not Designated as Hedging Instruments	**Notional Amount**	**Balance Sheet Location**	**Fair Value**	Derivatives not Designated as Hedging Instruments	Notional Amount	Balance Sheet Location	Fair Value
Interest Rate Products	**$ 73,728**	**Other Assets**	**$1,553**	Interest Rate Products	$49,664	Other Assets	$ 983
Interest Rate Products	**73,728**	**Other Liabilities**	**(1,580)**	Interest Rate Products	49,664	Other Liabilities	(1,013)

Credit-risk-related Contingent Features

Applicable for OTC derivatives with dealers

The company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the company could also be declared in default on its derivative obligations.

The Company has agreements with certain of its derivative counterparties that contain a provision where if the company fails to maintain its status as a well / adequate capitalized institution, then the Company could be required to post additional collateral.

As of March 31, 2021, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $1,555. If the Company had breached any of these provisions at March 31, 2021, it could have been required to settle its obligations under the agreements at their termination value of $1,555, less the required collateral of $820.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Loan Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets. The majority of all commitments to extend credit and standby letters of credit are variable rate instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. A summary of the Company's commitments is as follows:

	March 31, 2021	**December 31, 2020**
Commitments to extend credit	**$ 229,347**	$ 181,925
Standby letters of credit	**3,566**	2,814
	$ 232,913	$ 184,739

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

Loan Commitments (Continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral held varies and is required in instances which the Company deems necessary.

The Company has not been required to perform on any standby letters of credit, and the Company has not incurred any losses on financial standby letters of credit for the three months ended March 31, 2021 and March 31, 2020.

Contingencies

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material effect on the Company's financial statements.

NOTE 9. CONCENTRATIONS OF CREDIT

The Company originates primarily commercial, commercial real estate, residential real estate, and consumer loans to customers in Alabama and Georgia. The ability of the majority of the Company's customers to honor their contractual loan obligations is dependent on the economy in these areas.

Seventy-eight percent of the Company's loan portfolio is concentrated in real estate. A substantial portion of these loans are secured by real estate in the Company's primary market area. In addition, a substantial portion of the other real estate owned is located in those same markets. Accordingly, the ultimate collectibility of the loan portfolio and the recovery of the carrying amount of the other real estate owned are susceptible to changes in market conditions in the Company's primary market area. The other concentrations of credit by type of loan are set forth in Note 3.

The Company, according to regulatory restrictions, may not generally extend credit to any single borrower or group of related borrowers on a secured basis in excess of 20% of capital, as defined, or approximately $29,557 or on an unsecured basis in excess of 10% of capital, as defined, or approximately $14,778.

NOTE 10. STOCKHOLDERS' EQUITY

As of March 31, 2021, the Company had 7,716,428 shares of common stock issued and outstanding, of which 805,715 shares were non-voting.

As of December 31, 2020, the Company had 7,678,195 shares of common stock issued and outstanding, of which 805,715 shares were non-voting.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 11. REGULATORY MATTERS

The Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At March 31, 2021, approximately $9,185 of retained earnings was available for dividend declaration without regulatory approval.

The Bank is also subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total capital, Tier 1 capital, and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. In addition, the Bank is subject to an institution-specific capital buffer, which must exceed 2.50% to avoid limitations on distributions and discretionary bonus payments. Management believes, as of March 31, 2021 and December 31, 2020, that the Bank meets all capital adequacy requirements to which it is subject.

As of March 31, 2021, the Company and the Bank believe they are each well capitalized on a consolidated basis for bank regulatory purposes as their respective capital ratios exceed minimum total Tier 1 and CET1 risk-based capital ratios and Tier 1 leverage capital ratios as set forth in the following table.

	Actual		For Capital Adequacy Purposes [1]		Minimums To Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
March 31, 2021:						
Tier I Capital to Average Total Assets						
Company	**$ 124,231**	**9.21%**	**$ 53,938**	**4.00%**	**$ N/A**	**N/A**
Bank	**$ 136,185**	**10.10%**	**$ 53,938**	**4.00%**	**$ 67,422**	**5.00%**
CET1 Capital to Risk Weighted Assets						
Company	**$ 124,231**	**10.19%**	**$ 85,311**	**7.00%**	**$ N/A**	**N/A**
Bank	**$ 136,185**	**11.17%**	**$ 85,311**	**7.00%**	**$ 79,217**	**6.50%**
Tier I Capital to Risk Weighted Assets						
Company	**$ 124,231**	**10.19%**	**$ 103,591**	**8.50%**	**$ N/A**	**N/A**
Bank	**$ 136,185**	**11.17%**	**$ 103,591**	**8.50%**	**$ 97,498**	**8.00%**
Total Capital to Risk Weighted Assets						
Company	**$ 141,336**	**11.60%**	**$ 127,966**	**10.50%**	**$ N/A**	**N/A**
Bank	**$ 148,790**	**12.21%**	**$ 127,966**	**10.50%**	**$ 121,872**	**10.00%**
December 31, 2020:						
Tier I Capital to Average Total Assets						
Company	$ 118,837	9.24%	$ 51,426	4.00%	$ N/A	N/A
Bank	$ 130,852	10.18%	$ 51,426	4.00%	$ 77,139	5.00%
CET1 Capital to Risk Weighted Assets						
Company	$ 118,837	10.63%	$ 78,257	7.00%	$ N/A	N/A
Bank	$ 130,852	11.70%	$ 78,257	7.00%	$ 72,667	6.50%

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 11. REGULATORY MATTERS (Continued)

	Actual		For Capital Adequacy Purposes [1]		Minimums To Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier I Capital to Risk Weighted Assets						
Company	$118,837	10.63%	$ 95,026	8.50%	$ N/A	N/A
Bank	$130,852	11.70%	$ 95,026	8.50%	$ 89,436	8.00%
Total Capital to Risk Weighted Assets						
Company	$135,196	12.09%	$117,385	10.50%	$ N/A	N/A
Bank	$142,711	12.77%	$117,385	10.50%	$111,795	10.00%

1 Includes the capital conservation buffer.

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic (FASB ASC 820), the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1—Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value Hierarchy (Continued)

Level 2—Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3—Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents: The carrying amounts of cash and due from banks, interest-bearing deposits in banks, and federal funds sold make up cash and cash equivalents. The carrying amount of these short-term instruments approximate fair value.

Securities: Where quoted prices are available in an active market, management classifies the securities within level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, management estimates fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE obligations, and state and municipal securities. Mortgage-backed securities are included in level 2 if observable inputs are available. In certain cases where there is limited activity or less transparency around inputs to the valuation, those securities would be classified in level 3.

Other Equity Securities: The carrying amounts approximates fair value.

Restricted Equity Securities: The carrying amount of restricted equity securities with no readily determinable fair value approximates fair value based on the redemption provisions of the issuers which is cost.

Loans Held for Sale: The carrying amounts of loans held for sale approximates fair value.

Loans: The carrying amount of variable-rate loans that reprice frequently and have no significant change in credit risk approximates fair value. The fair values of fixed rate loans is estimated based on discounted contractual cash flows using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality.

Bank Owned Life Insurance: The carrying amount of bank owned life insurance approximates fair value.

Annuities: The carrying amounts of annuities approximate their fair values.

Deposits: The fair values disclosed for transaction deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). Fair values for fixed-rate

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value Hierarchy (Continued)

certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

Other Borrowings: The fair value of fixed-rate other borrowings is based on discounted contractual cash flows using interest rates currently being offered for borrowings of similar maturities. The fair values of the Company's variable-rate other borrowings approximate their carrying values.

Subordinated Notes: The carrying amounts of the subordinated notes approximate fair value.

Accrued Interest: The carrying amounts of accrued interest approximate fair value.

Trading Assets and Liabilities: The Company has derivative instruments in the form of interest rate swap agreements accounted for as trading assets and liabilities and carried at fair value. The fair value of these instruments is based on information obtained from a third party financial institution. The Company reflects these instruments within level 2 of the valuation hierarchy.

Off-Balance Sheet Credit-Related Instruments: Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

Assets Measured at Fair Value on a Recurring Basis

The only assets and liabilities measured at fair value on a recurring basis are our securities available-for-sale and swaps. There were no transfers between levels during the period. Information related to the Company's assets and liabilities measured at fair value on a recurring basis at March 31, 2021 and December 31, 2020 is as follows

		Fair Value Measurements At Reporting Date Using:		
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2021:				
U.S. Treasury securities	**$ 2,663**	**$ —**	**$ 2,663**	**$ —**
U.S. Government sponsored Enterprises (GSEs)	**9,376**	**—**	**9,376**	**—**
State and municipal securities	**58,984**	**—**	**58,984**	**—**
Corporate debt securities	**9,184**	**—**	**9,184**	**—**
Asset based securities	**9,105**	**—**	**9,105**	**—**
Mortgage-backed GSE residential/multifamily	**16,905**	**—**	**16,905**	**—**
Other equity securities	**4,995**	**—**	**4,995**	**—**
Interest Rate Products - asset	**1,553**	**—**	**1,553**	**—**
Interest Rate Products - liabilities	**(1,580)**	**—**	**(1,580)**	**—**

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Assets Measured at Fair Value on a Recurring Basis (Continued)

	Fair Value Measurements At Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020:				
U.S. Treasury securities	$ —	$ —	$ —	$ —
U.S. Government sponsored Enterprises (GSEs)	9,366	—	9,366	—
State and municipal securities	67,941	—	67,941	—
Corporate debt securities	8,469	—	8,469	—
Asset based securities	9,111	—	9,111	—
Mortgage-backed GSE residential/multifamily	19,114	—	19,114	—
Other equity securities	5,017	—	5,017	—
Interest Rate Products - asset	983	—	983	—
Interest Rate Products - liabilities	(1,013)	—	(1,013)	—

Assets Measured at Fair Value on a Nonrecurring Basis

Under certain circumstances management makes adjustments to fair value for assets and liabilities although they are not measured at fair value on an ongoing basis. The following table presents the financial instruments carried on the consolidated balance sheet by caption and by level in the fair value hierarchy at March 31, 2021 and December 31, 2020, for which a nonrecurring change in fair value has been recorded:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2021:				
Impaired loans	**$ 2,657**	**$ —**	**$ —**	**$ 2,657**
Foreclosed assets	**10,229**	**—**	**—**	**10,229**
Total	**$12,886**	**$ —**	**$ —**	**$ 12,886**

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020:				
Impaired loans	$ 4,392	$ —	$ —	$ 4,392
Foreclosed assets	10,224	—	—	10,224
Total	$14,616	$ —	$ —	$ 14,616

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Assets Measured at Fair Value on a Nonrecurring Basis (Continued)

Impaired Loans

Loans considered impaired under ASC 310-10-35, *Receivables*, are loans for which, based on current information and events, it is probable that the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Impaired loans can be measured based on the present value of expected payments using the loan's original effective rate as the discount rate, the loan's observable market price, or the fair value of the collateral less estimated selling costs if the loan is collateral dependent.

The fair value of impaired loans were primarily measured based on the value of the collateral securing these loans. Impaired loans are classified within level 3 of the fair value hierarchy. Collateral may be real estate and/or business assets including equipment, inventory, and/or accounts receivable. The Company generally determines the value of real estate collateral based on independent appraisals performed by qualified licensed appraisers. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Appraised values are discounted for estimated costs to sell and may be discounted further based on management's historical knowledge, changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts by management are subjective and are typically significant unobservable inputs for determining fair value. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors discussed above.

Impaired loans, which are usually measured for impairment using the fair value of collateral, had a carrying amount of $17,817 and $14,098 with a specific valuation allowance of $853 and $2,066 at March 31, 2021 and December 31, 2020, respectively. Of the $17,817 and $14,098 impaired loan portfolio, $3,510 and $6,458 were carried at fair value as a result of charge offs, specific valuation allowances, and the fair market adjustments at March 31, 2021 and December 31, 2020, respectively. The remaining $14,307 and $7,640 was carried at cost, as the fair value of the collateral on these loans exceeded the book value for each individual credit at March 31, 2021 and December 31, 2020, respectively. Charge offs and changes in specific valuation allowances at March 31, 2021 and December 31, 2020 on impaired loans carried at fair value resulted in additional provision for loan losses of $682 and $1,828, respectively.

Foreclosed Assets

Foreclosed assets, consisting of properties/assets obtained through foreclosure or in satisfaction of loans, are initially recorded at fair value less estimated costs to sell upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value less estimated costs to sell. Fair values are generally based on third party appraisals of the property/assets and are classified within level 3 of the fair value hierarchy. The appraisals are sometimes further discounted based on management's historical knowledge, and/or changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts are typically significant unobservable inputs for determining fair value. In cases where the carrying amount exceeds the fair value, less estimated costs to sell, a loss is recognized in noninterest expense.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Quantitative Disclosures for Level 3 Fair Value Measurements

The Company had no Level 3 assets measured at fair value on a recurring basis at March 31, 2021 or December 31, 2020.

For Level 3 assets measured at fair value on a non-recurring basis as of March 31, 2021, the significant unobservable inputs used in the fair value measurements are presented below.

	Carrying Amount	Valuation Technique	Significant Unobservable Input	Weighted Average of Input
Nonrecurring:				
Impaired loans	**$ 2,657**	**Appraisal**	**Appraisal discounts (%)**	**15-20%**
Foreclosed assets	**$10,229**	**Appraisal**	**Appraisal discounts (%)**	**10-15%**

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2020, the significant unobservable inputs used in the fair value measurements are presented below.

	Carrying Amount	Valuation Technique	Significant Unobservable Input	Weighted Average of Input
Nonrecurring:				
Impaired loans	$ 4,392	Appraisal	Appraisal discounts (%)	15-20%
Foreclosed assets	$10,224	Appraisal	Appraisal discounts (%)	10-15%

Fair Value of Financial Instruments

The carrying amount and estimated fair value of the Company's financial instruments were as follows:

	March 31, 2021			
		Estimated Fair Value		
	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	**$ 170,728**	**$170,728**	**$ —**	**$ —**
Securities available for sale	**106,217**	**—**	**106,217**	**—**
Other equity securities	**4,995**	**—**	**4,995**	**—**
Loans held for sale	**2,268**	**—**	**2,268**	**—**
Trading assets	**1,553**	**—**	**1,553**	**—**
Loans, net	**1,070,669**	**—**	**1,064,773**	**2,657**
Bank owned life insurance	**22,583**	**—**	**22,583**	**—**
Annuities	**12,920**	**—**	**12,903**	**—**
Foreclosed assets	**10,229**	**—**	**—**	**10,229**
Accrued interest receivable	**4,088**	**—**	**4,243**	**—**
Restricted equity securities	**2,788**	**—**	**—**	**2,788**
Financial liabilities:				
Deposits	**$1,260,044**	**$ —**	**$1,260,635**	**$ —**
Trading liabilities	**1,580**	**—**	**1,580**	**—**
FHLB advances	**31,900**	**—**	**31,938**	**—**
Other borrowings	**7,983**	**—**	**7,983**	**—**
Subordinated notes	**4,497**	**—**	**4,493**	**—**
Accrued interest payable	**274**	**—**	**274**	**—**

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 12. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value of Financial Instruments (Continued)

	December 31, 2020			
		Estimated Fair Value		
	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 84,907	$84,907	$ 84,907	$ —
Securities available for sale	114,001	—	114,001	—
Other equity securities	5,017	—	5,017	—
Loans held for sale	5,696	—	5,696	—
Trading assets	938	—	983	—
Loans, net	1,018,256	—	1,030,104	4,392
Bank owned life insurance	22,458	—	22,458	—
Annuities	12,920	—	12,903	—
Foreclosed assets	10,224	—	—	10,224
Accrued interest receivable	4,243	—	4,243	—
Restricted equity securities	3,224	—	—	3,224
Financial liabilities:				
Deposits	$1,139,661	—	$1,140,979	$ —
Trading liabilities	1,013	—	1,013	—
FHLB advances	30,900	—	30,962	—
Other borrowings	7,975	—	7,975	—
Subordinated notes	4,493	—	4,493	—
Accrued interest payable	278	—	278	—

NOTE 13. SUBSEQUENT EVENTS

On May 17, 2021, the Company provided a notice of redemption to the holders of the Notes to redeem the Notes on June 23, 2021. The Company will borrow approximately $4.5 million under its line of credit from First Horizon Bank to redeem the Notes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Southern States Bancshares and Subsidiary
Anniston, Alabama

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Southern States Bancshares, Inc. and Subsidiary (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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Other Matters

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and our report dated March 12, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

We have served as the Company's auditor since 2007.

Birmingham, Alabama
March 12, 2021

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SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

	2020	2019
Assets		
Cash and due from banks	**$ 23,229**	13,545
Interest-bearing deposits in banks	**51,503**	77,574
Federal funds sold	**10,175**	24,116
Total cash and cash equivalents	**84,907**	115,235
Securities available for sale	**114,001**	59,947
Other equity securities, at fair value	**5,017**	—
Restricted equity securities, at cost	**3,224**	2,022
Loans held for sale	**5,696**	2,578
Loans, net of unearned income	**1,030,115**	837,441
Less allowance for loan losses	**11,859**	9,265
Loans, net	**1,018,256**	828,176
Premises and equipment, net	**24,426**	20,126
Accrued interest receivable	**4,243**	2,986
Bank owned life insurance	**22,458**	22,078
Annuities	**12,903**	12,903
Foreclosed assets	**10,224**	7,042
Goodwill	**16,862**	16,862
Core deposit intangible	**1,764**	2,027
Other assets	**8,525**	3,509
Total assets	**$ 1,332,506**	1,095,491
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	**$ 290,867**	188,270
Interest-bearing	**848,794**	762,243
Total deposits	**1,139,661**	950,513
Other borrowings	**7,975**	7,984
FHLB Advances	**30,900**	—
Subordinated notes	**4,493**	4,478
Accrued interest payable	**278**	473
Other liabilities	**8,543**	5,406
Total liabilities	**1,191,850**	968,854
Commitments and contingencies:		
Stockholders' equity:		
Preferred stock, **$0.01 par value; 1,000,000 shares** authorized **0 shares** issued and outstanding at December 31, 2020 and 2019, respectively	**—**	—
Common stock, **$5 par value**, **15,000,000** shares authorized; **7,678,195** and 7,650,772 shares issued and outstanding at December 31, 2020 and 2019, respectively	**38,391**	38,254
Capital surplus	**65,327**	64,592
Retained earnings	**34,183**	23,918
Accumulated other comprehensive income	**3,194**	265
Unvested restricted stock	**(439)**	(392)
Total stockholders' equity	**140,656**	126,637
Total liabilities and stockholders' equity	**$ 1,332,506**	1,095,491

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Interest income:		
Loans, including fees	**$ 47,786**	$ 43,171
Taxable securities	**1,317**	718
Nontaxable securities	**643**	619
Other interest and dividends	**539**	2,447
Total interest income	**50,285**	46,955
Interest expense:		
Deposits	**7,854**	11,620
Other borrowings	**854**	486
Total interest expense	**8,708**	12,106
Net interest income	**41,577**	34,849
Provision for loan losses	**3,300**	5,700
Net interest income after provision for loan losses	**38,277**	29,149
Noninterest income:		
Service charges on deposit accounts	**1,458**	1,535
SWAP fees	**1,405**	—
SBA fees	**756**	929
Mortgage origination fees	**1,529**	909
Net gain on sale of securities	**742**	14
Other operating income	**2,651**	3,323
Total noninterest income	**8,541**	6,710
Noninterest expenses:		
Salaries and employee benefits	**18,765**	14,942
Equipment and occupancy expenses	**3,682**	2,537
Acquisition related expenses	**—**	3,373
Data processing fees	**1,729**	1,175
Regulatory assessments	**775**	240
Other operating expenses	**7,234**	5,504
Total noninterest expenses	**32,185**	27,771
Income before income taxes	**14,633**	8,088
Income tax expense	**2,526**	2,486
Net income	**$ 12,107**	$ 5,602
Basic earnings per share	**$ 1.58**	$ 0.82
Diluted earnings per share	**$ 1.56**	$ 0.81

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Net income	**$12,107**	$5,602
Other comprehensive income (loss):		
Unrealized holding gains on securities available for sale arising during the period, net of tax of $1,222 and $531, respectively	**3,478**	1,511
Reclassification adjustment for gains on securities available for sale realized in net income, net of tax of $193 and $4, respectively	**(549)**	(10)
Other comprehensive income	**2,929**	1,501
Comprehensive income	**$15,036**	$7,103

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Preferred Stock		Common Stock						
	Shares	Par Value	Shares	Par Value	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unvested Restricted Stock	Total Stockholders' Equity
Balance, December 31, 2018	—	$ —	6,483,183	32,416	43,735	20,688	(1,236)	(128)	$ 95,475
Net income	—	—	—	—	—	5,602	—	—	5,602
Issuance of common stock—acquisition	—	—	1,142,846	5,714	20,285	—	—	—	25,999
Issuance of restricted stock	—	—	24,809	124	353	—	—	(477)	—
Forfeiture of restricted stock	—	—	(66)	—	(1)	—	—	1	—
Stock-based compensation	—	—	—	—	220	—	—	212	432
Common stock dividends paid			—	—	—	(2,372)	—	—	(2,372)
Other comprehensive income	—	—	—	—	—	—	1,501	—	1,501
Balance, December 31, 2019	—	—	7,650,772	38,254	64,592	23,918	265	(392)	126,637
Net income	—	—	—	—	—	12,107	—	—	12,107
Issuance of common stock	—	—	3,822	19	57	—	—	—	76
Exercise of common stock options			1,000	5	5				10
Issuance of restricted stock	—	—	22,869	114	328	—	—	(442)	—
Forfeiture of restricted stock	—	—	(268)	(1)	(4)	—	—	5	—
Stock-based compensation	—	—	—	—	349	—	—	390	739
Common stock dividends paid	—	—	—	—	—	(1,842)	—	—	(1,842)
Other comprehensive income	—	—	—	—	—	—	2,929	—	2,929
Balance, December 31, 2020	—	$ —	7,678,195	$ 38,391	$ 65,327	$ 34,183	$ 3,194	$ (439)	$ 140,656

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY

(In thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES		
Net income	**$ 12,107**	$ 5,602
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and software amortization	**1,956**	1,135
Net (gain) loss on sale of securities available for sale	**(742)**	(14)
Net amortization of securities	**605**	507
Amortization of core deposit intangible	**264**	157
Provision for loan losses	**3,300**	5,700
Deferred income taxes	**(1,587)**	(206)
Gain on sale of foreclosed assets	**(76)**	(62)
Write-down of foreclosed assets	**920**	14
Loss on sale of premises, equipment and software	**15**	—
Stock-based compensation	**739**	432
Net increase in loans held for sale	**(3,118)**	(2,345)
Income from bank owned life insurance	**(528)**	(470)
(Increase) decrease in interest receivable	**(1,256)**	745
Increase (decrease) in interest payable	**(195)**	79
Net other operating activities	**(950)**	(253)
Net cash provided by operating activities	**11,454**	11,021
INVESTING ACTIVITIES		
Purchase of securities available for sale	**(85,255)**	(23,499)
Proceeds from sale of securities available for sale	**26,185**	95,099
Proceeds from maturities, calls, and paydowns of securities available for sale	**9,111**	5,378
Net redemption of restricted equity securities	**(1,213)**	97
Purchase of other equity securities	**(5,007)**	—
Purchase of annuity contracts	**—**	(2,500)
Purchase of bank owned life insurance contracts	**—**	(4,250)
Net increase in loans	**(199,324)**	(27,794)
Proceeds from sale of foreclosed assets	**1,554**	199
Proceeds from bank owned life insurance	**148**	—
Cash paid in acquisition	**—**	(4,951)
Proceeds from sale of premises, equipment and software	**376**	—
Purchase of premises, equipment and software	**(6,648)**	(1,394)
Net cash provided by (used in) investing activities	**(260,073)**	36,385
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	**189,147**	(16,711)
Proceeds from issuance of common stock	**86**	—
Net proceeds of other borrowings	**42,650**	7,984
Repayment of other borrowings	**(11,750)**	(7,500)
Common stock dividends paid	**(1,842)**	(2,372)
Net cash provided by (used in) financing activities	**218,291**	(18,599)
Net increase (decrease) in cash and cash equivalents	**(30,328)**	28,807
Cash and cash equivalents at beginning of year	**115,235**	86,428
Cash and cash equivalents at end of year	**$ 84,907**	$ 115,235
SUPPLEMENTAL DISCLOSURE		
Cash paid during the year for:		
Interest	**$ 8,903**	$ 12,027
Income Taxes	**$ 4,304**	$ 3,194
NONCASH TRANSACTIONS		
Transfers of loans to foreclosed assets	**$ 10,300**	$ 6,624
Internally financed sale of foreclosed assets	**$ 4,356**	$ —

See Notes to Consolidated Financial Statements.

SOUTHERN STATES BANCSHARES, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Southern States Bancshares, Inc. (the "Company") is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Southern States Bank (the "Bank"). The Bank is a commercial bank headquartered in Anniston, Calhoun County, Alabama. The Bank also operates branch offices in Birmingham, Opelika, Auburn, Huntsville, Sylacauga, Wedowee, Ranburne, Roanoke, Heflin, Alabama as well as Columbus, Carrollton, Dallas, and Newnan, Georgia. The Bank also has an LPO office located in Atlanta, Georgia. The Bank provides a full range of banking services in its primary market areas and the surrounding areas.

On September 13, 2019, the Company completed the acquisition of Wedowee, Alabama based East Alabama Financial Group, Inc, the holding company for Small Town Bank (STB) for $ 50 million in cash and stock (the "merger"). Upon closing of the transaction, Small Town Bank merged into Southern States Bank. See Note 2 for additional discussion.

Basis of Presentation and Accounting Estimates

The consolidated financial statements include the accounts of the Company and its subsidiary. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of other real estate owned, financial instruments, deferred taxes, and other-than-temporary impairment of securities. In connection with the determination of the estimated losses on loans and the valuation of other real estate owned, management obtains independent appraisals for significant collateral.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its borrowers' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions.

In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Company has evaluated all transactions, events, and circumstances for consideration or disclosure through March 12, 2021, the date these financial statements were available to be issued, and has reflected or disclosed those items within the consolidated financial statements and related footnotes as deemed appropriate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, cash items in process of collection, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Cash flows from loans held for sale, loans, restricted equity securities, and deposits are reported net.

The Company maintains amounts due from banks which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

The Bank is required to maintain reserve balances in cash or on deposit with a correspondent bank for the Federal Reserve Bank, based on a percentage of deposits. The total of those reserve balances was approximately $0 at December 31, 2020 and 2019.

Securities

All securities are classified as “available for sale” and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Company evaluates investment securities for other-than-temporary impairment (OTTI) using relevant accounting guidance on a regular basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near term prospects of the issuer including an evaluation of credit ratings, (3) the impact of changes in market interest rates, (4) the intent of the Company to sell a security, and (5) whether it is more likely than not the Company will have to sell the security before recovery of its cost basis. If the Company intends to sell an impaired security, or if it is more likely than not the Company will have to sell the security before recovery of its cost basis, the Company records an other-than-temporary loss in an amount equal to the entire difference between fair value and amortized cost. Otherwise, only the credit portion of the estimated loss is recognized in earnings, with the other portion of the loss is recognized in other comprehensive income (loss).

Other Equity Securities

The Bank adopted *Accounting Standards Update (ASU) No. 2016-01, Financial Instruments – Overall (Subtopic 825-10)* as of January 1, 2019. The main provisions of this update are to eliminate the available- for-sale classification of accounting for equity securities and to adjust the fair value disclosures for financial instruments carried at amortized costs such that the disclosed fair values represent an exit price as opposed to an entry price. The provisions of this update require that equity securities be carried at fair market value on the balance sheet and any periodic changes in market value are adjustments to the income statement. The remaining requirements of this update did not have a material impact on the financial position, results of operations, or cash flows.

The mutual fund owned by the Bank is classified as an equity security, and subsequent to the adoption of ASU 2016-01, it is carried at fair value with any periodic changes in value recorded through the income statement. Prior to the adoption of this standard, equity securities were included in available-for-sale securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Equity Securities

Restricted equity securities are investments that are restricted in marketability. The Company, as a member of the Federal Home Loan Bank (FHLB) system, is required to maintain an investment in capital stock of the FHLB based upon its assets or outstanding advances. The Company has also purchased stock in First National Banker's Bankshares, Inc. (FNBB), and Pacific Coast Banker's Bank (PCBB), both correspondent banks.

Loans Held For Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value (LOCOM). For loans carried at LOCOM, gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan. The estimated fair value of loans held for sale is based on independent third party quoted prices.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances less deferred fees and costs on originated loans and the allowance for loan losses. Interest income is accrued on the outstanding principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the life of the loan, using the straight line method without anticipating prepayments.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, or at the time the loan is 90 days past due, unless the loan is well-secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal and interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income or charged to the allowance; unless management believes that the accrual of interest is recoverable through the liquidation of collateral. Interest income on nonaccrual loans is recognized on the cash basis, until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and the loan has been performing according to the contractual terms generally for a period of not less than six months.

Certain Purchased Loans

Purchased loans are recorded at their fair value at the acquisition date. Credit discounts are included in the determination of fair value; therefore, an allowance for loan losses is not recorded at the acquisition date. Acquired loans are evaluated upon acquisition and classified as either purchased impaired or purchased non-impaired. Purchased impaired loans reflect credit deterioration since origination such that it is probable at acquisition that the Company will be unable to collect all contractually required payments. The purchased impaired loans acquired are subject to the Company's internal and external credit review and monitoring. If credit deterioration is experienced subsequent to the initial acquisition fair value amount, such deterioration will be measured, and a provision for credit losses will be charged to earnings.

Such purchased loans are accounted for individually. The Company estimates the amount and timing of expected cash flows for each purchased loan, and the expected cash flows in excess of the amount

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain Purchased Loans (Continued)

paid is recorded as interest income over the remaining life of the loan or pool (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not recorded (nonaccretable difference). Over the life of the loan, expected cash flows will continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income. Purchased impaired loans at the time of acquisition are accounted for under ASC 310-30.

Purchased non-impaired loans are accounted for under ASC 310-20, with the difference between the fair value and unpaid principal balance of the loan at the acquisition date amortized or accreted to interest income over the estimated life of the loans.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Confirmed losses are charged off immediately. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of loans in light of historical experience, the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions that may affect the borrower's ability to pay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical loss experience adjusted for qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when it is probable, based on current information and events, the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Loans, for which the terms have been modified at the borrower's request, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are not generally classified as

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses (Continued)

impaired. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

The Company's allowance is allocated among commercial real estate loans, real estate construction and development loans, residential real estate loans, commercial and industrial loans, and consumer loans. The general allocations to these loan pools are based on the historical loss rates for specific loan types and the internal risk grade, if applicable, adjusted for both internal and external qualitative risk factors. The qualitative factors considered by management include, among other factors, (1) changes in local and national economic conditions; (2) changes in asset quality and foreclosure rates; (3) changes in loan portfolio volume; (4) the composition and concentrations of credit; (5) the impact of competition on loan structuring and pricing; (6) the experience and ability of lending personnel and management; (7) effectiveness of the Company's loan policies, procedures and internal controls; (8) current conditions in the real estate and construction markets; (9) the effect of entrance into new markets or the offering of a new product; (10) the loan review system and oversight of the Board of Directors. The total allowance established for each homogeneous loan pool represents the product of the historical loss ratio adjusted for internal and external factors and the total dollar amount of the loans in the pool.

Troubled Debt Restructurings

A loan is considered a troubled debt restructuring (TDR) based on individual facts and circumstances. The Company designates loan modifications as TDRs when for economic or legal reasons related to the borrower's financial difficulties, it grants a concession to the borrower that it would not otherwise consider. These concessions may include rate reductions, principal forgiveness, extension of maturity date and other actions intended to minimize potential losses.

In determining whether a borrower is experiencing financial difficulties, the Company considers if the borrower is in payment default or would be in payment default in the foreseeable future without the modification, the borrower declared or is in the process of declaring bankruptcy, the borrower's projected cash flows will not be sufficient to service any of its debt, or the borrower cannot obtain funds from sources other than the Company at a market rate for debt with similar risk characteristics.

In determining whether the Company has granted a concession, the Company assesses, if it does not expect to collect all amounts due, whether the current value of the collateral will satisfy the amounts owed, whether additional collateral or guarantees from the borrower will serve as adequate compensation for other terms of the restructuring, and whether the borrower otherwise has access to funds at a market rate for debt with similar risk characteristics.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Premises and Equipment (Continued)

exercise of such options is reasonably assured. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are reflected in income.

	Years
Buildings	10-39
Furniture and equipment	3-7

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated selling costs. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell. Costs of improvements are capitalized, whereas costs related to holding foreclosed assets and subsequent write-downs to the value are expensed. Any gains and losses realized at the time of disposal are reflected in income.

Goodwill

Goodwill represents the excess of the amount paid over the fair value of the net assets at the date of acquisition. Goodwill is subject to an annual evaluation of impairment. If desired, the Company can assess qualitative factors to determine if comparing the carrying value of the reporting unit to its fair value is necessary. Should the fair value be less than the carrying value, an impairment write-down would be taken. Based on its assessment of qualitative factors, the Company determined that no impairment exists at December 31, 2020.

Goodwill is not amortized but is evaluated for impairment on an annual basis or whenever an event occurs or circumstances change to indicate that it is more likely than not that an impairment loss has been incurred (i.e., a triggering event). During 2020, the Company performed a goodwill impairment test in December 2020. The qualitative factors considered in determining if fair value of the unit was less than the carrying amount were economic conditions related to the COVID-19 virus and the change in the interest rate environment. A quantitative assessment of goodwill impairment included determining the estimated fair value of Company using a market-based approach. The market approach was based on a comparison of certain financial metrics of the Company to public company peers. It was determined there was no impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Core Deposit Intangible

A core deposit intangible is initially recognized based on a valuation, of acquired deposits, performed as of the acquisition date. The acquisition of Small Town Bank resulted in the core deposit intangible increasing by $1,851. The core deposit intangible is amortized over the average remaining life of the acquired customer deposits, or approximately 7 years. The intangible asset is reviewed annually for events or circumstances that could negatively impact the recoverability of the intangible. These events could include loss of core deposits, increased competition, or adverse changes in the economy. To the extent this intangible asset is deemed unrecoverable, an impairment charge would be recorded. The Company maintains steady deposit growth across our markets and continues to attract new customer deposits. The intangible asset was evaluated for impairment as of December 31, 2020 and based on that evaluation there was no impairment.

The following table provides a summary of the Company's core deposit intangible asset:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
December 31, 2020			
Core deposit intangible	**$ 2,746**	**$ (982)**	**$ 1,764**
December 31, 2019			
Core deposit intangible	$ 2,746	$ (718)	$ 2,027

Amortization expense related to core deposit intangibles was $264 and $157 for the years ended December 31, 2020 and 2019. The estimated amortization expense related to core deposit intangible assets for future periods is summarized as follows:

2021	$ 264
2022	251
2023	185
2024	185
2025	185
Thereafter	694
Total	$1,764

Accounting Policy for Derivative Instruments and Hedging Activities

FASB ASC 815, *Derivatives and Hedging* ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policy for Derivative Instruments and Hedging Activities (Continued)

whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

In accordance with the FASB's fair value measurement guidance in ASU 2011-04, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Income Taxes

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets may be reduced by deferred tax liabilities and a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. Management believes that the Company will generate sufficient operating earnings to realize the deferred tax benefits.

Earnings Per Share

Basic earnings per share is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share reflect

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings Per Share (Continued)

additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to outstanding stock options.

	Years Ended December 31,	
	2020	2019
Basic Earnings Per Share:		
Net income	**$ 12,107**	$ 5,602
Weighted average common shares outstanding	**7,673,085**	6,840,411
Basic earnings per share	**$ 1.58**	$ 0.82
Diluted Earnings Per Share:		
Net income allocated to common shareholders	**$ 12,095**	$ 5,578
Weighted average common shares outstanding	**7,673,085**	6,840,411
Net dilutive effect of:		
Assumed exercises of stock options	**92,778**	61,210
Average shares and dilutive potential common shares	**7,765,863**	6,901,621
Diluted earnings per share	$ 1.56	$ 0.81

Stock Compensation Plans

Stock compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options and warrants, restricted stock plans, performance-based awards, share appreciation rights, and employee share purchase plans.

The stock compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options, while the estimated market price of the Company's common stock at the date of grant is used for restricted stock awards and stock grants.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Fair values of financial instruments are estimates using relevant market information and other assumptions, as more fully disclosed in Note 16. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Revenue Recognition

On January 1, 2018, the Company adopted ASC 606 and all subsequent amendments (collectively "ASC 606") which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as other real estate owned (OREO). The majority of the Company's revenues come from interest income and other sources, including loans and securities that are outside the scope of ASC 606. With the exception of gains/losses on sale of OREO, the Company's services that fall within the scope of ASC 606 are presented within noninterest income and are recognized as revenue as the Company satisfies its obligations to the customer. Services within the scope of ASC 606 reported in noninterest income include service charges on deposit accounts, bank card services and interchange fees, and ATM fees.

Recent Accounting Pronouncements

In February 2016 the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases (Topic 842)" to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU 2016-02 requires organizations that lease assets (lessees) to recognize on the balance sheet the assets and liabilities for the rights and obligations created by the lease for all operating leases under current U.S. GAAP with a term of more than 12 months. The ASU is effective for non public business entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The adoption of ASU 2016-02 is not expected to have a material impact on the Company's consolidated financial statements.

In July 2018 the FASB issued ASU 2018-11, "Leases –Targeted Improvements" to provide entities with relief from the costs of implementing certain aspects of the new leasing standard, ASU 2016-02. Specifically, under the amendments in ASU 2018-11: (1) entities may elect not to recast the comparative periods presented when transitioning to the new leasing standard, and (2) lessors may elect not to separate lease and non-lease components when certain conditions are met. The amendments have the same effective date as ASU 2016-02 (January 1, 2022 for the Company). The adoption of ASU 2018-11 is not expected to have a material impact on the Company's consolidated financial statements.

In June 2016 the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The new guidance will apply to most financial assets measured at amortized cost and certain other instruments including loans, debt securities held to maturity, net investments in leases and off-balance sheet credit exposures. The guidance will replace the current incurred loss accounting model that delays recognition of a loss until it is probable a loss has been incurred with an expected loss model that reflects expected credit losses based upon a broader range of estimates including consideration of past events, current conditions and supportable forecasts. The guidance also eliminates the current accounting model for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

purchased credit impaired loans and debt securities, which will require re-measurement of the related allowance at each reporting period. The guidance includes enhanced disclosure requirements intended to help financial statement users better understand estimates and judgement used in estimating credit losses. As originally issued, ASU 2016-13 was effective for financial statements issued for fiscal years and for interim periods within those fiscal years beginning after December 15, 2020, with institutions required to apply the changes through a cumulative-effect adjustment to their
retained earnings balance as of the beginning of the first reporting period in which the guidance is effective. On October 16, 2019, the FASB approved a delay in the implementation of ASU 2016-13 by two years for non pubic business entities, including the Company. Management has been in the process of developing a revised model to calculate the allowance for loan and leases losses upon implementation of ASU 2016-13 in order to determine the impact on the Company's consolidated financial statements and, at this time, expects to recognize a one-time cumulative effect adjustment to the allowance for loan and lease losses as of the beginning of the first reporting period in which the new standard is effective. The magnitude of any such one-time adjustments is not yet known.

NOTE 2. ACQUISITION ACTIVITY

The merger was accounted for under the purchase method of accounting, resulting in goodwill of $10,821.

The acquired assets and assumed liabilities as of September 13, 2019, as well as the adjustments to record the assets and liabilities at fair value, are presented in the following table:

	Book Value	Fair Value and Other Adjustments		As Recorded by the Company
Cash and cash equivalents	$ 19,051	$ —		$ 19,051
Securities available for sale	84,850	(1,593)	(a)	83,257
Restricted equity securities	737	—		737
Loans	118,357	(1,563)	(b)	116,794
Less allowance for loan losses	(1,489)	1,489	(c)	—
Core deposit intangible	—	1,851	(d)	1,851
Goodwill	2,612	(2,612)	(e)	—
Bank owned life insurance	5,143	—		5,143
Premises, equipment and software, net	2,710	847	(f)	3,557
Other assets	1,234	—		1,234
Total assets acquired	**$233,205**	**$ (1,581)**		**$231,624**
Deposits	$191,429	$ —		$191,429
Other liabilities	1,773	(759)	(g)	1,014
Total liabilities assumed	**$193,202**	**$ (759)**		**$192,443**
Net assets acquired				**$ 39,181**
Cash				$ 24,002
Stock				26,000
Total Consideration paid				**$ 50,002**
Goodwill				**$ 10,821**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 2. ACQUISITION ACTIVITY (Continued)

Explanation of fair value adjustments:

(a) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired securities portfolio.

(b) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio.

(c) Adjustment reflects the elimination of STB's allowance for loan losses.

(d) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts.

(e) Adjustment reflects the elimination of STB's goodwill.

(f) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired premises.

(g) Adjustment reflects the deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.

NOTE 3. SECURITIES

The amortized cost and fair value of securities are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale				
December 31, 2020:				
U.S. Government sponsored enterprises (GSEs)	**$ 9,154**	**$ 246**	**$ (34)**	**$ 9,366**
State and municipal securities	**64,468**	**3,531**	**(58)**	**67,941**
Corporate debt securities	**8,286**	**188**	**(5)**	**8,469**
Asset based securities	**9,035**	**76**	**—**	**9,111**
Mortgage-backed				
GSE residential/multifamily	**18,753**	**394**	**(33)**	**19,114**
Total securities available for sale	**$109,696**	**$ 4,435**	**$ (130)**	**$114,001**
December 31, 2019:				
U.S. Government sponsored enterprises (GSEs)	$ 7,258	$ 9	$ (102)	$ 7,165
State and municipal securities	29,239	525	(105)	29,659
Corporate debt securities	2,547	86	—	2,633
Mortgage-backed				
GSE residential/multifamily	20,545	31	(86)	20,490
Total securities available for sale	$ 59,589	$ 651	$ (293)	$ 59,947

Securities with a carrying value of approximately $40,983 and $25,359 at December 31, 2020 and 2019, respectively, were pledged to secure public deposits and for other purposes as required or permitted by law.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 3. SECURITIES (Continued)

The amortized cost and fair value of securities available for sale as of December 31, 2020 by contractual maturity are shown below. Actual maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or repaid with or without penalty. Therefore, these securities are not included by maturity in the following summary:

	Securities Available for Sale	
	Amortized Cost	Fair Value
Due from one year to five years	$ 1,200	$ 1,241
Due after five to ten years	15,518	15,873
Due after ten years	74,225	77,773
Mortgage-backed securities	18,753	19,114
	$ 109,696	$ 114,001

Gains and losses on sales of securities available for sale consist of the following:

	Years Ended December 31,	
	2020	2019
Gross gains	$765	$ 78
Gross losses	(23)	(64)
Net realized gain	$742	$ 14

Restricted equity securities consist of the following:

	December 31,	
	2020	2019
Federal Home Loan Bank stock	$2,299	$1,097
First National Banker's Bankshares, Inc. stock	675	675
Pacific Coast Banker's Bank stock	250	250
	$3,224	$2,022

Temporarily Impaired Securities

The following table shows the gross unrealized losses and fair value of securities, aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2020 and 2019.

	Less Than Twelve Months		Over Twelve Months		
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Total Unrealized Losses
December 31, 2020					
U.S. Government sponsored enterprises (GSEs)	**$ (34)**	**$ 2,051**	**$ —**	**$—**	**$ (34)**
State and municipal securities	**(58)**	**4,979**	**—**	**—**	**(58)**
Corporate debt securities	**(5)**	**1,495**	**—**	**—**	**(5)**
Asset based securities	**—**	**960**	**—**	**—**	**—**
Mortgage-backed GSE residential/multifamily	**(33)**	**6,643**	**—**	**—**	**(33)**
Total securities	**$ (130)**	**$16,128**	**$ —**	**$—**	**$ (130)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 3. SECURITIES (Continued)

Temporarily Impaired Securities (Continued)

	Less Than Twelve Months		Over Twelve Months		
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Total Unrealized Losses
December 31, 2019					
U.S. Government sponsored enterprises (GSEs)	$ (45)	$ 3,890	$ (57)	$2,401	$ (102)
State and municipal securities	(90)	5,967	(15)	1,090	(105)
Corporate debt securities	—	—	—	—	—
Mortgage-backed GSE residential/multifamily	(58)	11,954	(28)	2,236	(86)
Total securities	$ (193)	$21,811	$ (100)	$5,727	$ (293)

The unrealized losses on twenty securities were caused by interest rate changes. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities before recovery of the amortized cost bases, at maturity, the Company does not consider these securities to be other-than-temporarily impaired at December 31, 2020.

Other-Than-Temporary Impairment

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. Factors included in the evaluation process may include geographic concentrations, credit ratings, and other performance indicators of the underlying asset. As of December 31, 2020 and 2019, no securities within the Company's investment securities portfolio was considered other-than-temporarily impaired.

NOTE 4. LOANS

Portfolio Segments and Classes

The composition of loans, excluding loans held for sale, is summarized as follows:

	December 31,	
	2020	2019
Real estate mortgages:		
Construction and development	**$ 102,559**	$ 93,011
Residential	**152,212**	152,312
Commercial	**514,923**	441,946
Commercial and industrial	**254,395**	139,765
Consumer and other	**9,644**	11,955
	1,033,733	838,989
Deferred loan fees	**(3,618)**	(1,548)
Allowance for loan losses	**(11,859)**	(9,265)
Loans, net	**$1,018,256**	$828,176

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Portfolio Segments and Classes (Continued)

For purposes of the disclosures required pursuant to ASC 310, the loan portfolio was disaggregated into segments and then further disaggregated into classes for certain disclosures. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. There are three loan portfolio segments that include real estate, commercial and industrial, and consumer and other. A class is generally determined based on the initial measurement attribute, risk characteristic of the loan, and an entity's method for monitoring and assessing credit risk. Commercial and industrial is a separate commercial loan class. Classes within the real estate portfolio segment include construction and development, residential mortgages, and commercial mortgages. Consumer loans and other are a class in itself.

In light of the U.S. and global economic crisis brought about by the COVID-19 pandemic, the Company has prioritized assisting its clients through this troubled time. The CARES Act provides for Paycheck Protection Plan (PPP) loans to be made by banks to employers with less than 500 employees if they continue to employ their existing workers. As of December 31, 2020, the Company has outstanding approximately 367 loans for a total amount of $66,556 under the PPP. At December 31, 2020, unaccreted deferred loan origination fees related to PPP loans totaled $1,612. PPP loan origination fees recorded as an adjustment to loan yield for the year were $1,028. These PPP loans are included within the commercial and industrial loan category in the table above.

The following describe risk characteristics relevant to each of the portfolio segments and classes:

Real estate - As discussed below, the Company offers various types of real estate loan products. All loans within this portfolio segment are particularly sensitive to the valuation of real estate:

- Loans for real estate construction and development are repaid through cash flow related to the operations, sale or refinance of the underlying property. This portfolio class includes extensions of credit to real estate developers or investors where repayment is dependent on the sale of the real estate or income generated from the real estate collateral.
- Residential mortgages include 1-4 family first mortgage loans which are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property. Also included in residential mortgages are real estate loans secured by farmland, second liens, or open end real estate loans, such as home equity lines. These loans are typically repaid in the same means as 1-4 family first mortgages.
- Commercial real estate mortgage loans include both owner-occupied commercial real estate loans and other commercial real estate loans such as commercial loans secured by income producing properties. Owner-occupied commercial real estate loans made to operating businesses are long-term financing of land and buildings and are repaid by cash flows generated from business operations. Real estate loans for income-producing properties such as apartment buildings, hotels, office and industrial buildings, and retail shopping centers are repaid by cash flows from rent income derived from the properties.

Commercial and industrial - The commercial loan portfolio segment includes commercial and industrial loans. These loans include those loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, leases, or expansion projects. Loans are repaid by business cash flows. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the borrowers' business operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Portfolio Segments and Classes (Continued)

Consumer and other - The consumer loan portfolio segment includes direct consumer installment loans, overdrafts and other revolving credit loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures which affects borrowers' incomes and cash for repayment.

Credit Risk Management

The Chief Credit Officer, Officers Loan Committee and Directors Loan Committee are each involved in the credit risk management process and assess the accuracy of risk ratings, the quality of the portfolio and the estimation of inherent credit losses in the loan portfolio. This comprehensive process also assists in the prompt identification of problem credits. The Company has taken a number of measures to manage the portfolios and reduce risk, particularly in the more problematic portfolios.

The Company employs a credit risk management process with defined policies, accountability and routine reporting to manage credit risk in the loan portfolio segments. Credit risk management is guided by a comprehensive Loan Policy that provides for a consistent and prudent approach to underwriting and approvals of credits. Within the Board approved Loan Policy, procedures exist that elevate the approval requirements as credits become larger and more complex. All loans are individually underwritten, risk-rated, approved, and monitored.

Responsibility and accountability for adherence to underwriting policies and accurate risk ratings lies in each portfolio segment. For the consumer portfolio segment, the risk management process focuses on managing customers who become delinquent in their payments. For the commercial and real estate portfolio segments, the risk management process focuses on underwriting new business and, on an ongoing basis, monitoring the credit of the portfolios. To ensure problem credits are identified on a timely basis, several specific portfolio reviews occur each year to assess the larger adversely rated credits for proper risk rating and accrual status.

Credit quality and trends in the loan portfolio segments are measured and monitored regularly. Detailed reports, by product, collateral, accrual status, etc., are reviewed by the Chief Credit Officer, Officers Loan Committee and Directors Loan Committee.

A description of the general characteristics of the risk categories used by the Company is as follows:

- **Pass** - A pass loan is a strong credit with no existing or known potential weaknesses deserving of management's close attention.
- **Special Mention** - A loan that has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the institution's credit position at some future date. These loans are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.
- **Substandard** - Substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Credit Risk Management (Continued)

- **Doubtful** - Loans classified Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.
- **Loss** - Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

The following tables summarize the risk category of the Company's loan portfolio based upon the most recent analysis performed as of December 31, 2020 and 2019:

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2020					
Real estate mortgages:					
Construction and development	**$ 95,214**	**$ 6,113**	**$ 1,232**	**$ —**	**$ 102,559**
Residential	**144,256**	**6,245**	**1,627**	**84**	**152,212**
Commercial	**471,555**	**36,754**	**6,614**	**—**	**514,923**
Commercial and industrial	**240,646**	**13,138**	**611**	**—**	**254,395**
Consumer and other	**8,186**	**1,435**	**23**	**—**	**9,644**
Total:	**$959,857**	**$ 63,685**	**$ 10,107**	**$ 84**	**$1,033,733**
December 31, 2019					
Real estate mortgages:					
Construction and development	$ 82,250	$ 8,523	$ 2,238	$ —	$ 93,011
Residential	143,864	4,717	3,631	100	152,312
Commercial	406,726	17,530	17,690	—	441,946
Commercial and industrial	118,288	20,368	1,109	—	139,765
Consumer and other	10,423	1,532	—	—	11,955
Total:	$761,551	$ 52,670	$ 24,668	$ 100	$ 838,989

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Past Due Loans

A loan is considered past due if any required principal and interest payments have not been received as of the date such payments were required to be made under the terms of the loan agreement. Generally, management places a loan on nonaccrual when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is generally when a loan is 90 days past due. The following tables present the aging of the recorded investment in loans and leases as of December 31, 2020 and 2019:

		Past Due Status (Accruing Loans)					
	Current	30-59 Days	60-89 Days	90+ Days	Total Past Due	Nonaccrual	Total
December 31, 2020							
Real estate mortgages:							
Construction and development	**$ 101,375**	**$ 117**	**$ 90**	**$—**	**$ 207**	**$ 977**	**$ 102,559**
Residential	**150,837**	**382**	**94**	**42**	**518**	**857**	**152,212**
Commercial	**512,208**	**1,196**	**—**	**41**	**1,237**	**1,478**	**514,923**
Commercial and industrial	**252,473**	**626**	**1,212**	**—**	**1,838**	**84**	**254,395**
Consumer and other	**9,581**	**18**	**15**	**8**	**41**	**22**	**9,644**
Total:	**$1,026,474**	**$2,339**	**$1,411**	**$ 91**	**$3,841**	**$ 3,418**	**$1,033,733**
December 31, 2019							
Real estate mortgages:							
Construction and development	$ 91,056	$ 466	$ 82	$—	$ 548	$ 1,407	$ 93,011
Residential	150,710	704	26	—	730	872	152,312
Commercial	429,367	1,487	—	132	1,619	10,960	441,946
Commercial and industrial	137,811	1,423	100	319	1,842	112	139,765
Consumer and other	11,731	180	44	—	224	—	11,955
Total:	$ 820,675	$4,260	$ 252	$451	$4,963	$ 13,351	$ 838,989

Allowance for Loans Losses

The following tables detail activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2020 and 2019. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Real Estate	Commercial	Consumer	Total
December 31, 2020				
Allowance for loan losses:				
Balance, beginning of year	**$ 7,254**	**$ 1,885**	**$ 126**	**$ 9,265**
Provision for loan losses	**1,702**	**1,598**	**—**	**3,300**
Loans charged off	**(908)**	**—**	**(18)**	**(926)**
Recoveries of loans previously charged off	**9**	**126**	**85**	**220**
Ending balance	**$ 8,057**	**$ 3,609**	**$ 193**	**$11,859**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Allowance for Loans Losses (Continued)

	Real Estate	Commercial	Consumer	Total
Ending balance – individually evaluated for impairment	**$ 1,352**	**$ 478**	**$ 7**	**$ 1,837**
Ending balance – collectively evaluated for impairment	**6,476**	**3,131**	**186**	**9,793**
Ending balance – loans acquired with deteriorated credit quality	**229**	**—**	**—**	**229**
Total ending balance	**$ 8,057**	**$ 3,609**	**$ 193**	**$ 11,859**
Loans:				
Ending balance – individually evaluated for impairment	**$ 11,527**	**$ 856**	**$ 37**	**$ 12,420**
Ending balance – collectively evaluated for impairment	**756,489**	**253,539**	**9,607**	**1,019,635**
Ending balance – loans acquired with deteriorated credit quality	**1,678**	**—**	**—**	**1,678**
Total ending balance	**$ 769,694**	**$ 254,395**	**$ 9,644**	**$ 1,033,733**
December 31, 2019				
Allowance for loan losses:				
Balance, beginning of year	$ 5,706	$ 2,017	$ 110	$ 7,833
Provision for loan losses	1,972	3,455	273	5,700
Loans charged off	(442)	(3,627)	(267)	(4,336)
Recoveries of loans previously charged off	18	40	10	68
Ending balance	$ 7,254	$ 1,885	$ 126	$ 9,265
Ending balance – individually evaluated for impairment	$ 203	$ 102	$ —	$ 305
Ending balance – collectively evaluated for impairment	7,044	1,783	126	8,953
Ending balance – loans acquired with deteriorated credit quality	7	—	—	7
Total ending balance	$ 7,254	$ 1,885	$ 126	$ 9,265
Loans:				
Ending balance – individually evaluated for impairment	$ 16,206	$ 315	$ —	$ 16,521
Ending balance – collectively evaluated for impairment	668,969	139,450	11,949	820,368
Ending balance – loans acquired with deteriorated credit quality	2,094	—	6	2,100
Total ending balance	$ 687,269	$ 139,765	$ 11,955	$ 838,989

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Impaired Loans

A loan held for investment is considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due (both principal and interest) according to the terms of the loan agreement. The following tables detail our impaired loans, by portfolio class as of December 31, 2020 and 2019:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2020					
With no related allowance recorded:					
Real estate mortgages:					
Construction and development	**$ 977**	**$ 977**	**$**	**$ 970**	**$ 18**
Residential	**1,537**	**1,537**	**—**	**1,669**	**93**
Commercial	**5,117**	**5,117**	**—**	**5,425**	**290**
Commercial and industrial	**65**	**65**	**—**	**91**	**6**
Consumer and other	**22**	**22**	**—**	**24**	**2**
Total with no related allowance recorded	**7,718**	**7,718**	**—**	**8,179**	**409**
With an allowance recorded:					
Real estate mortgages:					
Construction and development	**644**	**644**	**106**	**668**	**34**
Residential	**1,557**	**1,628**	**628**	**1,636**	**82**
Commercial	**3,373**	**3.373**	**847**	**3,526**	**194**
Commercial and industrial	**791**	**791**	**478**	**886**	**58**
Consumer and other	**15**	**15**	**7**	**15**	**—**
Total with an allowance recorded	**6,380**	**6,451**	**2,066**	**6,731**	**368**
Total impaired loans:	**$ 14,098**	**$14,169**	$2,066	**$ 14,910**	**$ 777**
December 31, 2019					
With no related allowance recorded:					
Real estate mortgages:					
Construction and development	$ 2,011	$ 2,011	$ —	$ 2,110	$ 63
Residential	1,918	1,989	—	2,068	125
Commercial	12,628	12,628	—	12,694	475
Commercial and industrial	—	—	—	—	—
Consumer and other	7	7	—	40	1
Total with no related allowance recorded	16,564	16,635	—	16,912	664
With an allowance recorded:					
Real estate mortgages:					
Construction and development	65	65	3	64	4
Residential	552	552	102	569	20
Commercial	1,126	1,126	105	1,171	56
Commercial and industrial	315	315	102	346	20
Consumer and other	—	—	—	—	—
Total with an allowance recorded	2,058	2,058	312	2,150	100
Total impaired loans:	$ 18,622	$18,693	$ 312	$ 19,062	$ 764

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Purchased Impaired Loans

The Company elected to account for impaired loans acquired in acquisitions under ASC 310-30. ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, applies to a loan with evidence of deterioration of credit quality since origination, acquired by completion of a transfer for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable. ASC 310 prohibits carrying over or creating an allowance for loan losses upon initial recognition for loans which fall under the scope of this statement.

The outstanding balance of acquired Columbus Community Bank (2015) loans with deteriorated credit quality at the time of acquisition was $2,562, with the fair value of these loans totaling $2,174. The variation between the outstanding balance and the fair value of acquired loans with deteriorated credit quality was due to a non-accretable fair market value adjustment of $388. As of December 31, 2020, and 2019, the outstanding balance of these loans was $821 and $730. There were no non-accretable differences as of December 31, 2020 and 2019.

The outstanding balance of acquired Alabama Trust Bank, N.A. (2012) loans with deteriorated credit quality at the time of acquisition was $5,466, with the fair value of these loans totaling $4,219. The variation between the outstanding balance and the fair value of acquired loans with deteriorated credit quality was due to a non-accretable fair market value adjustment of $1,247. As of December 31, 2020, and 2019, the outstanding balance of these loans was $857 and $1,370. There were no non-accretable differences as of December 31, 2020 and 2019.

The Company did not identify any loans with deteriorated credit quality at the time of acquisition of Small Town Bank.

Accretable Yield

Changes in the accretable yield, or income expected to be collected, on the purchased non-impaired loans for the years ended December 31, 2020 and 2019 were as follows:

	Years Ended December 31,	
	2020	2019
Balance, beginning of year	**$ 1,327**	$ 517
Additions	**—**	1,563
Accretion	**(543)**	(753)
Balance, end of year	**$ 784**	$ 1,327

Disposals of loans with accretable yield for the years ending December 31, 2020 and 2019 were not significant.

Troubled Debt Restructurings

As of December 31, 2020, and 2019, impaired loans included $1,754 and $3,025, respectively, in loans that were classified as Troubled Debt Restructurings (TDRs). The restructuring of a loan is considered a TDR if both (i) the borrower is experiencing financial difficulties and (ii) the Company has granted a concession.

In assessing whether a borrower is experiencing financial difficulties, the Company considers information currently available regarding the financial condition of the borrower. This information

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Troubled Debt Restructurings (Continued)

includes, but is not limited to, whether (i) the borrower is currently in payment default on any of its debt; (ii) a payment default is probable in the foreseeable future without the modification; (iii) the borrower has declared or is in the process of declaring bankruptcy and (iv) the borrower's projected cash flow is sufficient to satisfy contractual payments due under the original terms of the loan without a modification.

The Company considers all aspects of the modification to loan terms to determine whether or not a concession has been granted to the borrower. Key factors considered by the Company include the borrower's ability to access funds at a market rate for debt with similar risk characteristics, the significance of the modification relative to unpaid principal balance or collateral value of the debt, and the significance of a delay in the timing of payments relative to the original contractual terms of the loan. The most common concessions granted by the Company generally include one or more modifications to the terms of the debt, such as (i) a reduction in the interest rate for the remaining life of the debt, (ii) an extension of the maturity date at an interest rate lower than the current market rate for new debt with similar risk, (iii) a temporary period of interest-only payments, and (iv) a reduction in the contractual payment amount for either a short period or remaining term of the loan.

As of December 31, 2020, and 2019, the Company had $1,275 and $2,712, respectively, in loans considered restructured that are not on nonaccrual status. Of the nonaccrual loans at December 31, 2020 and 2019, $479 and $313, respectively, met the criteria for a TDR. A loan is placed back on accrual status when both principal and interest are current, and it is probable that the Company will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

Recorded investment prior to modification reflects the Company's recorded investment immediately before the modification. Recorded investment after modification represents the Company's recorded investment at the end of the year. The following table summarizes the loans that were modified as a TDR during the years ended December 31, 2020 and 2019.

	Troubled-Debt Restructurings			
	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification	Impact on the Allowance for Loan Losses
December 31, 2020				
Real estate mortgages:				
Construction and development	**—**	**$ —**	**$ —**	**$ —**
Residential	**—**	**—**	**—**	**—**
Commercial	**—**	**—**	**—**	**—**
Commercial and industrial	**1**	**277**	**271**	**271**
Consumer and other	**1**	**16**	**15**	**7**
Total	**2**	**$ 293**	**$ 286**	**$ 278**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 4. LOANS (Continued)

Troubled Debt Restructurings (Continued)

	Troubled-Debt Restructurings			
	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification	Impact on the Allowance for Loan Losses
December 31, 2019				
Real estate mortgages:				
Construction and development	—	$ —	$ —	$ —
Residential	—	—	—	—
Commercial	1	288	286	49
Commercial and industrial	1	13	12	—
Consumer and other	—	—	—	—
Total	2	$ 301	$ 298	$ 49

The Company considers a loan to have defaulted when it becomes 90 or more days delinquent under the modified terms, has been transferred to nonaccrual status subsequent to the modification or has been transferred to foreclosed assets. As of December 31, 2020, no loans modified in a TDR over the last twelve months, subsequently defaulted. As of December 31, 2019, one commercial and industrial loan in the amount of $12 modified in a TDR over the last twelve months, subsequently defaulted.

Related Party Transactions

In the ordinary course of business, the Company has granted loans to certain related parties, including directors, executive officers, and their affiliates. The interest rates on these loans were substantially the same as rates prevailing at the time of the transaction and repayment terms are customary for the type of loan. Changes in related party loans for the years ended December 31, 2020 and 2019 are as follows:

	Years Ended December 31,	
	2020	2019
Balance, beginning of year	**$ 6,809**	$ 7,417
Advances	**3,952**	4,247
Repayments	**(2,720)**	(4,855)
Balance, end of year	**$ 8,041**	$ 6,809

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 5. FORECLOSED ASSETS

A summary of foreclosed assets is presented as follows:

	December 31,	
	2020	2019
Balance, beginning of year	**$ 7,042**	$ 572
Acquired through settlement of loans	**10,088**	6,624
Sales proceeds	**(5,910)**	(199)
Write-downs	**(920)**	(14)
Rent payments	**—**	(3)
Net gain on sales of foreclosed assets	**76**	62
Receivable from SBA	**(152)**	**—**
Balance, end of year	**$10,224**	$7,042

Net expenses related to foreclosed assets include the following:

	Years Ended December 31,	
	2020	2019
Net gain on sales of foreclosed assets	**$ (76)**	$ (62)
Write-downs	**920**	14
Operating expenses, net of rental income	**102**	317
	$ 946	$ 269

The carrying amount of other real estate owned categorized as residential real estate at December 31, 2020 and 2019 was $145 and $705, respectively.

NOTE 6. PREMISES AND EQUIPMENT

Premises and equipment is summarized as follows:

	December 31,	
	2020	2019
Land and land improvements	**$ 8,169**	$ 4,419
Building	**21,109**	18,733
Furniture and equipment	**7,260**	7,219
	36,538	30,371
Accumulated depreciation	**(12,112)**	(10,245)
	$ 24,426	$ 20,126

Leases

The Company leases certain office facilities under long-term operating lease agreements. The leases expire at various dates through 2024 and some include renewal options. Many of these leases require the payment of property taxes, insurance premiums, maintenance, utilities and other costs. In many cases, rentals are subject to increase in relation to a cost-of-living index. The Company accounts for lease and non-lease components together as a single lease component. The Company determines if

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 6. PREMISES AND EQUIPMENT (Continued)

Leases (Continued)

an arrangement is a lease at inception. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Future minimum lease payments on the leases described above, excluding any renewal options, are summarized as follows:

2021	$453
2022	159
2023	142
2024	58
	$812

Rental expense included in the consolidated statements of income for the years ended December 31, 2020 and 2019 is $473 and $490, respectively.

NOTE 7. DEPOSITS

Major classifications of deposits are as follows:

	December 31,	
	2020	2019
Noninterest-bearing transaction	**$ 290,867**	$ 188,270
Interest-bearing transaction	**475,757**	372,751
Savings	**42,731**	31,362
Time deposits, $250,000 and under	**293,707**	311,888
Time deposits, over $250,000	**36,599**	46,242
	$ 1,139,661	$ 950,513

Brokered deposits totaled approximately $34,151 and $35,172 at December 31, 2020 and 2019. The scheduled maturities of time deposits at December 31, 2020 are as follows:

2021	$265,668
2022	35,148
2023	9,132
2024	16,847
2025	3,268
Thereafter	243
	$330,306

At December 31, 2020 and 2019, overdrawn transaction accounts reclassified to loans totaled $166 and $195, respectively.

Deposits from related parties held by the Company at December 31, 2020 and 2019 totaled $9,976 and $13,333, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

NOTE 8. BORROWINGS

Note payable and subordinated notes consist of the following:

	December 31, 2020	2019
Short-term variable $25 million line of credit with interest due quarterly at 90-Day LIBOR + 2.50%, maturity August 2022	**$ 7,975**	$ 7,984
Short-term fixed rate Federal Home Loan Bank advances with interest and principal payments due at various maturity dates through 2022 and interest rates ranging from .31% to 1.52%.	**30,900**	—
Subordinated notes with interest due semi-annually beginning January 1, 2017 at a fixed rate of 6.625% through July 2021, then quarterly interest due based on LIBOR + 5.412% through maturity on July 1, 2026.	**4,493**	4,478
	$43,368	12,462

Contractual maturities of other borrowings as of December 31, 2020 are as follows:

2021	$16,950
2022	21,925
2023	—
2024	—
2025	—
Thereafter	4,493
	$43,368

The short-term variable $25 million line of credit from First Horizon Bank is collateralized by 100% of the capital stock of the Bank.

Advances from the Federal Home Loan Bank of Atlanta are secured by a blanket floating lien on qualifying commercial mortgages of approximately $72,218, residential mortgages of approximately $19,071, and on qualifying home equity lines of credit of approximately $5,316. At December 31, 2020 the Company had $30,900 in outstanding advances and approximately $65,706 was available for borrowing on lines with the FHLB.

At December 31, 2020, the Company has accommodations which allow the purchase of federal funds from several correspondent banks on an overnight basis at prevailing overnight market rates. These accommodations are subject to various restrictions as to their term and availability, and in most cases, must be repaid in less than a month. At December 31, 2020 and 2019, the Company had $0 outstanding under these arrangements. The Company may borrow up to $75,700 under these arrangements as of December 31, 2020.

Subordinated Notes

On June 23, 2016, the Company issued $4,500 of Fixed-to-Floating Rate Subordinated Notes due July 2026 (the “Notes”). The Notes will initially bear interest at 6.625% per annum, payable semi-annually in arrears on January 1 and July 1 of each year, commencing on January 1, 2017 until July 1, 2021. Thereafter and to, but excluding, the maturity date or earlier redemption, interest shall be payable quarterly in arrears, at an annual floating rate equal to three-month LIBOR as determined for the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 8. BORROWINGS (Continued)

Subordinated Notes (Continued)

applicable quarterly period, plus 5.412%. The Company may, at its option, beginning on July 1, 2021 and on any scheduled interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. Issuance costs related to the Notes totaled $79 and have been netted against the subordinated notes liability on the balance sheet. At December 31, 2020 and 2019, the remaining balance of the debt issuance cost was $7 and $22, respectively. The debt issuance costs are being amortized using the straight line method over sixty months and are recorded as a component of interest expense.

NOTE 9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Non-designated Hedges

Derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments including the effects of offsetting as well as their classification on the consolidated balance sheets as of December 31, 2020 and December 31, 2019. As of December 31, 2020, the Company has posted cash collateral of $910. The amount of loss recognized in income on derivatives as a fair value adjustment and fee income, as of December 31, 2020, were $30 and $1,435, respectively.

		December 31, 2020		December 31, 2019	
Derivatives not Designated as Hedging Instruments	**Notional Amount**	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Interest Rate Products	**$49,664**	**Other Assets**	**$ 983**	Other Assets	$—
Interest Rate Products	**49,664**	**Other Liabilities**	**(1,013)**	Other Liabilities	**—**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Credit-risk-related Contingent Features

Applicable for OTC derivatives with dealers

The company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the company could also be declared in default on its derivative obligations.

The Company has agreements with certain of its derivative counterparties that contain a provision where if the company fails to maintain its status as a well / adequate capitalized institution, then the Company could be required to post additional collateral.

As of December 31, 2020, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $1,035. If the Company had breached any of these provisions at December 31, 2020, it could have been required to settle its obligations under the agreements at their termination value of $1,035, less the required collateral of $910.

NOTE 10. EMPLOYEE AND DIRECTOR BENEFITS

Incentive Stock Option Plan

The Company adopted an Incentive Stock Compensation Plan during 2007 which grants directors, key employees and others options to purchase shares of common stock of the Company. Options may be granted as incentive stock options or nonqualified stock options depending on the eligibility of the recipient. Option prices and terms are determined by a committee appointed by the Board of Directors. The plan provides for a total of 450,000 options to purchase common shares of the Company. During 2016, the Board of Directors of the Company approved to increase the total number of options available to the Plan from 450,000 to 675,000. In December 2017, the Board of Directors of the Company approved to further increase the total number of options available to the Plan from 675,000 to 975,000. During 2020, the Board of Directors of the Company approved to increase the total number of options available to the Plan from 975,000 to 1,400,000. As of December 31, 2020, there are 530,335 options under the plan available to be granted.

Other pertinent information related to the options is as follows:

	Number	Weighted-Average Exercise Price
Year Ended December 31, 2020:		
Options outstanding, beginning of year	**373,392**	**$ 13.55**
Granted	**113,086**	**19,49**
Exercised	**(1,000)**	**10.00**
Forfeited	**(5,000)**	**14.20**
Options outstanding, end of year	**480,478**	**$ 14.95**
Exercisable, end of year	**216,677**	**$ 12.67**
Weighted-average remaining contractual life		**7.26 years**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 10. EMPLOYEE AND DIRECTOR BENEFITS (Continued)

Incentive Stock Option Plan (Continued)

	Number	Weighted-Average Exercise Price
Year Ended December 31, 2019:		
Options outstanding, beginning of year	318,000	$ 12.15
Granted	90,392	17.12
Exercised	—	—
Forfeited	(35,000)	10.00
Options outstanding, end of year	373,392	$ 13.55
Exercisable, end of year	123,131	$ 11.65
Weighted-average remaining contractual life		7.64 years

During 2019 and 2020, there were no vested stock options exchanged in a cashless exercise.

For the years ended December 31, 2020 and 2019, the Company recognized $349 and $220, respectively, in stock-based compensation expense related to stock option awards. As of December 31, 2020 and 2019, there is $587 and $473, respectively, of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the plan. The cost is expected to be recognized over a weighted-average period of 1.90 years.

The fair value of each stock option award is estimated on the date of grant using a Black-Scholes-Merton valuation model that uses the assumptions noted in the following table. Expected volatilities are based on an average of traded community banks. The Company considers historical data and peer group data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is based on the short-cut method and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The following weighted-average assumptions were used in the calculations for 2020 and 2019 as follows:

	2020	2019
Dividend yield	**2.50%**	2.50%
Weighted-average volatility	**29.15%**	19.88%
Expected life in years	**6.68 years**	7.00 years
Risk-free interest rate	**1.56%**	2.46%
Weighted-average grant-date fair value	**$ 4.22**	$ 2.90

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 10. EMPLOYEE AND DIRECTOR BENEFITS (Continued)

Restricted Stock

During 2013 the Company amended the 2007 Incentive Stock Compensation Plan to allow for restricted stock awards. The Company awarded 22,869 shares of restricted stock during 2020 and 24,809 in 2019. The restriction is based upon continuous service and the shares will vest equally over three to five years. Nonvested restricted stock consists of the following:

	Restricted Shares	Weighted-Average Market Price At Grant Date
Year Ended December 31, 2020:		
Nonvested, at beginning of year	**34,389**	**$ 16.06**
Granted	**22,869**	**19.35**
Forfeited	**(268)**	**20.10**
Vested	**(17,821)**	**16.39**
Nonvested, at end of year	**39,169**	**$ 17.80**
Year Ended December 31, 2019:		
Nonvested, at beginning of year	18,224	$ 10.00
Granted	24,809	19.20
Forfeited	(66)	22.75
Vested	(8,578)	12.26
Nonvested, at end of year	34,389	$ 16.06

As of December 31, 2020, there was $439 of unrecognized compensation cost related to nonvested restricted stock awards. Expense for restricted stock awards of $390 and $212 was recorded for the years ended December 31, 2020 and 2019, respectively.

Supplemental Executive Retirement Plan

The Company sponsors a supplemental executive retirement plan (SERP) providing for death and retirement benefits for certain executive officers. In connection with the SERP plan, the Company has purchased annuity contracts and bank owned life insurance from various insurance entities. The Company is the annuity owner throughout the term of the contract and as such, the annuity payments are paid directly to the Company. The Company in turn will make the benefit payments to the executives upon retirement over the executives' life using the funds received from the annuity contracts. The Company will accrue the total obligation under the SERP over the executive's future service period to the date full eligibility for the benefit is attained. The amounts to be accrued shall result in an accrued amount at the full eligibility date equal to the then present value of all of the future benefits expected to be paid.

The Company has recorded a liability as of December 31, 2020 and 2019, amounting to $2,990 and $2,502, respectively, for the present value of the future benefits to be paid under the SERP, which is recorded in other liabilities on the consolidated balance sheets. Expense related to the SERP totaled $487 and $643 for the years ended December 31, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 10. EMPLOYEE AND DIRECTOR BENEFITS (Continued)

Bank Owned Life Insurance

Investments in bank-owned life insurance programs are recorded at their respective cash surrender values. The cash surrender value and net interest earned on the related policies amounted to $22,458 and $528, respective, as of and for the year ended December 31, 2020 and $22,078 and $470, respectively, as of and for the year ended December 31, 2019.

NOTE 11. INCOME TAXES

Income tax expense consists of the following:

	Years Ended December 31,	
	2020	2019
Current	**$ 4,113**	$ 2,692
Deferred	**(1,587)**	(206)
Income tax expense	**$ 2,526**	$ 2,486

The Company's income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences as of December 31, 2020 and 2019 is as follows:

	Years Ended December 31,	
	2020	2019
Income tax expense at federal statutory rate	**$ 3,073**	$ 1,698
State income tax	**465**	386
Tax exempt income	**(170)**	(166)
Nondeductible merger (credit) expenses	**(685)**	576
Other	**(157)**	(8)
Income tax expense	**$ 2,526**	$ 2,486

The components of deferred income taxes are as follows:

	December 31,	
	2020	2019
Deferred income tax assets:		
Loan loss reserves	**$2,982**	$2,270
Pre-opening and organization expenses	**36**	58
Deferred compensation	**904**	779
Other real estate owned	**—**	1
Intangible assets created from asset purchase	**40**	46
Loans purchased at a premium	**142**	347
Restricted stock	**32**	6
Other	**—**	27
Deferred origination fees	**642**	—
	4,778	3,534

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 11. INCOME TAXES (Continued)

	December 31,	
	2020	2019
Deferred income tax liabilities:		
Loans purchased at a discount	**163**	241
Depreciation	**208**	518
Intangible assets created from stock purchase	**461**	531
Other	**115**	—
Securities available for sale	**1,122**	93
	2,069	1,383
Net deferred income tax asset	**$2,709**	$2,151

The Company and its subsidiary are subject to U.S. federal income tax, as well as income tax within the States of Alabama and Georgia. The Company is no longer subject to examination by taxing authorities for years before 2017.

The deferred income tax asset is recorded in “Other assets” on the consolidated balance sheets.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Loan Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets. The majority of all commitments to extend credit and standby letters of credit are variable rate instruments.

The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. A summary of the Company’s commitments is as follows:

	December 31,	
	2020	2019
Commitments to extend credit	**$181,925**	$ 170,955
Standby letters of credit	**2,814**	2,636
	$184,739	$ 173,591

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management’s credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Loan Commitments (Continued)

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral held varies and is required in instances which the Company deems necessary.

The Company has not been required to perform on any standby letters of credit, and the Company has not incurred any losses on financial standby letters of credit for the years ended December 31, 2020 and 2019.

Contingencies

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material effect on the Company's financial statements.

NOTE 13. CONCENTRATIONS OF CREDIT

The Company originates primarily commercial, commercial real estate, residential real estate, and consumer loans to customers in Alabama and Georgia. The ability of the majority of the Company's customers to honor their contractual loan obligations is dependent on the economy in these areas.

Seventy-four percent of the Company's loan portfolio is concentrated in real estate. A substantial portion of these loans are secured by real estate in the Company's primary market area. In addition, a substantial portion of the other real estate owned is located in those same markets. Accordingly, the ultimate collectibility of the loan portfolio and the recovery of the carrying amount of the other real estate owned are susceptible to changes in market conditions in the Company's primary market area. The other concentrations of credit by type of loan are set forth in Note 4.

The Company, according to regulatory restrictions, may not generally extend credit to any single borrower or group of related borrowers on a secured basis in excess of 20% of capital, as defined, or approximately $28,358 or on an unsecured basis in excess of 10% of capital, as defined, or approximately $14,179.

NOTE 14. STOCKHOLDERS' EQUITY

In September 2019, the Company issued 1,142,846 shares of common stock in connection with the acquisition of East Alabama Financial Group, Inc. The shares were issued at a value of $22.75 per share.

As of December 31, 2020, the Company had 7,678,195 shares of common stock issued and outstanding, of which 805,715 shares were non-voting.

NOTE 15. REGULATORY MATTERS

The Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2020, approximately $3,255 of retained earnings was available for dividend declaration without regulatory approval.

The Bank is also subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 15. REGULATORY MATTERS (Continued)

effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total capital, Tier 1 capital, and common equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. In addition, the Bank is subject to an institution-specific capital buffer, which must exceed 2.50% to avoid limitations on distributions and discretionary bonus payments. Management believes, as of December 31, 2020 and 2019 , that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2020, the Company and the Bank believe they are each well capitalized on a consolidated basis for bank regulatory purposes as their respective capital ratios exceed minimum total Tier 1 and CET1 risk-based capital ratios and Tier 1 leverage capital ratios as set forth in the following table.

	Actual		For Capital Adequacy Purposes [1]		Minimums To Be Well Capitalized Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2020:						
Total Capital to Risk Weighted Assets						
Company	**$135,196**	**12.09%**	**$117,385**	**10.50%**	**$ N/A**	**N/A**
Bank	**$142,711**	**12.77%**	**$117,385**	**10.50%**	$111,795	**10.00%**
Tier I Capital to Risk Weighted Assets						
Company	**$118,837**	**10.63%**	**$ 95,026**	**8.50%**	**$ N/A**	**N/A**
Bank	**$130,852**	**11.70%**	**$ 95,026**	**8.50%**	$ 89,436	**8.00%**
CET1 Capital to Risk Weighted Assets						
Company	**$118,837**	**10.63%**	**$ 78,257**	**7.00%**	**$ N/A**	**N/A**
Bank	**$130,852**	**11.70%**	**$ 78,257**	**7.00%**	$ 72,667	**6.50%**
Tier I Capital to Average Total Assets						
Company	**$118,837**	**9.24%**	**$ 51,426**	**4.00%**	**$ N/A**	**N/A**
Bank	**$130,852**	**10.18%**	**$ 51,426**	**4.00%**	$ 77,139	**5.00%**
December 31, 2019:						
Total Capital to Risk Weighted Assets						
Company	$121,249	12.68%	$100,377	10.50%	$ N/A	N/A
Bank	$128,386	13.43%	$100,377	10.50%	$ 95,597	10.00%
Tier I Capital to Risk Weighted Assets						
Company	$107,484	11.24%	$ 81,258	8.50%	$ N/A	N/A
Bank	$119,121	12.46%	$ 81,258	8.50%	$ 76,478	8.00%
CET1 Capital to Risk Weighted Assets						
Company	$107,484	11.24%	$ 66,918	7.00%	$ N/A	N/A
Bank	$119,121	12.46%	$ 66,918	7.00%	$ 62,138	6.50%
Tier I Capital to Average Total Assets						
Company	$107,484	9.78%	$ 43,939	4.000%	$ N/A	N/A
Bank	$119,121	10.84%	$ 43,939	4.000%	$ 54,923	5.00%

1 Includes the capital conservation buffer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic (FASB ASC 820), the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value Hierarchy (Continued)

Cash and Cash Equivalents: The carrying amounts of cash and due from banks, interest-bearing deposits in banks, and federal funds sold make up cash and cash equivalents. The carrying amount of these short-term instruments approximate fair value.

Securities: Where quoted prices are available in an active market, management classifies the securities within level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, management estimates fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE obligations, and state and municipal securities. Mortgage-backed securities are included in level 2 if observable inputs are available. In certain cases where there is limited activity or less transparency around inputs to the valuation, those securities would be classified in level 3.

Other Equity Securities: The carrying amounts approximates fair value.

Restricted Equity Securities: The carrying amount of restricted equity securities with no readily determinable fair value approximates fair value based on the redemption provisions of the issuers which is cost.

Loans Held for Sale: The carrying amounts of loans held for sale approximates fair value.

Loans: The carrying amount of variable-rate loans that reprice frequently and have no significant change in credit risk approximates fair value. The fair values of fixed rate loans is estimated based on discounted contractual cash flows using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality.

Bank Owned Life Insurance: The carrying amount of bank owned life insurance approximates fair value.

Annuities: The carrying amounts of annuities approximate their fair values.

Deposits: The fair values disclosed for transaction deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

Other Borrowings: The fair value of fixed-rate other borrowings is based on discounted contractual cash flows using interest rates currently being offered for borrowings of similar maturities. The fair values of the Company’s variable-rate other borrowings approximate their carrying values.

Subordinated Notes: The carrying amounts of the subordinated notes approximate fair value.

Accrued Interest: The carrying amounts of accrued interest approximate fair value.

Trading Assets and Liabilities: The Company has derivative instruments in the form of interest rate swap agreements accounted for as trading assets and liabilities and carried at fair value. The fair value of these instruments is based on information obtained from a third party financial institution. The Company reflects these instruments within level 2 of the valuation hierarchy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value Hierarchy (Continued)

Off-Balance Sheet Credit-Related Instruments: Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
December 31, 2020:				
Assets:				
U.S. Government Sponsored enterprises (GSEs)	**$ —**	**$ 9,366**	**$ —**	**$ 9,366**
State and municipal securities	**—**	**67,941**	**—**	**67,941**
Corporate debt securities	**—**	**8,469**	**—**	**8,469**
Asset based securities	**—**	**9,111**	**—**	**9,111**
Mortgage-backed GSE residential/multifamily	**—**	**19,114**	**—**	**19,114**
Total securities at fair value	**—**	**114,001**	**—**	**114,001**
Other equity securities	—	**5,017**	—	**5,017**
Trading assets	—	**983**	—	**983**
Total assets at fair value	$ —	**$ 120,001**	$ —	**$ 120,984**
Liabilities:				
Trading liabilities	—	**1,013**	—	**1,013**
Total liabilities at fair value	$ —	**$ 1,013**	$ —	**$ 1,013**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (Continued)

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
December 31, 2019:				
U.S. Government Sponsored enterprises (GSEs)	$ —	$ 7,165	$ —	$ 7,165
State and municipal securities	—	29,659	—	29,659
Corporate debt securities	—	2,633	—	2,633
Mortgage-backed GSE Residential/multifamily	—	20,490	—	20,490
Total securities at fair value	$ —	$ 59,947	$ —	$ 59,947

Assets Measured at Fair Value on a Nonrecurring Basis

Under certain circumstances management makes adjustments to fair value for assets and liabilities although they are not measured at fair value on an ongoing basis. The following table presents the financial instruments carried on the consolidated balance sheet by caption and by level in the fair value hierarchy at December 31, 2020 and 2019, for which a nonrecurring change in fair value has been recorded:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020:			
Impaired loans	**$ —**	**$ —**	**$ 4,392**
Foreclosed assets	**—**	**—**	**10,224**
Total	**$ —**	**$ —**	**$ 14,616**

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019:			
Impaired loans	$ —	$ —	$ 1,548
Foreclosed assets	—	—	7,042
Total	$ —	$ —	$ 8,590

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Assets Measured at Fair Value on a Nonrecurring Basis (Continued)

Impaired Loans

Loans considered impaired under ASC 310-10-35, *Receivables*, are loans for which, based on current information and events, it is probable that the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Impaired loans can be measured based on the present value of expected payments using the loan's original effective rate as the discount rate, the loan's observable market price, or the fair value of the collateral less estimated selling costs if the loan is collateral dependent.

The fair value of impaired loans were primarily measured based on the value of the collateral securing these loans. Impaired loans are classified within level 3 of the fair value hierarchy. Collateral may be real estate and/or business assets including equipment, inventory, and/or accounts receivable. The Company generally determines the value of real estate collateral based on independent appraisals performed by qualified licensed appraisers. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Appraised values are discounted for estimated costs to sell and may be discounted further based on management's historical knowledge, changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts by management are subjective and are typically significant unobservable inputs for determining fair value. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors discussed above.

Impaired loans, which are usually measured for impairment using the fair value of collateral, had a carrying amount of $14,098 and $18,622, with a specific valuation allowance of $2,066 and $312 at December 31, 2020 and 2019, respectively. Of the $14,098 and $18,622 impaired loan portfolio, $6,458 and $1,859 were carried at fair value as a result of charge offs, specific valuation allowances, and the fair market adjustments at December 31, 2020 and 2019, respectively. The remaining $7,640 and $16,762 was carried at cost, as the fair value of the collateral on these loans exceeded the book value for each individual credit at December 31, 2020 and 2019, respectively. Charge offs and changes in specific valuation allowances during 2020 and 2019 on impaired loans carried at fair value resulted in additional provision for loan losses of $1,828 and $151, respectively.

Foreclosed Assets

Foreclosed assets, consisting of properties/assets obtained through foreclosure or in satisfaction of loans, are initially recorded at fair value less estimated costs to sell upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value less estimated costs to sell. Fair values are generally based on third party appraisals of the property/assets and are classified within level 3 of the fair value hierarchy. The appraisals are sometimes further discounted based on management's historical knowledge, and/or changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts are typically significant unobservable inputs for determining fair value. In cases where the carrying amount exceeds the fair value, less estimated costs to sell, a loss is recognized in noninterest expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Quantitative Disclosures for Level 3 Fair Value Measurements

The Company had no Level 3 assets measured at fair value on a recurring basis at December 31, 2020 or 2019.

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2020, the significant unobservable inputs used in the fair value measurements are presented below.

	Carrying Amount	Valuation Technique	Significant Unobservable Input	Weighted Average of Input
Nonrecurring:				
Impaired loans	**$ 4,392**	**Appraisal**	**Appraisal discounts (%)**	**15-20%**
Foreclosed assets	**$10,224**	**Appraisal**	**Appraisal discounts (%)**	**10-15%**

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2019, the significant unobservable inputs used in the fair value measurements are presented below.

	Carrying Amount	Valuation Technique	Significant Unobservable Input	Weighted Average of Input
Nonrecurring:				
Impaired loans	$1,548	Appraisal	Appraisal discounts (%)	15-20%
Foreclosed assets	$7,042	Appraisal	Appraisal discounts (%)	10-15%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value of Financial Instruments

The carrying amount and estimated fair value of the Company's financial instruments were as follows:

	December 31, 2020		December 31, 2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
Level 1 Inputs				
Cash and cash equivalents	**$ 84,907**	**$ 84,907**	$ 115,235	$ 115,235
Level 2 Inputs				
Securities available for sale	**114,001**	**114,001**	59,947	59,947
Other equity securities	**5,017**	**5,017**	—	—
Loans held for sale	**5,696**	**5,696**	2,578	2,578
Trading assets	**983**	**983**	—	—
Level 3 Inputs				
Loans, net	**1,018,256**	**1,034,496**	828,176	835,012
Bank owned life insurance	**22,458**	**22,458**	22,078	22,078
Annuities	**12,903**	**12,903**	12,903	12,903
Accrued interest receivable	**4,243**	**4,243**	2,986	2,986
Restricted equity securities	**3,224**	**3,224**	2,022	2,022
Financial liabilities:				
Level 2 Inputs				
Deposits	**$ 1,139,661**	**1,140,979**	$ 950,513	951,076
Trading liabilities	**1,013**	**1,013**	—	—
FHLB advances	**30,900**	**30,962**	—	—
Other borrowings	**7,975**	**7,975**	7,984	7,984
Subordinated notes	**4,493**	**4,493**	4,478	4,478
Level 3 Inputs				
Accrued interest payable	**278**	**278**	473	473

NOTE 17. REVENUE FROM CONTRACTS WITH CUSTOMERS

The majority of revenue-generating transactions are excluded from the scope of ASC 606, including revenue generated from financial instruments, such as securities and loans; SBA fees; income on bank owned life insurance contracts; and gains on sales of mortgage loans. Revenue-generating transactions that are within the scope of ASC 606, classified within noninterest income, are described as follows:

Service charges on deposit accounts – represent service fees for monthly activity and maintenance on customer accounts. Attributes can be transaction-based, item-based or time-based. Revenue is recognized when the Company's performance obligation is completed which is generally monthly for maintenance services or when a transaction is processed. Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Interchange Income – bank card related fees primarily includes interchange income from client use of consumer and business debit cards. Interchange income is a fee paid by a merchant bank to the card-issuing bank through the interchange network. Interchange fees are set by the credit card

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 17. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

associations and are based on cardholder purchase volumes. The Company records interchange income as transactions occur. This income is included in other noninterest income on the consolidated statements of income.

Gains and Losses from the Sale of Foreclosed Assets – the performance obligation in the sale of foreclosed assets typically will be the delivery of control over the asset to the buyer. If the Company is not financing the sale, the transaction price is typically identified in the purchase and sale agreement. However, if the Company provides seller financing, the Company must determine a transaction price, depending on if the sale contract is at market terms and taking into account the credit risk inherent in the arrangement.

Other non-interest income primarily includes income on bank owned life insurance contracts, both transaction-based fees and account maintenance fees, along with the one-time payment resulting from the termination of a Loan Guarantee Program operated by the State of Alabama. Transaction based fees are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Other account maintenance fees are recognized over time, usually on a monthly basis, as the Company's performance obligation for services is satisfied.

NOTE 18. PARENT COMPANY FINANCIAL INFORMATION

The following information presents the condensed balance sheets of Southern States Bancshares, Inc. as of December 31, 2020 and 2019, and the condensed statements of income and cash flows for the years then ended.

CONDENSED BALANCE SHEETS

	2020	2019
Assets		
Cash	**$ 161**	$ 610
Investment in subsidiary	**152,671**	138,275
Other assets	**319**	226
Total assets	**$153,151**	$ 139,111
Liabilities and stockholders' equity		
Other borrowings	**$ 7,975**	$ 7,984
Subordinated notes	**4,493**	4,478
Accrued interest	**27**	12
Total liabilities	**12,495**	12,474
Stockholders' equity	**140,656**	126,637
Total liabilities and stockholders' equity	**$153,151**	$ 139,111

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 18. PARENT COMPANY FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF INCOME

	2020	2019
Income		
Dividend income from subsidiary	**$ 1,842**	$ 18,000
	1,842	18,000
Expense		
Interest expense	**675**	422
Other	**847**	489
	1,522	911
Income before income tax benefits and (distributions in excess of) equity in undistributed earnings (loss) of subsidiary	**320**	17,089
Income tax benefits	**320**	181
Income before (distributions in excess of) equity in undistributed earnings (loss) of subsidiary	**640**	17,270
(Distributions in excess of) equity in undistributed earnings (loss) of subsidiary	**11,467**	(11,668)
Net income	**$12,107**	$ 5,602

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

NOTE 18. PARENT COMPANY FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

	2020	2019
OPERATING ACTIVITIES		
Net income	**$ 12,107**	$ 5,602
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Distributions in excess of (equity in) undistributed earnings of subsidiary	**(11,467)**	11,668
Stock-based compensation	**739**	432
Increase in accrued interest payable	**15**	10
Net other operating activities	**(87)**	26
Net cash provided by operating activities	**1,307**	17,738
INVESTING ACTIVITIES		
Cash paid in acquisition	—	(24,002)
Net cash used in investing activities	**—**	(24,002)
FINANCING ACTIVITIES		
Net proceeds of other borrowings	**—**	7,984
Issuance of common stock	**86**	—
Common stock dividends paid	**(1,842)**	(2,372)
Net cash provided by (used in) financing activities	**(1,756)**	5,612
Net decrease in cash	**(449)**	(652)
Cash at beginning of year	**610**	1,262
Cash at end of year	**$ 161**	$ 610

NOTE 19. CORONAVIRUS COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (“COVID-19”) surfaced, which has and is continuing to spread throughout the world. In March of 2020, the World Health Organization declared the outbreak a pandemic. The extent to which COVID-19 impacts the Company’s operations, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration, severity and scope of the outbreak, and the actions taken to contain its impact, as well as actions taken to limit the resulting economic impact, among others. The health and safety of customers and employees of the Company is of the utmost importance. The Company has taken, and will continue to take, precautionary measures in accordance with the guidelines of the Centers for Disease Control and other federal, state and local authorities.

Shares

SOUTHERN STATES BANCSHARES, INC.

Common Stock

Preliminary Prospectus

, 2021

KEEFE, BRUYETTE & WOODS,
A Stifel Company

TRUIST SECURITIES

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

Set forth below is an itemization of total expenses, other than underwriting discounts and commissions, that we expect to incur in connection with the sale of our common stock in the offering. With the exception of the SEC registration fee, the FINRA filing fee and the NASDAQ listing fees and expenses, all amounts shown are estimates:

	Amount*
SEC registration fee	
FINRA filing fee	
NASDAQ listing fees and expenses	
Transfer agent and registrar fees and expenses	
Printing fees and expenses	
Legal fees and expenses	
Accounting expenses	
Miscellaneous expenses	
Total	

* To be furnished by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

AlabamaBusiness Corporation Law of 2019

Subject to applicable law, a director shall not be held personally liable to Southern States or its stockholders for monetary damages for any action taken, or any failure to take any action as a director, except that a director's liability shall not be eliminated for (i) the amount of a financial benefit received by a director to which he or she is not entitled; (ii) an intentional infliction of harm on Southern States or the stockholders; (iii) a violation of section 10A-2A-8.32 of the Alabama Business Corporation Law; or (iv) an intentional violation of criminal law. It is the intention that the directors of Southern States be protected from personal liability to the fullest extent permitted by the Alabama Business Corporation Law as it now or hereafter exists. If at any time in the future the ABCL is modified to permit further or additional limitations on the extent to which directors may be held personally liable to Southern States, the protection afforded by Southern States' articles of incorporation shall be expanded to afford the maximum protection permitted under such law.

Subject to the above limitations and in accordance with the ABCL, Southern States will indemnify a director or officer who was successful, on the merits or otherwise, in the defense of any proceeding, or of any claim, issue or matter in the proceeding to which he or she was a party because he or she is or was a director or officer of Southern States against reasonable expenses incurred in connection with the proceeding, notwithstanding that he or she was not successful on any other claim, issue or matter in any such proceeding.

Furthermore, the ABCL provides that Southern States may indemnify an individual made a party to a proceeding because he or she is or was a director or officer of Southern States against liability incurred in a proceeding if: (1) he or she conducted himself or herself in good faith; and (2) he or she reasonably believed (a) in the case of conduct in his or her official capacity with Southern States, that his or her conduct was in its best interest; and (b) in all other cases, that his or her conduct was at least not opposed to its best interest; and (3) in the case of any criminal proceeding he or she had no reasonable cause to believe his or her conduct was unlawful. Southern States may not indemnify a director or officer in connection with a proceeding by or in the

right of Southern States in which the director or officer has not met the relevant standard of conduct; or in connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that financial benefit was improperly received by him or her. Southern States' bylaws also require indemnification to the fullest extent provided by the ABCL.

Under the ABCL, Southern States may, before final disposition of a proceeding, advance funds to pay for or reimburse expenses incurred in connection with a proceeding by an individual who is a party to the proceeding because that individual is a director, if the director delivers to Southern States a signed written undertaking to repay any funds advanced if (i) the director is not entitled to mandatory indemnification, and (ii) it is ultimately determined that the director is not entitled to indemnification.

Bylaws

Under its bylaws, Southern States must indemnify any persons who may be indemnified under the ABCL.

Insurance Coverage

Southern States and Southern States Bank have procured a directors and officers liability insurance policy providing for insurance against certain liabilities incurred by directors and officers of Southern States and Southern States Bank while serving in their capacities as such, to the extent such liabilities could be indemnified under the above provisions.

Underwriting Agreement

The form of Underwriting Agreement to be filed as an exhibit hereto obligates the underwriters to indemnify our directors, officers and controlling persons under limited circumstances against certain liabilities under the Securities Act.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Within the past three years, we have not engaged in the issuance of securities not registered under the Securities Act, other than grants of options to purchase shares of its common stock as well as restricted stock pursuant to its stock option plan to certain officers and employees pursuant to SEC Rule 701 (and Section 4(a)(2) of the Securities Act), and shares to certain directors in instead of cash director fees under the same exemptions.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

Number	Description
1.1*	Form of Underwriting Agreement
2.1#	Agreement and Plan of Merger by and between Southern States Bancshares, Inc. and East Alabama Financial Group, Inc., dated as of May 7, 2019
3.1	Amended and Restated Certificate of Incorporation of Southern States Bancshares, Inc.
3.2	Amended and Restated Bylaws of Southern States Bancshares, Inc.
4.1	Specimen common stock certificate
5.1*	Form of Opinion of Jones Walker, LLP

Number	Description
10.1#	Loan Agreement, dated August 20, 2019, between Southern States Bancshares, Inc. and First Horizon Bank (formerly First Tennessee Bank National Association), and related Revolving Credit Note
10.2†	2017 Incentive Stock Compensation Plan
10.3†	Form of Restricted Stock Award Agreement
10.4†	Form of Option Award Agreement
10.5†	Employment Agreement, dated March 24, 2010, by and between Stephen W. Whatley and Southern States Bank
10.6†	First Amendment to Employment Agreement, dated September 21, 2016, by and between Stephen W. Whatley and Southern States Bank
10.7†	Confidentiality, Non-Competition Agreement and Non-Solicitation Agreement, dated September 21, 2016, by and between Stephen W. Whatley and Southern States Bank.
10.8†	Employment Agreement, dated February 5, 2001, by and between Mark Chambers and NAB, LLC
10.9†	First Amendment to Employment Agreement, dated April 13, 2021, by and between Mark Chambers and Southern States Bank
10.10†	Employment Agreement, dated February 19, 2013, by and between Lynn Joyce and Southern States Bank
10.11†	First Amendment to Employment Agreement, dated April 13, 2021, by and between Lynn Joyce and Southern States Bank
10.12†	Employment Agreement, dated March 24, 2010, by and between James W. Swift and Southern States Bank
10.13†	First Amendment to Employment Agreement, dated April 13, 2021, by and between James W. Swift and the Company
10.14†	Employment Agreement, dated March 24, 2010, by and between Greg Smith and Southern States Bank
10.15†	First Amendment to Employment Agreement, dated April 13, 2021, by and between Greg Smith and the Company
10.16	Registration Rights Agreement, dated as of December 28, 2016, by and among Southern States Bancshares, Inc. and the purchasers party thereto
10.17	Stock Purchase Agreement by and among Southern States Bancshares, Inc. and the purchasers identified on the signature pages thereto, dated as of December 27, 2016
21.1	Subsidiaries of Southern States Bancshares, Inc.
23.1	Consent of Mauldin Jenkins, LLC
23.2*	Consent of Jones Walker, LLP (contained in Exhibit 5.1)
24.1	Power of Attorney (included on the signature page to the registration statement)

* To be filed by amendment.
† Indicates a management contract or compensatory plan.
# Certain schedules, exhibits and appendices have been omitted pursuant to Item 601(b)(5). We will furnish the omitted schedules exhibits and appendices to the Securities and Exchange Commission upon request by the Commission.

(b) Financial Statement Schedules: None. All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements and related notes.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates (if certificates are requested) in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser. Otherwise shares shall be uncertificated.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized in Anniston, Alabama on July 15, 2021.

SOUTHERN STATES BANCSHARES

By: /s/ Stephen W. Whatley
Name: Stephen W. Whatley
Title: Chairman and CEO

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Stephen W. Whatley and Lynn Joyce, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act separately and full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or his or her or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on the dates set forth below.

Signature	Title	Date
/s/ Stephen W. Whatley Stephen W. Whatley	Chairman and Chief Executive Officer, and Director *(Principal Executive Officer)*	*
/s/ Lynn Joyce Lynn Joyce	Senior Executive Vice President and Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	*
/s/ Lewis Beavers Lewis Beavers	Director	*
/s/ Robert F. Davie Robert F. Davie	Director	*
/s/ Alfred Hayes, Jr. Alfred Hayes, Jr.	Director	*
/s/ Brent David Hitson Brent David Hitson	Director	*
/s/ Brian Stacy Holmes Brian Stacy Holmes	Director	*

Signature	Title	Date
/s/ Jimmy Alan LaFoy Jimmy Alan LaFoy	Director	*
/s/ James J. Lynch James J. Lynch	Director	*
/s/ Cynthia S. McCarty Cynthia S. McCarty	Director	*
/s/ Jay Florey Pumroy Jay Florey Pumroy	Director	*
/s/ J. Henry Smith, IV J. Henry Smith, IV	Director	*
/s/ Henry A. Turner Henry A. Turner	Director	*

* July 15, 2021

Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

by and between

SOUTHERN STATES BANCSHARES, INC.

and

EAST ALABAMA FINANCIAL GROUP, INC.

dated as of

May 7, 2019

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER is made and entered into as of this the 7th day of May, 2019, by and between **SOUTHERN STATES BANCSHARES, INC.**, an Alabama corporation ("SSB"), and **EAST ALABAMA FINANCIAL GROUP, INC.**, an Alabama corporation ("East Alabama").

WITNESSETH

WHEREAS, SSB operates as a bank holding company for its wholly owned subsidiary, Southern States Bank, an Alabama banking corporation, with its principal office in Anniston, Alabama; and

WHEREAS, East Alabama operates as a bank holding company for its wholly owned subsidiary, Small Town Bank, an Alabama banking corporation, with its principal office in Wedowee, Alabama; and

WHEREAS, the board of directors of East Alabama has (i) approved this Agreement and declared this Agreement and the transactions contemplated hereby, including the Merger (as defined herein), advisable and in the best interests of East Alabama and its shareholders, (ii) authorized and approved the execution, delivery and performance by East Alabama of this Agreement and the consummation of the transactions contemplated hereby, subject to the terms and conditions herein, and (iii) resolved and agreed to recommend approval of this Agreement by the shareholders of East Alabama entitled to vote; and

WHEREAS, the board of directors of SSB has (i) approved this Agreement and declared this Agreement and the transactions contemplated hereby, including the Merger, advisable and in the best interests of SSB and its shareholders, (ii) authorized and approved the execution, delivery and performance by SSB of this Agreement and the consummation of the transactions contemplated hereby, subject to the terms and conditions herein, (iii) resolved and agreed to recommend approval of this Agreement by the shareholders of SSB entitled to vote; and (iv) approved the issuance of shares of SSB Common Stock in connection with the Merger;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

ARTICLE 1
NAME

1.1 Name. The name of the corporation resulting from the Merger shall be "Southern States Bancshares, Inc."

ARTICLE 2
MERGER — TERMS AND CONDITIONS

2.1 Applicable Law. On the Effective Date, East Alabama shall be merged (the "Merger") with and into SSB with SSB as the surviving corporation (herein referred to as the "Resulting Corporation" whenever reference is made to it as of the time of Merger or thereafter).

2.2 Corporate Existence. On the Effective Date, the corporate existence of East Alabama shall, as provided in the ABCL, be merged into and continued in SSB, as provided in the ABCL, as the Resulting Corporation in the Merger. The Resulting Corporation shall then be deemed to be the same corporation as East Alabama and SSB. The offices and facilities of East Alabama and of SSB shall become the offices and facilities of the Resulting Corporation. All rights, privileges, powers, franchises and interests of East Alabama and SSB, respectively, in and to every type of property (real, personal and mixed) and choses in action shall be transferred to and vested in the Resulting Corporation by virtue of the Merger without any deed or other transfer. All liabilities, obligations, and indebtedness of every kind and description of East Alabama and SSB, respectively, as of the Effective Date shall be transferred to and assumed by the Resulting Corporation by virtue of the Merger without any separate assignment, assumption, or other transfer. The Resulting Corporation on the Effective Date, and without any order or other action on the part of any court or otherwise, shall hold and enjoy all rights of property, franchises and interests, including appointments, designations and nominations and all other rights and interests as trustee, executor, administrator, transfer agent and registrar of stocks and bonds, guardian of estates, assignee, and receiver and in every other fiduciary capacity and in every agency, and capacity, in the same manner and to the same extent as such rights, franchises and interests were held or enjoyed by East Alabama and SSB, respectively, immediately before the Effective Date.

2.3 Articles of Incorporation and Bylaws. On the Effective Date, following the Merger, the articles of incorporation and bylaws of the Resulting Corporation shall be the articles of incorporation and bylaws of SSB as they existed immediately before the Effective Date.

2.4 Resulting Corporation's Board. The board of directors of the Resulting Corporation on the Effective Date shall consist of the board of directors of SSB plus the New SSB Directors as set forth in Section 6.1(f), and each such director shall hold office or continue to hold office until his respective successor is duly elected and qualified, or his earlier death, resignation or removal subject to Section 6.1(f).

2.5 Stockholder Approval. This Agreement shall be submitted to the shareholders of SSB and East Alabama at special meetings of shareholders (each the "Shareholders Meeting") to be held as promptly as practicable consistent with the satisfaction of the conditions set forth in this Agreement. Upon approval by the requisite vote of the shareholders of East Alabama and SSB, as required by the ABCL, the Merger shall become effective as soon as practicable thereafter in the manner provided in Section 2.7 hereof.

2.6 Further Acts. If, at any time after the Effective Date, the Resulting Corporation shall consider or be advised that any further assignments or assurances in law or any other acts are necessary or desirable (i) to vest, perfect, confirm or record, in the Resulting Corporation, title to and possession of any property or right of East Alabama as a result of the Merger, or (ii) otherwise to carry out the purposes of this Agreement, the proper officers and directors of the Resulting Corporation are fully authorized in the name of East Alabama or SSB to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to, and possession of, such property or rights in the Resulting Corporation and otherwise to carry out the purposes of this Agreement.

2.7 Effective Date and Closing. Subject to the terms of all requirements of Law and the conditions specified in this Agreement, the Merger shall become effective on the date and time specified in the articles of merger to be filed with the Secretary of State of the State of Alabama (such time being herein called the "Effective Date"). Assuming all other conditions stated in this Agreement have been or will be satisfied (or waived) as of the Closing, the Closing shall take place at the offices of SSB, in Anniston, Alabama, at 5:00 p.m. as to the Merger on a date specified by SSB that shall be as soon as reasonably practicable, after the later to occur of the Shareholders Meetings or receipt of all required regulatory approvals under Section 8.2, and the expiration of any applicable waiting periods, or at such other place and time, and in such manner, that the Parties may mutually agree. A short form agreement setting forth the principal terms in summary of this Agreement will be used to file articles of merger.

2.8 Subsidiary Bank Merger. As soon as practicable after completion of the Merger, Small Town Bank will merge with and into Southern States Bank (herein referred to as the "Resulting Bank" whenever reference is made to it as of the time of the Merger or thereafter) substantially in accordance with the terms of the Bank Merger Agreement set forth as Exhibit A hereto (the "Subsidiary Bank Merger"). East Alabama will cooperate with SSB, including the call of any special meetings of the board of directors of Small Town Bank and the filing of any regulatory applications, in the execution and filing of appropriate documentation relating to such merger. The Bank Merger Agreement shall provide that the board of directors of the Resulting Bank shall consist of the members of Southern States Bank as of the effective date of the Subsidiary Bank Merger.

ARTICLE 3
CONVERSION OF ACQUIRED CORPORATION STOCK

3.1 Conversion of East Alabama Common Stock. On the Effective Date, by virtue of the Merger and without any action on the part of East Alabama or SSB, or any of their shareholders, each share of common stock of East Alabama (the "East Alabama Common Stock") outstanding and held of record by East Alabama's shareholders shall be converted by operation of law and without any action by any holder thereof into the right to receive cash or a combination of shares of SSB Common Stock and cash in the aggregate amount equal to $50,000,000 as specified below (the "Merger Consideration") (subject to Section 3.4 and Section 3.6 hereof). SSB Common Stock is defined in Section 4.2(a) below and shall mean SSB's voting common stock.

(a) Shares held by Eligible Shareholders. Specifically, the outstanding shares of East Alabama Common Stock held of record by a shareholder who (i) is either (A) an individual whose principal residence is in the State of Alabama or (B) a non-natural person which is considered a resident of the State of Alabama and (ii) has executed and delivered to SSB the certification of residence (each, an "Eligible Shareholder"), shall be converted into and exchanged for the right to receive, at the Eligible Shareholder's election, either $96.15 per share, without interest thereon (the "Per Share Cash Consideration") (subject to subsection (c) below) or a number of shares of SSB Common Stock (the "Exchange Shares") equal to 4.2264 shares of SSB Common Stock per share of East Alabama Common Stock so exchanged. Any shareholder who has not provided sufficient proof of residence in Alabama shall receive cash as set forth in subsection (b) below. The Per Share Cash Consideration and Exchange Shares numbers are based upon the number of shares of East Alabama common stock set forth in Section 5.2.

(b) Shares Not Held by Eligible Shareholders. Each outstanding share of East Alabama Common Stock held of record by a shareholder who is not an Eligible Shareholder shall be converted solely into the right to receive the Per Share Cash Consideration.

(c) Limitation of Cash Election. The total amount of cash to be paid pursuant to subsections (a) and (b) above and pursuant to Section 3.6 shall not exceed in the aggregate more than 48% of the total Merger Consideration (the "Maximum Cash Consideration"). In the event the Eligible Shareholders' elections to receive Per Share Cash Consideration causes the total cash to be paid to exceed the Maximum Cash Consideration, the Eligible Shareholders' elections will be prorated to reduce the Per Share Cash Consideration and increase the number of Exchange Shares accordingly.

(d) Shares Held by East Alabama. Shares of East Alabama Common Stock held by East Alabama (other than as fiduciary) shall automatically be canceled and retired and all rights with respect thereto shall cease to exist, and no consideration shall be delivered in exchange therefor.

3.2 Surrender of East Alabama Common Stock. On and after the Effective Date, each holder of an outstanding certificate or certificates which prior thereto represented shares of East Alabama Common Stock shall be entitled, upon surrender to SSB of a letter of transmittal (which shall include such holder's certification of residence) together with such holder's certificate or certificates representing shares of East Alabama Common Stock (or an affidavit or affirmation by such holder of the loss, theft, or destruction of such certificate or certificates in such form as SSB or its transfer agent may reasonably require and an indemnity agreement or surety bond if SSB or its transfer agent reasonably requires) to receive in exchange therefor a certificate or certificates representing the number of whole shares of SSB Common Stock and/or cash into and for which the shares of East Alabama Common Stock so surrendered shall have been converted, such certificates to be of such denominations and registered in such names as such holder may reasonably request. Until so surrendered and exchanged, each such outstanding certificate which, prior to the Effective Date, represented shares of East Alabama Common Stock and which is to be converted into the Merger Consideration shall for all purposes evidence ownership of the SSB Common Stock and/or cash (or in the case of non-Alabama residents, cash only) into and for which such shares shall have been so converted, except that no dividends or other distributions with respect to such SSB Common Stock shall be made until the certificates previously representing shares of East Alabama Common Stock shall have been properly tendered.

3.3 Fractional Shares. No fractional shares of SSB Common Stock shall be issued, and each holder of shares of East Alabama Common Stock having a fractional interest arising upon the conversion of such shares into shares of SSB Common Stock shall, at the time of surrender of the certificates previously representing East Alabama Common Stock, be paid cash by SSB for such fractions at the rate of $22.75 per SSB share.

3.4 Adjustments. In the event that prior to the Effective Date SSB Common Stock shall be changed into a different number of shares or a different class of shares by reason of any recapitalization or reclassification, stock dividend, combination, stock split, or reverse stock split of the SSB Common Stock, an appropriate and proportionate adjustment shall be made in the number of shares of SSB Common Stock into which the East Alabama Common Stock shall be converted.

3.5 SSB Common Stock. The shares of SSB Common Stock issued and outstanding immediately before the Effective Date shall continue to be issued and outstanding shares of the Resulting Corporation.

3.6 Dissenting Rights. Any shareholder of East Alabama, or SSB, as applicable, who shall not have voted in favor of this Agreement and who has complied with the applicable procedures set forth in the ABCL, relating to rights of dissenting shareholders, shall be entitled to receive payment for the fair value of the East Alabama Common Stock, or SSB Common Stock, as applicable, held by such shareholder. If after the Effective Date, a dissenting shareholder of East Alabama or SSB fails to perfect, or effectively withdraws or loses his right to appraisal and payment for his shares of East Alabama Common Stock, or SSB Common Stock, as applicable, SSB shall issue and deliver the Merger Consideration to which such holder of shares of East Alabama Common Stock is entitled under Section 3.1 (without interest) upon surrender by such holder of the certificate or certificates representing shares of East Alabama Common Stock held by him or her.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS OF SSB

Except as disclosed and set forth in the disclosure letter delivered by SSB to East Alabama prior to the execution of this Agreement (the "SSB Disclosure Letter") (which sets forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in this Article 4, or to one or more of SSB's covenants contained herein (provided that the mere inclusion of an item in the SSB Disclosure Letter as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had or would have a Material Adverse Effect)), SSB represents, warrants and covenants to and with East Alabama as follows:

4.1 Organization.

(a) SSB is a corporation and Southern States Bank is an Alabama banking corporation, each duly organized, validly existing and in good standing under the Laws of the State of Alabama. Each of SSB and Southern States Bank has the necessary corporate powers to carry on its business as presently conducted and is qualified to do business in every jurisdiction in which the character and location of the Assets owned by it or the nature of the business transacted by it requires qualification or in which the failure to qualify could, individually or in the aggregate, have a Material Adverse Effect.

(b) SSB has no direct Subsidiaries other than Southern States Bank, and there are no Subsidiaries of Southern States Bank. SSB owns all of the issued and outstanding capital stock of Southern States Bank free and clear of any liens, claims or encumbrances of any kind. All of the issued and outstanding shares of capital stock of Southern States Bank have been validly issued and are fully paid and non-assessable. As of the date of this Agreement, there were 15,000,000 shares of common stock, par value $5.00 per share, authorized of Southern States Bank, 3,187,711 of which are issued and outstanding and wholly owned by SSB. Southern States Bank has no arrangements or commitments obligating it to issue shares of its capital stock or any securities convertible into or having the right to purchase shares of its capital stock.

4.2 Capital Stock.

(a) Except as set forth in the SSB Disclosure Letter, the authorized capital stock of SSB consists of 15,000,000 shares of voting common Stock, $5.00 par value per share (the "SSB Common Stock"), of which as of March 31, 2019, 5,690,473 shares were validly issued and outstanding, fully paid and nonassessable and are not subject to preemptive rights; 5,000,000 shares of nonvoting common stock $5.00 par value per share (the "SSB Nonvoting Common Stock"), of which as of March 31, 2019, 805,715 shares were validly issued and outstanding, fully paid and nonassessable and are not subject to preemptive rights; 351,435 shares of SSB Common Stock subject to options, 25,745 shares of SSB Common Stock subject to restricted stock awards, which are included in outstanding and are voting, and 0 shares of SSB Common Stock subject to warrants. The shares of SSB Common Stock to be issued in the Merger are duly authorized and, when so issued, will be validly issued and outstanding, fully paid and nonassessable.

(b) The authorized capital stock of each Subsidiary of SSB is validly issued and outstanding, fully paid and nonassessable, and each Subsidiary is wholly owned, directly or indirectly, by SSB.

4.3 Financial Statements; Taxes.

(a) SSB has delivered to East Alabama copies of the following financial statements of SSB:

(i) Consolidated balance sheets as of December 31, 2017, and December 31, 2018;

(ii) Consolidated statements of operations for each of the three years ended December 31, 2016, 2017 and 2018;

(iii) Consolidated statements of cash flows for each of the three years ended December 31, 2016, 2017 and 2018; and

(iv) Consolidated statements of changes in shareholders' equity for the three years ended December 31, 2016, 2017 and 2018.

All such financial statements are in all material respects in accordance with the books and records of SSB and have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated, all as more particularly set forth in the notes to such statements. Each of the consolidated balance sheets presents fairly as of its date the consolidated financial condition of SSB and its Subsidiaries. Except as and to the extent reflected or reserved against it in such balance sheets (including the notes thereto), neither SSB nor Southern States Bank had, as of the dates of such balance sheets, any material Liabilities or obligations (absolute or contingent) of a nature customarily reflected in a balance sheet or the notes thereto. The statements of consolidated income, shareholders' equity and changes in consolidated financial position present fairly the results of operations and changes in financial position of SSB and its Subsidiaries for the periods indicated. The foregoing representations, insofar as they relate to any unaudited interim financial statements of SSB which may be presented to East Alabama, are subject in all cases to normal recurring year-end adjustments and the omission of footnote disclosure. All journal entries have been appropriately made in the books and records of SSB.

(b) All Tax returns required to be filed by or on behalf of SSB have been timely filed (or requests for extensions therefor have been timely filed and granted and have not expired), and all returns filed are complete and accurate in all material respects. All Taxes shown on these returns to be due and all additional assessments received have been paid. The amounts recorded for Taxes on the balance sheets provided under Section 4.3(a)(i) are, to the Knowledge of SSB, sufficient in all material respects for the payment of all unpaid federal, state, county, local, foreign or other Taxes (including any interest or penalties) of SSB accrued for or applicable to the period ended on the dates thereof, and all years and periods prior thereto and for which SSB may at such dates have been liable in its own right or as transferee of the Assets of, or as successor to, any other corporation or other party. No audit, examination or investigation is presently being conducted or, to the Knowledge of SSB, threatened by any taxing authority which is likely to result in a material Tax Liability, no material unpaid Tax deficiencies or additional liabilities of any sort have been proposed by any governmental representative and no agreements for extension of time for the assessment of any material amount of Tax have been entered into by or on behalf of SSB. SSB has withheld from its employees (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods in material compliance with all Tax withholding provisions of applicable federal, state, foreign and local Laws (including without limitation, income, social security and employment Tax withholding for all types of compensation).

(c) Each SSB Company has withheld from its employees (and timely paid to the appropriate government entity) proper and accurate amounts for all periods in material compliance with all Tax withholding provisions of applicable federal, state, foreign and local Laws (including without limitation, income, social security and employment Tax withholding for all types of compensation). Each SSB Company is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Code.

4.4 No Conflict with Other Instrument. The consummation of the transactions contemplated by this Agreement will not result in a breach of or constitute a Default (without

regard to the giving of notice or the passage of time) under any material Contract, indenture, mortgage, deed of trust or other material agreement or instrument to which SSB or any of its Subsidiaries is a party or by which they or their Assets may be bound; will not conflict with any provision of the articles of incorporation or bylaws of SSB or the articles of incorporation or bylaws of any of its Subsidiaries; and will not violate any provision of any Law, regulation, judgment or decree binding on them or any of their Assets.

4.5 Absence of Material Adverse Effect. Since the date of the most recent balance sheet provided under Section 4.3(a)(i) above, there have been no events, changes or occurrences which have had or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on SSB.

4.6 Approval of Agreement. The board of directors of SSB has approved this Agreement and the transactions contemplated by it and has authorized the execution and delivery by SSB of this Agreement. This Agreement constitutes the legal, valid and binding obligation of SSB, enforceable against it in accordance with its terms. Subject to the approval by the shareholders of SSB at the SSB Shareholders Meeting and to the matters referred to in Section 8.2, SSB has full power, authority and legal right to enter into this Agreement and to consummate the transactions contemplated by this Agreement. SSB has no Knowledge of any fact or circumstance under which the appropriate regulatory approvals required by Section 8.2 will not be granted without the imposition of material conditions or material delays.

4.7 Subsidiaries. Each Subsidiary of SSB has been duly incorporated and is validly existing as a corporation in good standing under the Laws of the jurisdiction of its incorporation and each Subsidiary has been duly qualified as a foreign corporation to transact business and is in good standing under the Laws of each other jurisdiction in which it owns or leases properties, or conducts any business so as to require such qualification and in which the failure to be duly qualified could have a Material Adverse Effect upon SSB and its Subsidiaries considered as one enterprise; and Southern States Bank has its deposits fully insured by the Federal Deposit Insurance Corporation to the extent provided by the Federal Deposit Insurance Act.

4.8 Litigation. Except as disclosed in or reserved for in SSB's financial statements, there is no Litigation (whether or not purportedly on behalf of SSB) pending or, to the Knowledge of SSB, threatened against or affecting any SSB Company (nor does SSB have Knowledge of any facts which are likely to give rise to any such Litigation) at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, which involves the possibility of any judgment or Liability not fully covered by insurance in excess of a reasonable deductible amount or which may have a Material Adverse Effect on SSB, and no SSB Company is in Default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality, which Default would have a Material Adverse Effect on SSB. To the Knowledge of SSB, each SSB Company has complied in all material respects with all material applicable Laws and regulations including those imposing Taxes, of any applicable jurisdiction and of all states, municipalities, other political subdivisions and Agencies, in respect of the ownership of its properties and the conduct of its business, which, if not complied with, would have a Material Adverse Effect on SSB.

4.9 Compliance. SSB and its Subsidiaries, in the conduct of their businesses, are to the Knowledge of SSB, in material compliance with all material federal, state or local Laws applicable to their or the conduct of their businesses.

4.10 Proxy Statement. SSB shall provide information to be used by East Alabama in its Proxy Statement at the time of the East Alabama Shareholders Meeting. Such information provided by SSB will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the time of the SSB Shareholders Meeting, SSB's Proxy Statement will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this section shall only apply to statements in or omissions from SSB's Proxy Statement relating to descriptions of the business of SSB, its Assets, properties, operations, and capital stock or to information furnished in writing by SSB or its representatives expressly for inclusion in the Proxy Statement. For the avoidance of doubt, the representations and warranties in this section shall not apply to information furnished by East Alabama or its representatives for inclusion in its Proxy Statement.

4.11 SEC Filings. As of the date of this Agreement, SSB is not required to file periodic reports with the SEC.

4.12 Absence of Regulatory Communications; Filings. Neither SSB nor any of its Subsidiaries is subject to, or has received during the past twelve (12) months, any written communication directed specifically to it from any Agency to which it is subject or pursuant to which such Agency has imposed or has indicated it may impose any material restrictions on the operations of it or the business conducted by it or in which such Agency has raised a material question concerning the condition, financial or otherwise, of such company. All reports, records, registrations, statements, notices and other documents or information required to be filed by SSB and Southern States Bank with any Agency have been duly and timely filed and, to the Knowledge of SSB, all information and data contained in such reports, records or other documents are true, accurate, correct and complete in all material respects.

4.13 Loans; Adequacy of Allowance for Loan Losses.

(a) ALLL. All reserves for loan losses shown on the most recent financial statements furnished by SSB have been calculated in accordance with GAAP and prudent and customary banking practices and are adequate in all material respects to reflect the risk inherent in the loans of Southern States Bank. SSB has no Knowledge of any fact which is likely to require a future material increase in the provision for loan losses or a material decrease in the loan loss reserve reflected in such financial statements.

(b) Validity. Each loan reflected as an Asset on the financial statements of SSB is the legal, valid and binding obligation of the obligor of each loan, enforceable in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and to general equitable principles and complies with all Laws to which it is subject. SSB does not have in its portfolio

any loan exceeding its legal lending limit, or any loan to any insider in violation of Regulation O and SSB has no known significant delinquent, substandard, doubtful, loss, nonperforming or problem loans. Each outstanding loan (including loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant loan files are being maintained, in all material respects in accordance with the relevant notes or other credit or security documents, the written underwriting standards of Southern States Bank (and, in the case of loans held for resale to investors, the underwriting standards, if any, of the applicable investors) and with all applicable federal, state and local laws, regulations and rules. None of the agreements pursuant to which Southern States Bank has sold loans or pools of loans or participations in loans or pools of loans contains any obligation to repurchase such loans or interests therein solely on account of a payment default by the obligor on any such loan.

4.14 Fair Housing Act, Home Mortgage Disclosure Act and Equal Credit Opportunity Act and Flood Disaster Protection Act(a) . Southern States Bank is in compliance in all material respects with the Fair Housing Act (42 U.S.C. § 3601 et seq.), the Home Mortgage Disclosure Act (12 U.S.C. § 2801 et seq.), the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.), and the Flood Disaster Protection Act (42 USC § 4002, et seq.), and all regulations promulgated thereunder. Southern States Bank has not received any written notices of any violation of such acts or any of the regulations promulgated thereunder, and it has not received any written notice of any, and to the Knowledge of SSB, there is no, threatened administrative inquiry, proceeding or investigation with respect to its compliance with such laws.

4.15 Bank Secrecy Act, Foreign Corrupt Practices Act and U.S.A. Patriot Act(a) . Southern States Bank is in material compliance with the Bank Secrecy Act (31 U.S.C. §§ 5311, et seq.), the United States Foreign Corrupt Practices Act and the International Money Laundering Abatement and Anti-Terrorist Financing Act, otherwise known as the U.S.A. Patriot Act, and all regulations promulgated thereunder. Southern States Bank has properly certified all foreign deposit accounts and has made all necessary tax withholdings on all of its deposit accounts; furthermore, Southern States Bank has timely and properly filed and maintained all requisite Currency Transaction Reports and other related forms, including any requisite Customs Reports required by any agency of the United States Treasury Department, including the IRS. Southern States Bank has timely filed all Suspicious Activity Reports with the Financial Institutions – Financial Crimes Enforcement Network (U.S. Department of the Treasury) required to be filed by it pursuant to the laws and regulations referenced in this Section.

4.16 Disclosure. No representation or warranty, or any statement or certificate furnished or to be furnished to East Alabama by SSB, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained in this Agreement or in any such statement or certificate not misleading.

4.17 Community Reinvestment Act Compliance. Southern States Bank is an insured depository institution and has complied in all material respects with the Community Reinvestment Act of 1977 ("CRA") and the rules and regulations thereunder, and has a composite CRA rating of not less than "satisfactory."

4.18 Title and Related Matters. SSB has good and marketable title to all the properties, interest in properties and Assets, real and personal, that are material to the business of

SSB, reflected in the most recent balance sheet referred to in Section 4.3(a)(i), or acquired after the date of such balance sheet (except properties, interests and Assets sold or otherwise disposed of since such date, in the ordinary course of business), free and clear of all mortgages, Liens, pledges, charges or encumbrances except (i) mortgages and other encumbrances referred to in the notes to such balance sheet, (ii) Liens for current Taxes not yet due and payable and (iii) such imperfections of title and easements as do not materially detract from or interfere with the present use of the properties subject thereto or affected thereby, or otherwise materially impair present business operations at such properties. To the Knowledge of SSB, the material structures and equipment of each SSB Company comply in all material respects with the requirements of all applicable Laws. SSB is not aware of any defects, irregularities or problems with any of its computer hardware or software which renders such hardware or software unable to satisfactorily perform the tasks and functions to be performed in the business of any SSB Company.

4.19 Material Contract Defaults. No SSB Company is in Default in any material respect under the terms of any material Contract, agreement, lease or other commitment which is or may be material to the business, operations, properties or Assets, or the condition, financial or otherwise, of such company and, to the Knowledge of SSB, there is no event which, with notice or lapse of time, or both, may be or become an event of Default under any such material Contract, agreement, lease or other commitment in respect of which adequate steps have not been taken to prevent such a Default from occurring.

4.20 Insurance. Each SSB Company has in effect insurance coverage and bonds with reputable insurers which, in respect to amounts, types and risks insured, management of SSB reasonably believes to be adequate for the type of business conducted by such company. No SSB Company is liable for any material retroactive premium adjustment. All insurance policies and bonds are valid, enforceable and in full force and effect, and no SSB Company has received any notice of any material premium increase or cancellation with respect to any of its insurance policies or bonds. Within the last three years, no SSB Company has been refused any insurance coverage which it has sought or applied for, and it has no reason to believe that existing insurance coverage cannot be renewed as and when the same shall expire, upon terms and conditions as favorable as those presently in effect, other than possible increases in premiums that do not result from any extraordinary loss experience. All policies of insurance presently held or policies containing substantially equivalent coverage will be outstanding and in full force with respect to each SSB Company at all times from the date hereof to the Effective Date.

4.21 Environmental Matters. Except for events or actions that do not constitute a Material Adverse Effect, to the Knowledge of SSB:

(a) neither SSB's conduct nor its operation or the conduct or operation of its Subsidiaries nor any condition of any property presently or previously owned, leased or operated by any of them (including in a fiduciary or agency capacity), violates or has violated Environmental Laws;

(b) there has been no release of any Hazardous Substance by SSB or any of its Subsidiaries in any manner that has given or would reasonably be expected to give rise to any remedial obligation, corrective action requirement or liability under applicable Environmental Laws;

(c) neither SSB nor any of its Subsidiaries has received any written claims, notices, demand letters or requests for information (except for such claims, notices, demand letters or requests for information the subject matter of which has been resolved prior to the date of this Agreement) from any governmental entity or any other Person asserting that SSB or any of its Subsidiaries or the operation or condition of any property ever owned, leased, operated or held as collateral or in a fiduciary capacity by any of them are or were in violation of or otherwise are alleged to have liability under any Environmental Law, including responsibility (or potential responsibility) for the cleanup or other remediation of any pollutants, contaminants or hazardous or toxic wastes, substances or materials at, on, beneath or originating from any such property;

(d) no Hazardous Substance has been disposed of, arranged to be disposed of, released or transported in violation of any applicable Environmental Law, or in a manner that has given rise to, or that would reasonably be expected to give rise to, any liability under any Environmental Law, from any current or former properties or facilities while owned or operated by SSB or any of its Subsidiaries or as a result of any operations or activities of SSB or any of its Subsidiaries at any location, and no other condition has existed or event has occurred with respect to SSB or any of its Subsidiaries or any such properties or facilities that, with notice or the passage of time, or both, would be reasonably likely to result in liability under Environmental Laws, and, to the Knowledge of SSB, Hazardous Substances are not otherwise present at or about any such properties or facilities in an amount or condition that has resulted in or would reasonably be expected to result in Liability to SSB or any of its Subsidiaries under any Environmental Law;

(e) neither SSB, its Subsidiaries nor any of their respective properties or facilities are subject to, or are, to SSB's Knowledge, threatened to become subject to, any liabilities relating to any suit, settlement, court order, administrative order, regulatory requirement, judgment or claim asserted or arising under any Environmental Law or any agreement relating to environmental liabilities; and

(f) no property on which SSB or any of its Subsidiaries holds a Lien violates or violated any Environmental Law and no condition has existed or event has occurred with respect to any such property that, with notice or the passage of time, or both, is reasonably likely to result in liability under any Environmental Law.

(g) As used in this Agreement, "Environmental Law" means any Law relating to:

(i) the protection, preservation or restoration of the environment (including air, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or

(ii) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling labeling, production, release or disposal of Hazardous Substances, including the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Clean Water Act, the Clean Air Act and the Occupational Safety and Health Act, regulations promulgated thereunder, and state counterparts to the foregoing.

(h) As used herein, “Hazardous Substance” means any substance listed, defined, designated, classified or regulated as a waste, pollutant or contaminant or as hazardous, toxic, radioactive or dangerous or any other term of similar import under any Environmental Law, including petroleum.

4.22 Collective Bargaining. There are no labor contracts, collective bargaining agreements, letters of undertakings or other arrangements, formal or informal, between any SSB and any union or labor organization covering any SSB’s employees and none of said employees are represented by any union or labor organization.

4.23 Labor Disputes. To the Knowledge of SSB, each SSB Company is in material compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, wages and hours. No SSB Company is or has been engaged in any unfair labor practice, and, to the Knowledge of SSB Company, no unfair labor practice complaint against any SSB Company is pending before the National Labor Relations Board. Relations between management of each SSB Company and the employees are amicable and there have not been, nor to the Knowledge of SSB, are there presently, any attempts to organize employees, nor to the Knowledge of SSB, are there plans for any such attempts.

4.24 Derivative Contracts. No SSB Company is a party to or has agreed to enter into a swap, forward, future, option, cap, floor or collar financial contract, or any other interest rate or foreign currency protection contract or derivative security not included in SSB’s financial statements delivered under Section 4.3 hereof which is a financial derivative contract (including various combinations thereof).

4.25 Intellectual Property. Each SSB Company owns or has a valid license to use all of the Intellectual Property used by such SSB Company in the course of its business. Each SSB Company is the owner of or has a license to any Intellectual Property sold or licensed to a third party by each SSB Company in connection with the SSB Company’s business operations, and the SSB Company has the right to convey by sale or license any Intellectual Property so conveyed. No SSB Company has received notice of Default under any of its Intellectual Property licenses. No proceedings have been instituted, or are pending or overtly threatened, that challenge the rights of a SSB Company with respect to Intellectual Property used, sold or licensed by the SSB Company in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. To the Knowledge of SSB, the conduct of each SSB Company’s business does not infringe any Intellectual Property of any other person. No SSB Company is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property.

4.26 No Additional Representations.

(a) Except for the representations and warranties made by SSB in this Article 4, neither SSB nor any other Person makes any express or implied representation or warranty with respect to SSB or its Subsidiaries or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and SSB hereby disclaims any such other representations or warranties.

(b) Notwithstanding anything contained in this Agreement to the contrary, SSB acknowledges and agrees that none of East Alabama or any other Person has made or is making any representations or warranties relating to East Alabama whatsoever, express or implied, beyond those expressly given by East Alabama in Article 5 hereof, including any implied representation or warranty as to the accuracy or completeness of any information regarding East Alabama furnished or made available to SSB or any of its representatives.

ARTICLE 5
REPRESENTATIONS, WARRANTIES AND COVENANTS OF EAST ALABAMA

Except as disclosed and set forth in the disclosure letter delivered by East Alabama to SSB prior to the execution of this Agreement (the "East Alabama Disclosure Letter") (which sets forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in this Article 5, or to one or more of East Alabama's covenants contained herein (provided that the mere inclusion of an item in the East Alabama Disclosure Letter as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had or would have a Material Adverse Effect)), East Alabama represents, warrants and covenants to and with SSB, as follows:

5.1 Organization. East Alabama is an Alabama corporation, and Small Town Bank is an Alabama state banking corporation. Each East Alabama Company is duly organized, validly existing and in good standing under the respective Laws of its jurisdiction of incorporation and has all requisite power and authority to carry on its business as it is now being conducted and is qualified to do business in every jurisdiction in which the character and location of the Assets owned by it or the nature of the business transacted by it requires qualification or in which the failure to qualify could, individually, or in the aggregate, have a Material Adverse Effect.

5.2 Capital Stock.

(a) As of the date of this Agreement, the authorized capital stock of East Alabama consisted of 1,000,000 shares of common stock, $.01 par value per share, 520,038 shares of which are issued and outstanding. All of such shares which are outstanding are validly issued, fully paid and nonassessable and not subject to preemptive rights. East Alabama does not have any arrangements or commitments obligating it to issue shares of its capital stock or any securities convertible into or having the right to purchase shares of its capital stock

(b) As of the date of this Agreement, East Alabama estimates that there are approximately 32,000 shares of East Alabama common stock held by shareholders who are not residents of the State of Alabama under SEC Rule 147A based on the last known addresses provided by such shareholders. The East Alabama Disclosure Letter sets forth the list of

shareholders of East Alabama showing the name, last known address and number of shares of East Alabama common stock held by each shareholder. East Alabama will cooperate with SSB to determine the identity and residence of the Eligible Shareholders.

5.3 Subsidiaries. East Alabama has no direct Subsidiaries other than Small Town Bank, and there are no Subsidiaries of Small Town Bank. East Alabama owns all of the issued and outstanding capital stock of Small Town Bank free and clear of any liens, claims or encumbrances of any kind. All of the issued and outstanding shares of capital stock of Small Town Bank have been validly issued and are fully paid and non-assessable. As of the date of this Agreement, there were 1,000,000 shares of common stock, par value $1.00 per share, authorized of Small Town Bank, 1,000 of which are issued and outstanding and wholly owned by East Alabama. Small Town Bank has no arrangements or commitments obligating it to issue shares of its capital stock or any securities convertible into or having the right to purchase shares of its capital stock.

5.4 Financial Statements; Taxes. (a) East Alabama has delivered to SSB copies of the following financial statements of East Alabama:

(i) Consolidated balance sheets as of December 31, 2017 and 2018;

(ii) Consolidated Statements of income for each of the three years ended December 31, 2016, 2017 and 2018;

(iii) Consolidated Statements of shareholders' equity for each of the three years ended December 31, 2016, 2017, and 2018; and

(iv) Consolidated Statements of cash flows for the three years ended December 31, 2016, 2017 and 2018.

All of the foregoing financial statements are in all material respects in accordance with the books and records of East Alabama and its Subsidiaries and have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated, except for changes required by GAAP, all as more particularly set forth in the notes to such statements. Each of such balance sheets presents fairly as of its date the financial condition of East Alabama and its Subsidiaries and there are no assets or liabilities of East Alabama and its Subsidiaries that would cause any material change in such financial statements. Except as and to the extent reflected or reserved against it in such balance sheets (including the notes thereto), neither East Alabama nor its Subsidiaries had, as of the date of such balance sheets, any material Liabilities or obligations (absolute or contingent) of a nature customarily reflected in a balance sheet or the notes thereto. The statements of income, shareholders' equity and cash flows present fairly the results of operation, changes in shareholders' equity and cash flows of East Alabama and its Subsidiaries for the periods indicated and there are no operations conducted by East Alabama and its Subsidiaries which would cause any material change to such statements. The foregoing representations, insofar as they relate to the unaudited interim financial statements of East Alabama and its Subsidiaries which may be presented to SSB, are subject in all cases to normal recurring year-end adjustments and the omission of footnote disclosure. All journal entries have been appropriately made in the books and records of East Alabama and its Subsidiaries.

(b) All Tax returns required to be filed by or on behalf of East Alabama have been timely filed (or requests for extensions therefor have been timely filed and granted and have not expired), and all returns filed are complete and accurate in all material respects. All Taxes shown on these returns to be due and all additional assessments received have been paid. The amounts recorded for Taxes on the balance sheets provided under Section 5.4(a)(i) are, to the Knowledge of East Alabama, sufficient in all material respects for the payment of all unpaid federal, state, county, local, foreign and other Taxes (including any interest or penalties) of East Alabama accrued for or applicable to the period ended on the dates thereof, and all years and periods prior thereto and for which East Alabama may at such dates have been liable in its own right or as a transferee of the Assets of, or as successor to, any other corporation or other party. No audit, examination or investigation is presently being conducted or, to the Knowledge of East Alabama, threatened by any taxing authority which is likely to result in a material Tax Liability, no material unpaid Tax deficiencies or additional liability of any sort has been proposed by any governmental representative and no agreements for extension of time for the assessment of any material amount of Tax have been entered into by or on behalf of East Alabama. East Alabama has not executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due that is currently in effect.

(c) Each East Alabama Company has withheld from its employees (and timely paid to the appropriate governmental entity) proper and accurate amounts for all periods in material compliance with all Tax withholding provisions of applicable federal, state, foreign and local Laws (including without limitation, income, social security and employment Tax withholding for all types of compensation). Each East Alabama Company is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Code.

5.5 Absence of Material Adverse Effect. Since the date of the most recent balance sheet provided under Section 5.4(a)(i) above, no East Alabama Company has:

(a) issued, delivered or agreed to issue or deliver any stock, bonds or other corporate securities (whether authorized and unissued or held in the treasury, or adjusted, split, reclassified any shares of East Alabama Common Stock or any capital stock of any Subsidiary);

(b) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability (absolute or contingent) except borrowings, obligations (including purchase of federal funds) and Liabilities incurred in the ordinary course of business and consistent with past practice;

(c) paid any material obligation or Liability (absolute or contingent) other than current Liabilities reflected in or shown on the most recent balance sheet referred to in Section 5.4(a)(i) and current Liabilities incurred since that date in the ordinary course of business and consistent with past practice;

(d) declared or made, or agreed to declare or make, any payment of dividends or distributions of any Assets of any kind whatsoever to shareholders (except for inter-company

dividends or distributions), or purchased or redeemed, or agreed to purchase or redeem, directly or indirectly, or otherwise acquire, any of its outstanding securities except for dividends and distributions paid in the ordinary course of business and consistent with past practice other than dividends paid in January 2019 as set forth on the East Alabama Disclosure Letter;

(e) except in the ordinary course of business, sold or transferred, or agreed to sell or transfer, any of its Assets, or canceled, or agreed to cancel, any debts or claims;

(f) except in the ordinary course of business, entered or agreed to enter into any agreement or arrangement granting any preferential rights to purchase any of its Assets, or requiring the consent of any party to the transfer and assignment of any of its Assets;

(g) suffered any Losses or waived any rights of value which in either event in the aggregate would have a Material Adverse Effect considering its business as a whole;

(h) except in the ordinary course of business, made or permitted any amendment or termination of any Contract, agreement or license to which it is a party if such amendment or termination is material considering its business as a whole or made any, or agreed to make, any capital expenditures in amounts exceeding $25,000 individually or $150,000 as a whole;

(i) except in accordance with normal and usual practice and/or as may be set forth in the East Alabama Disclosure Letter, made any accrual or arrangement for or payment of bonuses or special compensation of any kind or agreed to make any severance or termination pay to any present or former officer or employee;

(j) except in accordance with normal and usual practice and/or as may be set forth in the East Alabama Disclosure Letter, increased the rate of compensation payable to or to become payable to any of its officers or employees or made any material increase in any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan, payment or arrangement made to, for or with any of its officers or employees;

(k) received notice or had Knowledge or reason to believe that any of its substantial customers has terminated or intends to terminate its relationship, which termination would have a Material Adverse Effect on its financial condition, results of operations, business, Assets or properties;

(l) failed to operate its business in the ordinary course so as to preserve its business substantially intact and to preserve in a material way the goodwill of its customers and others with whom it has business relations;

(m) entered into any other material transaction other than in the ordinary course of business; or

(n) agreed in writing, or otherwise, to take any action described in clauses (a) through (m) above, excluding (k).

Between the date hereof and the Effective Date, no East Alabama Company, without the express written approval of SSB, will do any of the things listed in clauses (a) through (n) (excluding (k)) of this Section 5.5 except as permitted therein or as contemplated in this Agreement, and no East Alabama Company will enter into or amend any material Contract, other than loans or renewals thereof entered into in the ordinary course of business, without the express written consent of SSB.

5.6 Title and Related Matters.

(a) Title. East Alabama has good and marketable title to all the properties, interest in properties and Assets, real and personal, that are material to the business of East Alabama, reflected in the most recent balance sheet referred to in Section 5.4(a)(i), or acquired after the date of such balance sheet (except properties, interests and Assets sold or otherwise disposed of since such date, in the ordinary course of business), free and clear of all mortgages, Liens, pledges, charges or encumbrances except (i) mortgages and other encumbrances referred to in the notes to such balance sheet, (ii) Liens for current Taxes not yet due and payable and (iii) such imperfections of title and easements as do not materially detract from or interfere with the present use of the properties subject thereto or affected thereby, or otherwise materially impair present business operations at such properties. To the Knowledge of East Alabama, the material structures and equipment of each East Alabama Company comply in all material respects with the requirements of all applicable Laws.

(b) Leases. The East Alabama Disclosure Letter sets forth a list and description of all real and personal property owned or leased by any East Alabama Company, either as lessor or lessee.

(c) Personal Property. The East Alabama Disclosure Letter sets forth a depreciation schedule of each East Alabama Company's fixed Assets as of December 31, 2018.

(d) Computer Hardware and Software. The East Alabama Disclosure Letter contains a description of all material agreements relating to data processing computer software and hardware now being used in the business operations of any East Alabama Company. East Alabama is not aware of any defects, irregularities or problems with any of its computer hardware or software which renders such hardware or software unable to satisfactorily perform the material tasks and functions to be performed by them in the business of any East Alabama Company.

5.7 Commitments. No East Alabama Company is a party to any oral or written (i) Contracts for the employment of any officer or employee which is not terminable on 30 days' (or less) notice, (ii) profit sharing, bonus, deferred compensation, savings, stock option, severance pay, pension or retirement plan, agreement or arrangement, (iii) loan agreement, indenture or similar agreement relating to the borrowing of money by any East Alabama Company, (iv) guaranty of any obligation for the borrowing of money or otherwise, excluding endorsements made for collection, and guaranties made in the ordinary course of business, (v) collective bargaining agreement, or (vi) agreement with any present or former officer, director or principal shareholder of any East Alabama Company. Complete and accurate copies of all Contracts, plans and other items so listed have been made or will be made available to SSB for inspection.

5.8 Charter and Bylaws. The East Alabama Disclosure Letter contains true and correct copies of the articles of incorporation and bylaws of each East Alabama Company, including all amendments thereto, as currently in effect. There will be no changes in such articles of incorporation or bylaws prior to the Effective Date, without the prior written consent of SSB.

5.9 Litigation. Except as disclosed in or reserved for in East Alabama's financial statements, there is no Litigation (whether or not purportedly on behalf of East Alabama) pending or, to the Knowledge of East Alabama, threatened against or affecting any East Alabama Company (nor does East Alabama have Knowledge of any facts which are likely to give rise to any such Litigation) at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, which involves the possibility of any judgment or Liability not fully covered by insurance in excess of a reasonable deductible amount, or which may have a Material Adverse Effect on East Alabama, and no East Alabama Company is in Default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality, which Default would have a Material Adverse Effect on East Alabama. To the Knowledge of East Alabama, each East Alabama Company has complied in all material respects with all material applicable Laws and regulations including those imposing Taxes, of any applicable jurisdiction and of all states, municipalities, other political subdivisions and Agencies, in respect of the ownership of its properties and the conduct of its business, which, if not complied with, would have a Material Adverse Effect on East Alabama.

5.10 Material Contract Defaults. No East Alabama Company is in Default in any material respect under the terms of any material Contract, agreement, lease or other commitment which is or may be material to the business, operations, properties or Assets, or the condition, financial or otherwise, of such company and, to the Knowledge of East Alabama, there is no event which, with notice or lapse of time, or both, may be or become an event of Default under any such material Contract, agreement, lease or other commitment in respect of which adequate steps have not been taken to prevent such a Default from occurring.

5.11 No Conflict with Other Instrument. The consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of or constitute a Default under any material Contract, indenture, mortgage, deed of trust or other material agreement or instrument to which any East Alabama Company is a party and will not conflict with any provision of the charter or bylaws of any East Alabama Company.

5.12 Governmental Authorization. Each East Alabama Company has all Permits that, to the Knowledge of East Alabama, are or will be legally required to enable any East Alabama Company to conduct its business in all material respects as now conducted by each East Alabama Company.

5.13 Absence of Regulatory Communications; Filings. No East Alabama Company is subject to, nor has any East Alabama Company received during the past twelve (12) months, any written communication directed specifically to it from any Agency to which it is subject or pursuant to which such Agency has imposed or has indicated it may impose any material

restrictions on the operations of it or the business conducted by it or in which such Agency has raised any material question concerning the condition, financial or otherwise, of such company. All reports, records, registrations, statements, notices and other documents or information required to be filed by East Alabama and Small Town Bank with any Agency have been duly and timely filed and, to the Knowledge of East Alabama, all information and data contained in such reports, records or other documents are true, accurate, correct and complete in all material respects.

5.14 Absence of Material Adverse Effect. To the Knowledge of East Alabama, since the date of the most recent balance sheet provided under Section 5.4(a)(i), there have been no events, changes or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on any East Alabama Company.

5.15 Insurance.

Each East Alabama Company has in effect insurance coverage and bonds with reputable insurers which, in respect to amounts, types and risks insured, management of East Alabama reasonably believes to be adequate for the type of business conducted by such company. No East Alabama Company is liable for any material retroactive premium adjustment. All insurance policies and bonds are valid, enforceable and in full force and effect, and no East Alabama Company has received any notice of any material premium increase or cancellation with respect to any of its insurance policies or bonds. Within the last three years, no East Alabama Company has been refused any insurance coverage which it has sought or applied for, and it has no reason to believe that existing insurance coverage cannot be renewed as and when the same shall expire, upon terms and conditions as favorable as those presently in effect, other than possible increases in premiums that do not result from any extraordinary loss experience. All policies of insurance presently held or policies containing substantially equivalent coverage will be outstanding and in full force with respect to each East Alabama Company at all times from the date hereof to the Effective Date. Small Town Bank has no bank owned life insurance.

5.16 Benefit Plans.

(a) All “employee benefit plans” (within the meaning of section 3(3) of ERISA) and all stock purchase, stock option, severance, employment, change-in-control, fringe benefit, bonus, incentive, deferred compensation, employee loan, and all other employee benefit plans, agreements, programs, policies or other arrangements, and whether or not subject to ERISA, under which any employee, former employee, director, officer, independent contractor or consultant of East Alabama or its Subsidiaries has any present or future right to benefits or under which East Alabama or its Subsidiaries has any present or future liability are referred to herein as the “East Alabama Plans.” Each material East Alabama Plan is identified in the East Alabama Disclosure Letter.

(b) With respect to each material East Alabama Plan, East Alabama has furnished or made available to SSB a current, accurate and complete copy thereof and, to the extent applicable: (i) any related trust agreement or other funding instrument, (ii) the most recent determination or opinion letter of the IRS, if applicable, (iii) the most recent summary plan description, (iv) any other written communication (or a description of any oral communication)

by East Alabama or its Subsidiaries to employees of East Alabama or its Subsidiaries, including concerning the extent of any post-retirement medical or life insurance benefits provided under an East Alabama Plan, and (v) for the most recent year (A) the Form 5500 and attached schedules, (B) audited financial statements and (C) actuarial valuation reports.

(c) With respect to each East Alabama Plan, except to the extent that the inaccuracy of any of the representations set forth in this Section, individually or in the aggregate, have not had a Material Adverse Effect:

(i) each East Alabama Plan has been established and administered in accordance with its terms and in compliance with the applicable provisions of ERISA and the Code and other applicable Law, and all contributions required to be made under the terms of any East Alabama Plan have been timely made;

(ii) each East Alabama Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination, advisory and/or opinion letter, as applicable, from the IRS that it is so qualified and, to the knowledge of East Alabama, nothing has occurred, whether by action or failure to act, since the date of such letter that would reasonably be expected to cause the loss of such qualified status of such East Alabama Plan;

(iii) there is no Litigation (including any investigation, audit or other administrative proceeding) by the United States Department of Labor, the PBGC, the IRS or any other Agency or by any plan participant or beneficiary pending or threatened relating to East Alabama Plans, any fiduciaries thereof with respect to their duties to East Alabama Plans or the assets of any of the trusts under any East Alabama Plans (other than routine claims for benefits) nor are there facts or circumstances that exist that could reasonably give rise to any such Litigation. No written or oral communication has been received from the PBGC in respect of any East Alabama Plan subject to Title IV of ERISA concerning the funded status of any such plan or any transfer of assets and liabilities from any such plan in connection with the transactions contemplated herein; and

(iv) no “reportable event” (as such term is defined in Section 4043 of ERISA) that could reasonably be expected to result in liability; no nonexempt “prohibited transaction” (as such term is defined in Section 406 of ERISA and Section 4975 of the Code); and no “accumulated funding deficiency” (as defined in Section 302 of ERISA and Section 412 of the Code) or failure to timely satisfy any “minimum funding standard” (within the meaning of Section 302 of ERISA or Sections 412 or 430 of the Code), in each case whether or not waived, has occurred with respect to any East Alabama Plan.

(d) (i) Each East Alabama Plan pursuant to which East Alabama or any of its Subsidiaries could incur any current or projected liability in respect of post-employment or post-retirement health, medical, or life insurance benefits for current, former, or retired employees of East Alabama or any of its Subsidiaries (except as required to avoid an excise Tax under Section 4980B of the Code or otherwise except as may be required by applicable Law) (“retiree medical benefits”), and (ii) the provisions of each East Alabama Plan which provide retiree medical benefits may be terminated at any time by East Alabama or its Subsidiaries without liability to East Alabama or its Subsidiaries.

(e) Neither East Alabama nor any of its Subsidiaries is a party to any Contract that will, directly or in combination with other events, result, separately or in the aggregate, in the payment, acceleration or enhancement of any benefit as a result of the transactions contemplated by this Agreement, and neither the execution of this Agreement, East Alabama shareholder approval of this Agreement nor the consummation of the transactions contemplated hereby will (A) result in severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (B) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation to, any of the East Alabama Plans, (C) limit or restrict the right of East Alabama to merge, amend, or terminate any of the East Alabama Plans, (D) cause East Alabama to record additional compensation expense on its income statement with respect to any outstanding stock option or other equity-based award, or (E) result in the payment of payments which would not be deductible under Section 280G of the Code.

5.17 Buy-Sell Agreement. To the Knowledge of East Alabama, there are no agreements among any of its shareholders granting to any person or persons a right of first refusal in respect of the sale, transfer, or other disposition of shares of outstanding securities by any shareholder of East Alabama, any similar agreement or any voting agreement or voting trust in respect of any such shares.

5.18 Brokers. All negotiations relative to this Agreement and the transactions contemplated by this Agreement have been carried on by East Alabama directly with SSB and without the intervention of any other person, either as a result of any act of East Alabama, or otherwise, in such manner as to give rise to any valid claim against East Alabama for a finder's fee, brokerage commission or other like payment except for any such arrangement between East Alabama and FIG Partners, LLC.

5.19 Approval of Agreement. The board of directors of East Alabama has approved this Agreement and the transactions contemplated by it and has authorized the execution and delivery by East Alabama of this Agreement. This Agreement constitutes the legal, valid and binding obligation of East Alabama, enforceable against it in accordance with its terms. Subject to the approval by the shareholders of East Alabama at the East Alabama Shareholders Meeting and to the matters referred to in Section 8.2, East Alabama has full power, authority and legal right to enter into this Agreement, and, upon appropriate vote of the shareholders of East Alabama in accordance with this Agreement, East Alabama shall have full power, authority and legal right to consummate the transactions contemplated by this Agreement. East Alabama has no Knowledge of any fact or circumstance under which the appropriate regulatory approvals required by Section 8.2 will not be granted without the imposition of material conditions or material delays.

5.20 Disclosure. No representation or warranty, nor any statement or certificate furnished or to be furnished to SSB by East Alabama, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained in this Agreement or in any such statement or certificate not misleading.

5.21 Proxy Statement. At the time of the East Alabama Shareholders Meeting, the Proxy Statement will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this section shall only apply to statements in or omissions from the Proxy Statement relating to descriptions of the business of East Alabama, its Assets, properties, operations, and capital stock or to information furnished in writing by East Alabama or its representatives expressly for inclusion in the Proxy Statement. For the avoidance of doubt, the representations and warranties in this section shall not apply to information furnished by SSB or its representatives for inclusion in the Proxy Statement. East Alabama shall provide information to be used by SSB in its Proxy Statement at the time of its Shareholders' Meeting. Such information will not contain an untrue statement of a material fact or omit material facts necessary to make statements made not misleading.

5.22 Loans; Adequacy of Allowance for Loan Losses.

(a) ALLL. All reserves for loan losses shown on the most recent financial statements furnished by East Alabama have been calculated in accordance with GAAP and prudent and customary banking practices and are adequate in all material respects to reflect the risk inherent in the loans of East Alabama. East Alabama has no Knowledge of any fact which is likely to require a future material increase in the provision for loan losses or a material decrease in the loan loss reserve reflected in such financial statements.

(b) Validity. Each loan reflected as an Asset on the financial statements of East Alabama is the legal, valid and binding obligation of the obligor of each loan, enforceable in accordance with its terms subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and to general equitable principles and complies with all Laws to which it is subject. East Alabama does not have in its portfolio any loan exceeding its legal lending limit, or any loan to any insider in violation of Regulation O, and East Alabama has no known significant delinquent, substandard, doubtful, loss, nonperforming or problem loans. Each outstanding loan (including loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant loan files are being maintained, in all material respects in accordance with the relevant notes or other credit or security documents, the written underwriting standards of Small Town Bank (and, in the case of loans held for resale to investors, the underwriting standards, if any, of the applicable investors) and with all applicable federal, state and local laws, regulations and rules. None of the agreements pursuant to which Small Town Bank has sold loans or pools of loans or participations in loans or pools of loans, to its Knowledge, contains any obligation to repurchase such loans or interests therein solely on account of a payment default by the obligor on any such loan.

5.23 Fair Housing Act, Home Mortgage Disclosure Act and Equal Credit Opportunity Act and Flood Disaster Protection Act. Small Town Bank is in compliance in all material respects with the Fair Housing Act (42 U.S.C. § 3601 et seq.), the Home Mortgage Disclosure Act (12 U.S.C. § 2801 et seq.), the Equal Credit Opportunity Act (15 U.S.C. § 1691 et seq.), and the Flood Disaster Protection Act (42 USC § 4002, et seq.), and all regulations promulgated thereunder. Small Town Bank has not received any written notices of any violation

of such acts or any of the regulations promulgated thereunder, and it has not received any written notice of any, and to the Knowledge of Small Town Bank, there is no threatened administrative inquiry, proceeding or investigation with respect to its compliance with such laws.

5.24 Bank Secrecy Act, Foreign Corrupt Practices Act and U.S.A. Patriot Act. Small Town Bank is in material compliance with the Bank Secrecy Act (31 U.S.C. §§ 5311, et seq.), the United States Foreign Corrupt Practices Act and the International Money Laundering Abatement and Anti-Terrorist Financing Act, otherwise known as the U.S.A. Patriot Act, and all regulations promulgated thereunder. Small Town Bank has properly certified all foreign deposit accounts and has made all necessary tax withholdings on all of its deposit accounts; furthermore, Small Town Bank has timely and properly filed and maintained all requisite Currency Transaction Reports and other related forms, including any requisite Customs Reports required by any agency of the United States Treasury Department, including the IRS. Small Town Bank has timely filed all Suspicious Activity Reports with the Financial Institutions – Financial Crimes Enforcement Network (U.S. Department of the Treasury) required to be filed by it pursuant to the laws and regulations referenced in this Section.

5.25 Environmental Matters. Except for events or actions that do not constitute a Material Adverse Effect, to the Knowledge of East Alabama:

(a) neither East Alabama's conduct nor its operation or the conduct or operation of its Subsidiaries nor any condition of any property presently or previously owned, leased or operated by any of them (including in a fiduciary or agency capacity), violates or has violated Environmental Laws;

(b) there has been no release of any Hazardous Substance by East Alabama or any of its Subsidiaries in any manner that has given or would reasonably be expected to give rise to any remedial obligation, corrective action requirement or liability under applicable Environmental Laws;

(c) neither East Alabama nor any of its Subsidiaries has received any written claims, notices, demand letters or requests for information (except for such claims, notices, demand letters or requests for information the subject matter of which has been resolved prior to the date of this Agreement) from any governmental entity or any other Person asserting that East Alabama or any of its Subsidiaries or the operation or condition of any property ever owned, leased, operated or held as collateral or in a fiduciary capacity by any of them are or were in violation of or otherwise are alleged to have liability under any Environmental Law, including responsibility (or potential responsibility) for the cleanup or other remediation of any pollutants, contaminants or hazardous or toxic wastes, substances or materials at, on, beneath or originating from any such property;

(d) no Hazardous Substance has been disposed of, arranged to be disposed of, released or transported in violation of any applicable Environmental Law, or in a manner that has given rise to, or that would reasonably be expected to give rise to, any liability under any Environmental Law, from any current or former properties or facilities while owned or operated by East Alabama or any of its Subsidiaries or as a result of any operations or activities of East Alabama or any of its Subsidiaries at any location, and no other condition has existed or event

has occurred with respect to East Alabama or any of its Subsidiaries or any such properties or facilities that, with notice or the passage of time, or both, would be reasonably likely to result in liability under Environmental Laws, and, to the Knowledge of East Alabama, Hazardous Substances are not otherwise present at or about any such properties or facilities in an amount or condition that has resulted in or would reasonably be expected to result in Liability to East Alabama or any of its Subsidiaries under any Environmental Law;

(e) neither East Alabama, its Subsidiaries nor any of their respective properties or facilities are subject to, or are, to East Alabama's Knowledge, threatened to become subject to, any liabilities relating to any suit, settlement, court order, administrative order, regulatory requirement, judgment or claim asserted or arising under any Environmental Law or any agreement relating to environmental liabilities; and

(f) no property on which East Alabama or any of its Subsidiaries holds a Lien to the Knowledge of East Alabama violates or violated any Environmental Law and no condition has existed or event has occurred to the Knowledge of East Alabama with respect to any such property that, with notice or the passage of time, or both, is reasonably likely to result in liability under any Environmental Law.

5.26 Collective Bargaining. There are no labor contracts, collective bargaining agreements, letters of undertakings or other arrangements, formal or informal, between any East Alabama Company and any union or labor organization covering any East Alabama Company's employees and none of said employees are represented by any union or labor organization.

5.27 Labor Disputes. To the Knowledge of East Alabama, each East Alabama Company is in material compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, wages and hours. No East Alabama Company is or has been engaged in any unfair labor practice, and, to the Knowledge of East Alabama, no unfair labor practice complaint against any East Alabama Company is pending before the National Labor Relations Board. Relations between management of each East Alabama Company and the employees are amicable and there have not been, nor to the Knowledge of East Alabama, are there presently, any attempts to organize employees, nor to the Knowledge of East Alabama, are there plans for any such attempts.

5.28 Derivative Contracts. No East Alabama Company is a party to or has agreed to enter into a swap, forward, future, option, cap, floor or collar financial contract, or any other interest rate or foreign currency protection contract or derivative security not included in East Alabama's financial statements delivered under Section 5.4 hereof which is a financial derivative contract (including various combinations thereof).

5.29 Intellectual Property. Each East Alabama Company owns or has a valid license to use all of the Intellectual Property used by such East Alabama Company in the course of its business. Each East Alabama Company is the owner of or has a license to any Intellectual Property sold or licensed to a third party by each East Alabama Company in connection with the East Alabama Company's business operations, and the East Alabama Company has the right to convey by sale or license any Intellectual Property so conveyed. No East Alabama Company has received notice of Default under any of its Intellectual Property licenses. No proceedings have

been instituted, or are pending or overtly threatened, that challenge the rights of East Alabama with respect to Intellectual Property used, sold or licensed by the East Alabama Company in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. To the Knowledge of East Alabama, the conduct of each East Alabama Company's business does not infringe any Intellectual Property of any other person. No East Alabama Company is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property.

5.30 Technology Systems.

(a) No action will be necessary as a result of the transactions contemplated by this Agreement to enable the Technology Systems and computer systems that are used by any East Alabama Company to be continued by SSB to the same extent and in the same manner that it has been used by any East Alabama Company except as provided in the applicable contracts.

(b) The Technology Systems (for a period of 24 months prior to the Effective Date) have not suffered unplanned disruption causing a Material Adverse Effect. Except for ongoing payments due under relevant third party agreements and rights contained in applicable contracts, the Technology Systems are free from any Liens.

(c) No East Alabama Company has received notice of or is aware of any material circumstances including, without limitation, the execution of this Agreement, that would enable any third party to terminate any of such East Alabama Company's agreements or arrangements relating to the Technology Systems (including maintenance and support) other than rights contained in applicable contracts.

5.31 Community Reinvestment Act Compliance. Small Town Bank is an insured depository institution and has complied in all material respects with the Community Reinvestment Act of 1977 ("CRA") and the rules and regulations thereunder, and has a composite CRA rating of not less than "satisfactory."

5.32 Transaction Costs. The East Alabama Disclosure Letter sets forth an estimate of attorneys' fees, investment banking fees, accounting fees and other costs or fees of East Alabama and its Subsidiaries that, based upon reasonable inquiry, are expected to be paid or accrued through the Effective Date in connection with the Merger and the other transactions contemplated by this Agreement.

5.33 Termination Penalties. The East Alabama Disclosure Letter sets forth a list of each Contract to which any East Alabama Company is a party, including service contract and core processor fees, showing, to the Knowledge of East Alabama, any fee or penalty for early termination or deconversion in excess of $50,000.

5.34 No Additional Representations.

(a) Except for the representations and warranties made by East Alabama in this Article 5, neither East Alabama nor any other Person makes any express or implied representation or warranty with respect to East Alabama or its Subsidiaries or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and East Alabama hereby disclaims any such other representations or warranties.

(b) Notwithstanding anything contained in this Agreement to the contrary, East Alabama acknowledges and agrees that none of SSB or any other Person has made or is making any representations or warranties relating to SSB whatsoever, express or implied, beyond those expressly given by SSB in Article 4 hereof, including any implied representation or warranty as to the accuracy or completeness of any information regarding SSB furnished or made available to East Alabama or any of its representatives.

ARTICLE 6
ADDITIONAL COVENANTS

6.1 Additional Covenants of SSB. SSB covenants to and with East Alabama as follows:

(a) Operations. SSB will conduct its business and the business of each SSB Company in a manner consistent with its historic practice and will use its reasonable best efforts to maintain its relationships with its depositors, customers and employees. No SSB Company will engage in any material transaction outside the ordinary course of business or make any material change in its accounting policies or methods of operation, nor will SSB permit the occurrence of any change or event which would render any of the representations and warranties in Article 4 hereof untrue in any material respect at and as of the Effective Date with the same effect as though such representations and warranties had been made at and as of such Effective Date.

(b) Securities Exemptions. The shares of SSB Common Stock to be issued pursuant to the Merger shall be issued pursuant to exemption from registration under the Securities Act of 1933, SEC Rule 147A, and applicable state Law and shall be subject to certain restrictions on transfer. East Alabama shall cooperate with SSB to utilize such exemption.

(c) Financial Statements. Prior to the Effective Date, SSB shall furnish to East Alabama:

(i) As soon as practicable and in any event within forty-five (45) days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, consolidated statements of operations of SSB for such period and for the period beginning at the commencement of the fiscal year and ending at the end of such quarterly period, and a consolidated statement of financial condition of SSB as of the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding periods ending in the preceding fiscal year, subject to changes resulting from year-end adjustments;

(ii) Promptly upon receipt thereof, copies of all audit reports submitted to SSB by independent auditors in connection with each annual, interim or special audit of the books of SSB made by such auditors;

(iii) As soon as practicable, copies of all such financial statements and reports as it shall send to its shareholders;

(d) Employee Benefit Matters.

(i) Southern States Bank shall retain all employees of Small Town Bank at an amount no less than their current compensation rates and benefits for a period of approximately two weeks following conversion and integration of SSB and East Alabama (the "Integration Period") which is projected to occur in September 2019 or as soon as practicable after the Effective Date. Any employee who voluntarily terminates before that time will receive one month's salary. Small Town Bank employees will have the opportunity to interview for any open or newly created positions at all Southern States Bank locations. Any employee of Small Town Bank not retained after the Integration Period will receive his or her current salary for a period of four months following termination. Additionally, SSB will pay for four months of COBRA benefits. Notwithstanding any of the foregoing, any Small Town Bank employee may be terminated at any time for cause under Southern States Bank policies and procedures without any compensation or severance benefits except for that which is provided under Southern States Bank policies or by contract.

(ii) All employees of any East Alabama Company who become employees of the Resulting Corporation or its Subsidiaries on the Effective Date shall be entitled, to the extent permitted by applicable Law, to participate in all employee benefit plans, policies, programs, and arrangements of Resulting Corporation and its Subsidiaries to the same extent as employees of SSB and its Subsidiaries, except as stated otherwise in this section, and, if permitted, shall be given credit under each such employee benefit plan, policy, program and arrangement after the Effective Date for their service with East Alabama or its Subsidiaries (or any predecessor thereto) prior to the Effective Date for all purposes. Employees of any East Alabama Company who become employees of the Resulting Corporation or its Subsidiaries on the Effective Date shall be allowed to participate as of the Effective Date in the medical and dental benefits plan of the Resulting Corporation and its Subsidiaries as new employees, and the time of employment of such employees who are employed at least 30 hours per week with any East Alabama Company as of the Effective Date shall be counted as employment under such dental and medical plans of the Resulting Corporation and its subsidiaries for purposes of calculating any 30 day waiting period and pre-existing condition limitations. Without limiting the generality of the foregoing, to the extent permitted by applicable Law and not prohibited by the benefit plans of the Resulting Corporation and its subsidiaries, the period of service with the appropriate East Alabama Company of all employees who become employees of the Resulting Corporation or its Subsidiaries on the Effective Date shall be recognized for vesting and eligibility purposes. In addition, if the Effective Date falls within an annual period of coverage under any group health plan of the Resulting Corporation and its Subsidiaries, each such East Alabama Company employee shall be given credit for covered expenses paid by that employee under comparable employee benefit plans of the East Alabama Company during the applicable coverage period through the Effective Date towards satisfaction of any annual deductible limitation and out-of-pocket maximum that may apply under that group health plan of the Resulting Corporation and its Subsidiaries. For clarity, it is the intent of the Parties that each East Alabama employee shall receive credit for his or her term of service at any East Alabama Company under each of the employee benefit plans, policies, programs, and arrangements of Resulting Corporation and its Subsidiaries provided, credit is permitted by such plans, policies, programs or arrangements.

(iii) In the event of any termination of any East Alabama Company or its Subsidiary health plan (a "East Alabama health plan"), SSB and Southern States Bank shall make available to the continuing employees of any East Alabama Company and their dependents, employer-provided health care coverage under health plans provided by SSB and Southern States Bank. Unless such continuing employee affirmatively terminates coverage under an East Alabama Company health plan prior to the time that the continuing employee becomes eligible to participate in the Southern States Bank health plan, no coverage of any continuing employees or their dependents shall terminate under any of the East Alabama health plans prior to the time such continuing employees and their dependents become eligible to participate in the health plans, programs and benefits common to all employees and their dependents of SSB and Southern States Bank. In the event Southern States Bank terminates any East Alabama health plan or consolidates any East Alabama health plan with any Southern States Bank health plan, individuals covered by the East Alabama health plan shall be entitled to immediate coverage under a health plan in accordance with the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations issued thereunder, including limitations on pre-existing condition exclusions, nondiscrimination and special enrollment rights.

(iv) Consistent with subparagraph (i) above, SSB, Southern States Bank and East Alabama shall cooperate to develop, implement and communicate to key employees of East Alabama retention arrangements designed to retain the services of such key employees, as appropriate, through the Effective Date and thereafter until the date of East Alabama's operating systems and branch conversions, as determined by SSB; provided, however, that East Alabama shall not be required to incur any costs prior to the Effective Date in connection with any retention arrangements.

(v) Prior to the Effective Date, East Alabama, and following the Effective Date, the Resulting Corporation, shall use commercially reasonable efforts in good faith to obtain a favorable determination letter from the IRS with respect to the East Alabama 401(k) Plan (the "East Alabama qualified plan"). Prior to the Effective Date, East Alabama, and following the Effective Date, the Resulting Corporation, will adopt such amendments to the East Alabama qualified plan as may be reasonably required by the IRS as a condition to granting such favorable determination letter on termination. Following the effective termination date of the East Alabama qualified plan, neither East Alabama, prior to the Effective Date, nor the Resulting Corporation, following the Effective Date, shall make any distribution from the East Alabama qualified plan except (i) as may be required by applicable law, or (ii) in accordance with East Alabama qualified plan's terms regarding distributable events in the ordinary course other than due to the termination of such plan (e.g., due to retirements or terminations of employees), until receipt of such favorable determination letter. Any distributions may, at the recipient's option, be rolled into a defined contribution plan of SSB, subject to SSB's discretion: (i) to reject any such rollover if it may reasonably jeopardize the qualified status of SSB's qualified plan; and (ii) to reject non-cash rollovers or rollovers of plan loans. In the case of a conflict between the terms of this Section and the terms of the East Alabama qualified plan, the terms of the such plan shall control; provided, however, in the event of any such conflict, East Alabama, before the Effective Date, and the Resulting Corporation, after the Effective Date, shall use their reasonable best efforts to cause such plan to be amended to conform to the requirements of this Section.

(e) Indemnification, Exculpation and Insurance.

(i) For a period of six (6) years from and after the Effective Date, in the event of any threatened or actual claim, action, suit, proceeding, or investigation, whether civil, criminal, or administrative, in which any Person who is now, or has been at any time prior to the date of this Agreement, or who becomes prior to the Effective Date, a director or officer of East Alabama or any of its Subsidiaries (the "Indemnified Parties") is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (A) the fact that he or she is or was a director, officer, or employee of East Alabama, any of its Subsidiaries, or any of its predecessors, or (B) this Agreement or any of the transactions contemplated hereby or thereby, whether in any case asserted or arising before or after the Effective Date, SSB shall indemnify and hold harmless, to the fullest extent permitted by applicable law each such Indemnified Party against any Liability (including advancement of reasonable attorneys' fees and expenses prior to the final disposition of any claim, suit, proceeding, or investigation to each Indemnified Party to the fullest extent permitted by law upon receipt of any undertaking required by applicable law), judgments, fines, and amounts paid in settlement in connection with any such threatened or actual claim, action, suit, proceeding, or investigation.

(ii) SSB agrees that all rights to indemnification and all limitations on Liability existing in favor of the directors, officers, and employees of East Alabama and its Subsidiaries (the "Covered Parties") as provided in their respective organizational documents as in effect as of the date of this Agreement or in any indemnification agreement in existence on the date of this Agreement with East Alabama or its Subsidiaries with respect to matters occurring prior to the Effective Date shall survive the Merger and shall continue in full force and effect, and shall be honored by such entities or their respective successors as if they were the indemnifying party thereunder, without any amendment thereto; provided, that nothing contained in this Section shall be deemed to preclude any liquidation, consolidation, or merger after the Effective Date of any East Alabama Subsidiaries, in which case all of such rights to indemnification and limitations on Liability shall be deemed to so survive and continue notwithstanding any such liquidation, consolidation, or merger. Without limiting the foregoing, in any case in which approval by SSB is required to effectuate any indemnification, SSB shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel mutually agreed upon between SSB and the Indemnified Party.

(iii) For a period of six (6) years after the Effective Date, SSB will directly or indirectly cause the Persons who served as directors or officers of East Alabama or its Subsidiaries immediately prior to the Effective Date to be covered by East Alabama's existing directors' and officers' liability insurance policy with respect to acts or omissions occurring prior to the Effective Date which were committed by such officers and directors in their capacity as such; provided, however, that (A) SSB may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are not less advantageous than such policy, (B) in no event shall SSB be required to expend more than 250% per year of coverage of the amount currently expended by East Alabama per year of coverage as of the date of this Agreement (the "maximum amount") to maintain or procure insurance coverage pursuant hereto, and (C) if notwithstanding the use of reasonable best efforts to do so, SSB is unable to maintain or obtain the insurance called for by this Section, SSB shall obtain as much comparable

insurance as available for the maximum amount. Such insurance coverage shall commence at the Effective Date and will be provided and prepaid for a period of no less than six years after the Effective Date.

(iv) Any Indemnified Party wishing to claim indemnification under this Section 6.1(e) shall promptly notify SSB upon learning of any claim, provided that, failure to so notify shall not affect the obligation of SSB under this Section 6.1(e), unless, and only to the extent that, SSB is materially prejudiced in the defense of such claim as a consequence. In the event of any such claim (whether asserted or claimed prior to, at or after the Effective Date), (i) SSB shall have the right to assume the defense thereof and SSB shall not be liable to such Indemnified Parties for any legal expenses or other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if SSB elects not to assume such defense or counsel for an Indemnified Party or advises that there are substantive issues which raise conflicts of interest between SSB and the Indemnified Party under attorney rules of professional responsibility, the Indemnified Party may retain counsel satisfactory to him or her, and SSB shall pay all reasonable fees and expenses of such counsel for the Indemnified Party, (ii) the Indemnified Parties will cooperate in the defense of any such matter, (iii) SSB shall not be liable for any settlement effected without its prior written consent, not to be unreasonably withheld, and (iv) SSB shall have no obligation hereunder to any Indemnified Party if such indemnification would be in violation of any applicable federal or state banking Laws or regulations, or in the event that a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable Laws and regulations, whether or not related to banking Laws.

(f) Corporate Governance. Prior to the Effective Date, the SSB board of directors shall take all actions necessary to appoint (effective as of the Effective Date) two (2) then-current members of the East Alabama board of directors identified by East Alabama in Schedule 6.1(f) (or another individual mutually agreeable to the parties) to serve on the board of directors of the Resulting Corporation and the Resulting Bank (collectively, the "New SSB Directors") in different classes of the board of directors until such time as each of their successors is duly elected and qualified. The nominating committee of the board of directors of the Resulting Corporation shall cause the New SSB Directors that have been appointed and are serving on the board of directors of the Resulting Corporation to be included as nominees for election as a director at the first election of the class, to which such director has been appointed, at the annual meeting of shareholders of the Resulting Corporation. The Resulting Corporation and the Resulting Bank shall cause the New SSB Directors that have been appointed to and are serving on the board of directors of the Resulting Bank to be reelected at the next annual meeting of the Resulting Bank to a full three year term. Nothing in this Section shall require the Resulting Corporation or the Resulting Bank to elect, appoint, nominate or recommend a New SSB Director for election to the board of directors of the Resulting Corporation or the Resulting Bank if he or she shall become the subject of a Disqualification.

(g) SSB Shareholders Meeting; Best Efforts. SSB will cooperate with East Alabama in the preparation of any regulatory filings and will cause the SSB Shareholders Meeting to be held for the purpose of approving the Merger as soon as practicable, and will use its best efforts to bring about the transactions contemplated by this Agreement, including

shareholder approval of this Agreement (to the extent required by applicable Law and the SSB articles of incorporation and bylaws), as soon as practicable unless this Agreement is terminated as provided herein. The board of directors of SSB shall recommend adoption of this Agreement by the shareholders of SSB (to the extent required by applicable Law and the SSB articles of incorporation and bylaws) (the "SSB Recommendation"), and shall not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to East Alabama such recommendation or take any action or make any statement in connection with the SSB Shareholders Meeting inconsistent with such recommendation (collectively, a "Change in the SSB Recommendation"); provided the foregoing shall not prohibit accurate disclosure (and such disclosure shall not be deemed to be a Change in the SSB Recommendation) of factual information regarding the business, financial condition or results of operations of SSB or East Alabama in the Proxy Statement or otherwise, to the extent such information, facts, identity or terms is required to be disclosed under applicable law; and, provided further, that the board of directors of SSB may make a Change in the SSB Recommendation prior to the SSB Shareholders Meeting if the board of directors of SSB determines in good faith that a Material Adverse Effect has occurred with respect to East Alabama. Notwithstanding any Change in the SSB Recommendation, this Agreement shall be submitted to the shareholders of SSB at the SSB Shareholders Meeting (to the extent required by applicable Law and the SSB articles of incorporation and bylaws) for the purpose of adopting the Agreement and approving the Merger, provided that this Agreement shall not be required to be submitted to the shareholders of SSB at the SSB Shareholders Meeting if this Agreement has been terminated pursuant to Section 13.2 hereof.

(h) Director Support. All directors of SSB shall agree to vote the shares of SSB common stock beneficially owned by such director in favor of the transactions contemplated by the Merger at the SSB Shareholders Meeting as set forth in Exhibit D hereto.

6.2 Additional Covenants of East Alabama. East Alabama covenants to and with SSB as follows:

(a) Operations. East Alabama will conduct its business and the business of each East Alabama Company in a manner consistent with its historic practice and will use its reasonable best efforts to maintain its relationships with its depositors, customers and employees. No East Alabama Company will engage in any material transaction outside the ordinary course of business or make any material change in its accounting policies or methods of operation, nor will any East Alabama Company permit the occurrence of any change or event which would render any of the representations and warranties in Article 5 hereof untrue in any material respect at and as of the Effective Date with the same effect as though such representations and warranties had been made at and as of such Effective Date.

(b) East Alabama Shareholders Meeting; Best Efforts. East Alabama will cooperate with SSB in the preparation of any regulatory filings and will cause the East Alabama Shareholders Meeting to be held for the purpose of approving the Merger as soon as practicable, and will use its best efforts to bring about the transactions contemplated by this Agreement, including shareholder approval of this Agreement (to the extent required by applicable Law and the East Alabama articles of incorporation and bylaws), as soon as practicable unless this Agreement is terminated as provided herein. The board of directors of East Alabama shall

recommend adoption of this Agreement by the shareholders of East Alabama (to the extent required by applicable Law and the East Alabama articles of incorporation and bylaws) (the "East Alabama Recommendation"), and shall not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to SSB such recommendation or take any action or make any statement in connection with the East Alabama Shareholders Meeting inconsistent with such recommendation (collectively, a "Change in the East Alabama Recommendation"); provided the foregoing shall not prohibit accurate disclosure (and such disclosure shall not be deemed to be a Change in the East Alabama Recommendation) of factual information regarding the business, financial condition or results of operations of SSB or East Alabama or the fact that an Acquisition Proposal has been made to East Alabama, the identity of the party making such proposal or the material terms of such proposal (provided, that the board of directors of East Alabama does not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to SSB its recommendation) in the Proxy Statement or otherwise, to the extent such information, facts, identity or terms is required to be disclosed under applicable law; and, provided further, that the board of directors of East Alabama may make a Change in the East Alabama Recommendation (x) pursuant to Section 6.2(c) hereof or (y) prior to the East Alabama Shareholders Meeting if the board of directors of East Alabama determines in good faith that a Material Adverse Effect has occurred with respect to SSB. Notwithstanding any Change in the East Alabama Recommendation, this Agreement shall be submitted to the shareholders of East Alabama at the East Alabama Shareholders Meeting (to the extent required by applicable Law and the East Alabama articles of incorporation and bylaws) for the purpose of adopting the Agreement and approving the Merger, provided that this Agreement shall not be required to be submitted to the shareholders of East Alabama at the East Alabama Shareholders Meeting if this Agreement has been terminated pursuant to Section 13.2 hereof.

(c) No Solicitation by East Alabama.

(i) East Alabama shall not and shall cause its directors, officers and employees not to, and shall use and cause its Subsidiaries to use commercially reasonable efforts to cause their respective officers, directors, agents, counsel and financial advisers (collectively for purposes of this Section, "Representatives") not to, directly or indirectly, (A) solicit, initiate, endorse, or knowingly encourage or facilitate (including by way of furnishing non-public information) any inquiry, proposal or offer with respect to, or the making or completion of, any Acquisition Proposal, or any inquiry, proposal or offer (whether firm or hypothetical) that is reasonably likely to lead to any Acquisition Proposal, (B) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any Person any non-public information or data with respect to, any Acquisition Proposal, (C) approve or recommend any Acquisition Proposal, or (D) approve or recommend, or propose publicly to approve or recommend, or execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement which directly or indirectly contains an Acquisition Proposal. East Alabama shall, and shall cause each of its Subsidiaries and the Representatives of East Alabama and its Subsidiaries to, (A) immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Acquisition Proposal, (B) except for any confidential informational memorandum provided prior to the date hereof, request the prompt return or

destruction of all confidential information previously furnished in connection therewith and (C) not terminate, waive, amend, release or modify any provision of any confidentiality or standstill agreement relating to any Acquisition Proposal to which it or any of its affiliates or Representatives is a party, and shall enforce the provisions of any such agreement. Notwithstanding the foregoing, if at any time following the date of this Agreement and prior to obtaining the East Alabama shareholder approval, (1) East Alabama receives an unsolicited written Acquisition Proposal that the East Alabama board of directors believes in good faith to be bona fide, (2) such Acquisition Proposal was not the result of a violation of this Section, (3) the East Alabama board of directors determines in good faith (after consultation with outside counsel and its financial advisor) that such Acquisition Proposal constitutes or is reasonably likely to result in a Superior Proposal and (4) the East Alabama board of directors determines in good faith (after consultation with outside counsel) that the failure to take the actions referred to below in clause (x) or (y) of this Section would violate its fiduciary duties under applicable Law, then East Alabama may (and may authorize its Subsidiaries and its and their Representatives to) (x) furnish non-public information with respect to East Alabama and its Subsidiaries to the Person making such Acquisition Proposal (and its representatives) pursuant to a customary confidentiality agreement containing terms substantially similar to, and no less favorable to East Alabama than, those set forth in the confidentiality provisions of the Confidentiality Agreement entered into between East Alabama and SSB dated January 14, 2019; provided, that any non-public information provided to any Person given such access shall have previously been provided to SSB or shall be provided to SSB prior to or concurrently with the time it is provided to such Person, (y) participate in discussions or negotiations with the Person making such Acquisition Proposal (and such Person's representatives) regarding such Acquisition Proposal, and (z) terminate this Agreement pursuant to Section 13.2(e) to enter into a binding agreement with respect to such Acquisition Proposal that constitutes a Superior Proposal.

(ii) Prior to taking any action under Section 6.2(c)(i)(z), East Alabama shall comply with the following obligations:

(A) within five (5) Business Days after notice to SSB of receipt of an Acquisition Proposal pursuant to Section 6.2(c)(iii) of this Agreement, the East Alabama board of directors shall determine in good faith (after consultation with outside counsel and its financial advisor) that such Acquisition Proposal is, or is reasonably likely to result in, a Superior Proposal and such Superior Proposal has been made and has not been withdrawn and continues to be a Superior Proposal after taking into account all adjustments to the terms of this Agreement that may be offered by SSB pursuant to this Section;

(B) within five (5) Business Days after notice to SSB of receipt of an Acquisition Proposal pursuant to Section 6.2(c)(iii) of this Agreement, East Alabama shall give SSB at least five (5) Business Days' prior written notice of its intention to take such action (which notice shall specify the material terms and conditions of any such Superior Proposal, including the identity of the party making such Superior Proposal), and shall contemporaneously provide an unredacted copy of the relevant proposed transaction agreements with the party making such Superior Proposal to SSB; and

(C) East Alabama shall negotiate, and shall cause its Representatives to negotiate, in good faith with SSB during such notice period to the extent SSB

wishes to negotiate, to enable SSB to revise the terms of this Agreement such that it would cause such Superior Proposal to no longer constitute a Superior Proposal. In the event of any material change to the terms of such Superior Proposal, East Alabama shall, in each case, be required to deliver to SSB a new written notice, the notice period shall have recommenced and East Alabama shall be required to comply with its obligations under this Section with respect to such new written notice, except that the deadline for such new written notice shall be reduced to three (3) Business Days (rather than five (5) Business Days referenced in clause (B) above).

(iii) In addition to the obligations of East Alabama set forth in Sections 6.2(c)(i) and (ii), East Alabama promptly (and in any event within 48 hours of receipt) shall advise SSB in writing in the event East Alabama or any of its Subsidiaries or Representatives receives (A) any Acquisition Proposal or (B) any request for non-public information (other than requests for information in the ordinary course of business consistent with past practice and unrelated to an Acquisition Proposal) or to engage in any negotiation that is reasonably likely to lead to or that contemplates an Acquisition Proposal, in each case together with the material terms and conditions of such Acquisition Proposal or request the identity of the Person making any such Acquisition Proposal or request. East Alabama shall keep SSB informed (orally and in writing) in all material respects on a timely basis of the status (including after the occurrence of any material amendment or modification) of any such Acquisition Proposal or request and shall provide SSB with copies of all material documentation and correspondence related thereto. Without limiting any of the foregoing, East Alabama shall promptly (and in any event within 48 hours) notify SSB orally and in writing if it determines to begin providing non-public information or to engage in negotiations concerning an Acquisition Proposal pursuant to this Section and shall in no event begin providing such information or engaging in such discussions or negotiations prior to providing such notice.

(d) Director Recommendation. Subject to Section 6.2(c) above, and to their fiduciary duties as directors, the members of the board of directors of East Alabama agree to support publicly the Merger.

(e) Financial Statements and Monthly Status Reports. Until the Effective Date, East Alabama shall furnish to SSB:

(i) As soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, statements of operations of East Alabama for such period and for the period beginning at the commencement of the fiscal year and ending at the end of such quarterly period, and a statement of financial condition of East Alabama as of the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding periods ending in the preceding fiscal year, subject to changes resulting from year-end adjustments;

(ii) Promptly upon receipt thereof, copies of all audit reports submitted to East Alabama by independent auditors in connection with each annual, interim or special audit of the books of East Alabama made by such accountants;

(iii) As soon as practicable, copies of all such financial statements and reports as it shall send to its shareholders and of such regular and periodic reports as East Alabama or Small Town Bank may file with any Agency; and

(iv) With reasonable promptness, such additional financial data, including copies of all journal entries, as SSB may reasonably request.

(f) No Control of East Alabama by SSB. Notwithstanding any other provision hereof, until the Effective Date, the authority to establish and implement the business policies of East Alabama shall continue to reside solely in East Alabama's officers and board of directors.

(g) Confidential Supervisory Information. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall require either Party to provide information on such Party to the other Party that would constitute "confidential supervisory information" or otherwise violate the provisions of 12 C.F.R. Part 309.

(h) Director Support. All directors of East Alabama shall agree to vote the shares of common stock beneficially owned by such directors in favor of the transactions contemplated by the Merger at the East Alabama Shareholders Meeting as set forth in Exhibit C hereto.

(i) Claims Letter. Each director of East Alabama and Small Town Bank will execute the claims letter as set forth in Exhibit B.

ARTICLE 7
MUTUAL COVENANTS AND AGREEMENTS

7.1 Best Efforts, Cooperation. Subject to the terms and conditions herein provided, SSB and East Alabama each agrees to use its reasonable best efforts promptly to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable under applicable Laws or otherwise, including, without limitation, promptly making required deliveries of stockholder lists and stock transfer reports and attempting to obtain all necessary Consents and waivers and regulatory approvals, including the holding of any regular or special board meetings, to consummate and make effective, as soon as practicable, the transactions contemplated by this Agreement. The officers of each Party to this Agreement shall fully cooperate with officers and employees, accountants, counsel and other representatives of the other Parties not only in fulfilling the duties hereunder of the Party of which they are officers but also in assisting, directly or through direction of employees and other persons under their supervision or control, such as stock transfer agents for the Party, the other Parties requiring information which is reasonably available from such Party.

7.2 Press Release. Each Party hereto agrees that, unless approved by the other Party in advance in writing, neither such Party nor its advisors, including but not limited to, its investment banking advisors, will make any public announcement, issue any press release or other publicity or confirm any statements by any person not a party to this Agreement concerning the transactions contemplated hereby. Notwithstanding the foregoing, each Party hereto reserves the right to make any disclosure if such Party, in its reasonable discretion, deems

such disclosure required by Law. In that event, such Party shall provide to the other Party the text of such disclosure sufficiently in advance to enable the other Party to have a reasonable opportunity to comment thereon.

7.3 Mutual Disclosure. Each Party hereto agrees to promptly furnish to each other Party hereto its public disclosures and filings not precluded from disclosure by Law including but not limited to call reports, Y-3 applications, reports on Form Y-6, quarterly or special reports to shareholders, Tax returns, SEC registration statements and filings, and similar documents.

7.4 Access to Properties and Records. Subject to any regulatory prohibition and applicable Law, each Party hereto shall afford the officers and authorized representatives of the other Party reasonable access to the Assets, books and records of such Party in order that such other Party may have full opportunity to make such investigation as it shall desire of the affairs of such Party and shall furnish to such Party such additional financial and operating data and other information as to its businesses and Assets as shall be from time to time reasonably requested, provided that any such access or investigation by a Party shall not interfere unnecessarily with normal operations of the other Party and provided further that no environmental testing or investigation shall be performed after the date of this Agreement. All such information that may be obtained by any such Party will be held in confidence by such Party, will not be disclosed by such Party or any of its representatives except in accordance with this Agreement, and will not be used by such Party for any purpose other than the accomplishment of the Merger as provided herein. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall require any Party to provide information on such Party that would constitute "confidential supervisory information" or otherwise violate the provisions of 12 C.F.R. Part 309.

7.5 Notice of Adverse Changes. Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (i) is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on it or (ii) would cause or constitute a material breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or promptly to remedy the same.

7.6 Confidentiality.

(a) Prior to the Closing, each Party will share information that may be deemed by the Party providing the information to be confidential. The Parties agree that they will hold confidential and protect all information provided to them by another Party or such Party's affiliates or Representatives, except that the obligations contained in this Section 7.6(a) shall not in any way restrict the rights of any Party or person to use information that (i) was known to such Party prior to the disclosure by the other Party; (ii) is or becomes generally available to the public other than by breach of this Agreement; or (iii) otherwise becomes lawfully available to a Party to this Agreement on a non-confidential basis from a third party who is not under an obligation of confidence to the Party providing such information. If a Party is requested or required by a governmental authority or agency (by oral questions, interrogatories, requests for information or documents, subpoena, civil/criminal investigative demand or similar process) to disclose any information supplied by an unaffiliated Party, then the requested Party will provide

such affected Party with prompt notice of such request(s) so that the affected Party may seek an appropriate protective order and/or waive the requested Party's compliance with this Section 7.6(a) as to the requested information. It is further agreed that if in the absence of a protective order or the receipt of a waiver hereunder and the requested Party is nonetheless, in the opinion of its legal counsel and despite the requested Party's best efforts, compelled to disclose any such information to a tribunal or else stand liable for contempt or suffer other censure or penalty, then the requested Party may disclose such information without Liability hereunder, *provided* that the disclosure is limited to that which is necessary to avoid the sanctions herein described. If this Agreement is terminated prior to the Closing, each Party hereto agrees to return all documents, statements and other written materials, whether or not confidential, and all copies thereof, provided to it by or on behalf of an unaffiliated Party to this Agreement. The provisions of this Section 7.6 shall survive termination of this Agreement for any reason whatsoever and, without limiting the remedies of any Party hereto in the event of any breach of this Section 7.6(a), each Party hereto will be entitled to seek injunctive relief against another Party in the event of a breach or threatened breach of this Section 7.6(a).

(b) East Alabama shall use its commercially reasonable efforts to exercise, and shall not waive any of, its rights under confidentiality agreements entered into with Persons that were considering an Acquisition Proposal with respect to East Alabama or any East Alabama Company to preserve the confidentiality of the information relating to East Alabama provided to such Persons and their affiliates and Representatives.

ARTICLE 8
CONDITIONS TO OBLIGATIONS OF ALL PARTIES

The obligations of SSB and East Alabama to cause the transactions contemplated by this Agreement to be consummated shall be subject to the satisfaction, in the reasonable discretion of the Party relying upon such conditions, on or before the Effective Date of all the following conditions, except as such Parties may waive such conditions in writing:

8.1 Approval by Shareholders. At each of the SSB Shareholders Meeting and the East Alabama Shareholders Meeting, this Agreement shall have been duly approved by the vote of the holders of not less than the requisite number of the issued and outstanding securities as is required by applicable Law and articles of incorporation and bylaws.

8.2 Regulatory Authority Approval.

(a) Orders, Consents and approvals, in form and substance reasonably satisfactory to SSB and East Alabama, shall have been entered by the Board of Governors of the Federal Reserve System, the FDIC and the ASBD and other appropriate Agencies (i) granting the authority necessary for the consummation of the transactions contemplated by this Agreement, including the Subsidiary Bank Merger, and (ii) satisfying all other requirements prescribed by Law. No Order, Consent or approval so obtained which is necessary to consummate the transactions as contemplated hereby shall be conditioned or restricted in a manner which in the reasonable good faith judgment of the board of directors of SSB or the board of directors of East Alabama would so materially adversely impact the economic benefits of the transaction as contemplated by this Agreement so as to render inadvisable the consummation of the Merger.

(b) Each Party shall have obtained any and all other Consents required for consummation of the Merger (other than those referred to in Section 8.2(a) of this Agreement) for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on such Party. No Consent obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner which in the reasonable judgment of the board of directors of SSB or the board of directors of East Alabama would so materially adversely impact the economic or business benefits of the transactions contemplated by this Agreement so as to render inadvisable the consummation of the Merger.

8.3 Litigation. There shall be no pending or threatened Litigation in any court or any pending or threatened proceeding by any governmental commission, board or Agency, with a view to seeking or in which it is sought to restrain or prohibit consummation of the transactions contemplated by this Agreement or in which it is sought to obtain divestiture, rescission or damages in connection with the transactions contemplated by this Agreement and no investigation by any Agency shall be pending or threatened which might result in any such suit, action or other proceeding.

ARTICLE 9
CONDITIONS TO OBLIGATIONS OF EAST ALABAMA

The obligations of East Alabama to cause the transactions contemplated by this Agreement to be consummated shall be subject to the satisfaction on or before the Effective Date of all the following conditions except as East Alabama may waive such conditions in writing:

9.1 Representations, Warranties and Covenants. Notwithstanding any investigation made by or on behalf of East Alabama, all representations and warranties of SSB contained in this Agreement shall be true in all material respects on and as of the Effective Date as if such representations and warranties were made on and as of such Effective Date, and SSB shall have performed in all material respects all agreements and covenants required by this Agreement to be performed by it on or prior to the Effective Date.

9.2 Adverse Changes. Subject to the SSB Disclosure Letter, there shall have been no changes after the date of the most recent balance sheet provided under Section 4.3(a)(i) hereof in the results of operations (as compared with the corresponding period of the prior fiscal year), Assets, Liabilities, financial condition or affairs of SSB which in their total effect constitute a Material Adverse Effect, nor shall there have been any material changes in the Laws governing the business of SSB which would impair the rights of East Alabama or its shareholders pursuant to this Agreement.

9.3 Closing Certificate. In addition to any other deliveries required to be delivered hereunder, East Alabama shall have received a certificate from the CEO, President or a Vice President and from the Secretary or Assistant Secretary of SSB dated as of the Closing certifying that:

(a) the board of directors of SSB has duly adopted resolutions approving this Agreement and authorizing the consummation of the transactions contemplated by this Agreement and such resolutions have not been amended or modified and remain in full force and effect;

(b) each person executing this Agreement on behalf of SSB is an officer of SSB holding the office or offices specified therein and the signature of each person set forth on such certificate is his or her genuine signature;

(c) the articles of incorporation and bylaws of SSB remain in full force and effect and have not been amended or modified since the date of this Agreement except in accordance with this Agreement;

(d) such persons have no Knowledge of a basis for any material claim, in any court or before any Agency or arbitration or otherwise against, by or affecting SSB or the business, prospects, condition (financial or otherwise), or Assets of SSB which would prevent the performance of this Agreement or the transactions contemplated by this Agreement or declare the same unlawful or cause the rescission thereof;

(e) to such persons' Knowledge, the Proxy Statement delivered to East Alabama's shareholders, or any amendments or revisions thereto so delivered, as of the date thereof, did not contain or incorporate by reference any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made (it being understood that such Persons need not express a statement as to information concerning or provided by East Alabama for inclusion in such Proxy Statement);

(f) SSB is in compliance with the conditions set forth in Sections 9.1 and 9.2 above; and

(g) the shareholders and board of directors of SSB and Southern States Bank have duly adopted resolutions approving the Merger and the transactions contemplated by this Agreement, including but not limited to increasing the size of the board of directors to the extent required by SSB's articles of incorporation or bylaws or applicable law in order to add the New SSB Directors, and such resolutions have not been amended and are in full force and effect.

9.4 Fairness Opinion. East Alabama shall have received from FIG Partners, LLC prior to the approval of the Merger by the board of directors of East Alabama a letter setting forth its opinion that the Merger Consideration to be received by the shareholders of East Alabama under the terms of this Agreement is fair to them from a financial point of view, and such opinion shall not have been withdrawn or materially modified as of the Effective Date.

9.5 Other Matters. There shall have been furnished to such counsel for East Alabama certified copies of such corporate records of SSB and copies of such other documents as such counsel may reasonably have requested for such purpose, including certificates of existence and good standing of SSB and each Subsidiary of SSB issued by the appropriate governmental Agency dated within 15 days of the Effective Date.

9.6 Material Events. There shall have been no determination by the board of directors of East Alabama that the transactions contemplated by this Agreement have become impractical because of any state of war or declaration of a banking moratorium in the United States.

9.7 No Superior Proposal. East Alabama shall not have received or accepted a Superior Proposal.

9.8 Support Agreements. Prior to East Alabama's notice of the East Alabama Shareholders Meeting, East Alabama shall have received support agreements from SSB directors and certain principal shareholders owning 5 percent or more of SSB's outstanding voting common stock substantially similar to the support agreement at Exhibit D.

ARTICLE 10
CONDITIONS TO OBLIGATIONS OF SSB

The obligations of SSB to cause the transactions contemplated by this Agreement to be consummated shall be subject to the satisfaction on or before the Effective Date of all of the following conditions except as SSB may waive such conditions in writing:

10.1 Representations, Warranties and Covenants. Notwithstanding any investigation made by or on behalf of SSB, all representations and warranties of East Alabama contained in this Agreement shall be true in all material respects on and as of the Effective Date as if such representations and warranties were made on and as of the Effective Date, and East Alabama shall have performed in all material respects all agreements and covenants required by this Agreement to be performed by it on or prior to the Effective Date.

10.2 Adverse Changes. Subject to the East Alabama Disclosure Letter, there shall have been no changes after the date of the most recent balance sheet provided under Section 5.4(a)(i) hereof in the results of operations (as compared with the corresponding period of the prior fiscal year), Assets, Liabilities, financial condition, or affairs of East Alabama which constitute a Material Adverse Effect, nor shall there have been any material changes in the laws governing the business of East Alabama which would impair SSB's rights pursuant to this Agreement.

10.3 Closing Certificate. In addition to any other deliveries required to be delivered hereunder, SSB shall have received a certificate from East Alabama executed by the CEO, President, or Vice President and from the Secretary or Assistant Secretary of East Alabama dated as of the Closing certifying that:

(a) the board of directors of East Alabama has duly adopted resolutions approving this Agreement and authorizing the consummation of the transactions contemplated by this Agreement and such resolutions have not been amended or modified and remain in full force and effect;

(b) the shareholders of East Alabama have duly adopted resolutions approving the Merger and such resolutions have not been amended or modified and remain in full force and effect;

(c) each person executing this Agreement on behalf of East Alabama is an officer of East Alabama holding the office or offices specified therein and the signature of each person set forth on such certificate is his or her genuine signature;

(d) the articles of incorporation and bylaws of East Alabama and Small Town Bank remain in full force and effect and have not been amended or modified since the date of this Agreement;

(e) to such persons' Knowledge, the Proxy Statement delivered to East Alabama's shareholders, or any amendments or revisions thereto so delivered, as of the date thereof, did not contain or incorporate by reference any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made (it being understood that such persons need only express a statement as to information concerning or provided by East Alabama for inclusion in such Proxy Statement); and

(f) East Alabama is in compliance with the conditions of Sections 10.1 and 10.2 above.

10.4 Other Matters. There shall have been furnished to counsel for SSB certified copies of such corporate records of East Alabama and copies of such other documents as such counsel may reasonably have requested for such purpose, including certificates of existence and good standing of East Alabama and each East Alabama Subsidiary issued by the appropriate governmental Agency and dated within 15 days of the Effective Date.

10.5 Dissenters. The number of shares as to which shareholders of East Alabama or SSB have exercised dissenters' rights of appraisal under Section 3.6 does not exceed 5 percent of the outstanding shares of common stock of East Alabama or 5% of the outstanding shares of common stock of SSB.

10.6 Material Events. There shall have been no determination by the board of directors of SSB that the transactions contemplated by this Agreement have become impractical because of any state of war or declaration of a banking moratorium in the United States.

10.7 Exemption from Registration. SSB shall have reasonably determined, in consultation with East Alabama, that the shares of SSB Common Stock to be issued in the Merger shall be exempt from registration under SEC Rule 147A.

ARTICLE 11
TERMINATION OF REPRESENTATIONS AND WARRANTIES

All representations and warranties provided in Articles 4 and 5 of this Agreement or in any closing certificate pursuant to Articles 9 and 10 shall be deemed only conditions to the Merger and shall terminate and be extinguished at and shall not survive the Effective Date. All covenants, agreements and undertakings required by this Agreement to be performed by any Party hereto following the Effective Date shall survive such Effective Date and be binding upon such Party. If the Merger is not consummated, all representations, warranties, obligations, covenants, or agreements hereunder or in any certificate delivered hereunder relating to the

transaction which is not consummated shall be deemed to be terminated or extinguished, except Sections 7.2, 7.6, 13.2(e), 13.2(f), 13.2(g), 13.3, Article 11, Article 15 and any applicable definitions of Article 14, shall survive.

Items disclosed in the Exhibits and Schedules attached hereto or in any Disclosure Letter are incorporated into this Agreement and form a part of the representations, warranties, covenants or agreements to which they relate.

ARTICLE 12
NOTICES

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so received:

(a) If to East Alabama:

Floyd C. Davis
c/o Lewis C. Beavers
Lawrence, See & Beavers
3133 Golf Ridge Blvd.
Suite 102
Douglasville, Georgia 30135-1995
Telephone: 770-942-5197

with copies to:

Jennifer R. McCain, Esq.
Maynard, Cooper & Gale, P.C.
1901 6th Avenue North, Suite 2400
Birmingham, Alabama 35203
Telephone: (205) 254-1210

or as may otherwise be specified by East Alabama in writing to SSB.

(b) If to SSB:

Stephen W. Whatley
615 Quintard Avenue
Anniston, Alabama 36201
Telephone: (256) 241-1092

with copies to:

Michael D. Waters, Esq.
Jones Walker LLP
420 20th Street North, Suite 1100
Birmingham, Alabama 35203
Telephone: (205) 244-5210

or as may otherwise be specified in writing by SSB to East Alabama.

ARTICLE 13
AMENDMENT OR TERMINATION

13.1 Amendment. This Agreement may be amended by the written mutual consent of SSB and East Alabama before or after approval of the transactions contemplated herein by the shareholders of East Alabama.

13.2 Termination. This Agreement may be terminated at any time prior to or on the Effective Date whether before or after action thereon by the shareholders of East Alabama, as follows:

(a) by the mutual written consent of the respective boards of directors of East Alabama and SSB;

(b) by the board of directors of either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a material breach by the other Party of any representation or warranty contained in this Agreement which cannot be or has not been cured within thirty (30) days after the giving of written notice to the breaching Party of such breach and which breach would provide the non-breaching Party the ability to refuse to consummate the Merger under the standard set forth in Section 10.1 of this Agreement in the case of SSB and Section 9.1 of this Agreement in the case of East Alabama;

(c) by the board of directors of either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a material breach by the other Party of any covenant or agreement contained in this Agreement which cannot be or has not been cured within thirty (30) days after the giving of written notice to the breaching Party of such breach, or if any of the conditions to the obligations of such Party contained in this Agreement in Article 9 as to East Alabama or Article 10 as to SSB shall not have been satisfied in full;

(d) by the board of directors of either SSB or East Alabama if all transactions contemplated by this Agreement shall not have been consummated on or prior to November 30, 2019 if the failure to consummate the transactions provided for in this Agreement on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section provided that if the only reason for failure to consummate the transactions is the lack of regulatory approval under Section 8.2, such date shall be December 31, 2019;

(e) by East Alabama, if before the East Alabama Shareholders Meeting, the board of directors of East Alabama authorizes East Alabama, subject to complying with Section 6.2(c), to enter into a binding written agreement concerning a transaction that constitutes a Superior Proposal, provided that, upon such termination pursuant hereto East Alabama shall pay promptly the sum of $3.0 million to SSB to reimburse SSB for its expenses, and not as damages, incurred in connection with the Agreement;

(f) by SSB, if (a) the board of directors of East Alabama shall have recommended to the shareholders of East Alabama that they tender their shares in a tender or exchange offer commenced by an un-affiliated third party for more than 20% of the outstanding East Alabama Common Stock, (b) the board of directors of East Alabama shall have effected a Change in the East Alabama Recommendation or recommended to the East Alabama shareholders acceptance or approval of a Superior Proposal, (c) East Alabama shall have notified SSB in writing that East Alabama is prepared to accept a Superior Proposal, or (d) the board of directors of East Alabama shall have resolved to do any of the foregoing, provided that, upon such termination pursuant hereto East Alabama shall pay promptly the sum of $3.0 million to SSB to reimburse SSB for its expenses, and not as damages, incurred in connection with the Agreement; or

(g) by the board of directors of East Alabama or SSB if the Merger and this Agreement are not approved by the shareholders of East Alabama entitled to vote, provided that East Alabama shall pay promptly the sum of $3.0 million to SSB for its expenses, and not as damages, incurred in connection with the Agreement.

(h) by SSB, if any condition set forth in Articles 8 or 10 has not been satisfied as of the Effective Date or if satisfaction of such condition is or becomes impossible (other than through failure of SSB to fully comply with its obligations hereunder) and SSB has not waived such condition; or

(i) by East Alabama, if any condition set forth in Articles 8 or 9 has not been satisfied as of the Effective Date or if satisfaction of such condition is or becomes impossible (other than through the failure of East Alabama to fully comply with its obligations hereunder) and East Alabama has not waived such condition.

13.3 Damages. In the event of termination pursuant to Section 13.2, this Agreement shall become void and have no effect, except as provided in Article 11, and except that East Alabama and SSB shall be liable for damages for any willful breach of warranty, representation, covenant or other agreement contained in this Agreement if the breach is the cause or basis for termination, provided that upon termination by East Alabama or SSB pursuant to Sections 13.2(e)-(g) above, East Alabama, shall promptly pay to SSB the sums set forth therein. Notwithstanding anything to the contrary, termination by East Alabama or SSB pursuant to Sections 13.2(e)-(g) above shall not entitle either Party to damages.

ARTICLE 14
DEFINITIONS

The following terms, which are capitalized in this Agreement, shall have the meanings set forth below for the purpose of this Agreement:

ABCL	Meant the Alabama Business Corporation Law
ASBD	Means the Alabama State Banking Department
Acquisition Proposal	Shall mean, other than the transactions contemplated by this Agreement, any inquiry, proposal or offer with respect to a, or any, tender, exchange, or cash offer to acquire 20% or more of the voting power in a Party or any of its Subsidiaries, any inquiry, proposal or offer with respect to a merger, consolidation, share exchange or other business combination involving a Party or any of its Subsidiaries or any other inquiry, proposal or offer to acquire, license, lease, exchange or transfer in any manner 20% or more of the voting power in, or 20% or more of the business, revenue, net income, assets or deposits of, a Party or any of its Subsidiaries, in each case, whether in one or any series of related transactions and whether from one Person or any "group" of Persons (as defined under Section 13(d) of the Exchange Act).
Agencies	Shall mean, collectively, the Federal Trade Commission, the United States Department of Justice, the Board of the Governors of the Federal Reserve System, the FDIC, the ASBD, all state regulatory agencies having jurisdiction over the Parties and their respective Subsidiaries, HUD, the VA, the FHA, the GNMA, the FNMA, the FHLMC, the NYSE, and the SEC.
Agreement	Shall mean this Agreement and Plan of Merger and the Exhibits, Schedules and Disclosure Letters delivered pursuant hereto and incorporated herein by reference.
ASBD	Means the Alabama State Banking Department.
Assets	Of a Person shall mean all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any affiliate of such Person and wherever located.

Bank Merger Agreement	Shall mean the merger agreement respecting Small Town Bank and Southern States Bank set forth in Section 2.8.
Business Day	Means any day that is not a Saturday or Sunday or a day on which the offices of Southern States Bank are authorized or required by Law or executive order to be closed.
Change in the East Alabama Recommendation	Has the meaning set forth in Section 6.2(b).
Change in the SSB Recommendation	Has the meaning set forth in Section 6.1(g).
Closing	The submission of the certificates of officers, legal opinions and other actions required to be taken in order to consummate the Merger in accordance with this Agreement.
COBRA	Means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.
Code	The Internal Revenue Code of 1986, as amended.
Consent	Any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.
Contract	Any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, obligation, plan, practice, restriction, understanding or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its capital stock, Assets or business.
Covered Parties	Has the meaning set forth in Section 6.1(e)(ii).
Default	Shall mean (i) any breach or violation of or default under any Contract, Order or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of or default under any Contract, Order or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right to terminate or revoke, change the current terms of, or renegotiate, or to accelerate, increase, or impose any Liability under, any Contract, Order or Permit.

Disqualification	Shall mean the occurrence of any of the following events: (i) the director or nominee shall be prohibited by Law, Order or otherwise from serving on the Resulting Corporation or the Resulting Bank board of directors, (ii) the director or nominee shall have been convicted of or is subject to an indictment regarding any felony, (iii) the director or nominee shall file (or any entity of which such director or nominee shall have been an executive officer, director or controlling person within the two years prior to filing shall file) a voluntary petition under any federal or state bankruptcy or insolvency law, or the director or nominee shall become (or any entity of which the director or nominee shall have been an executive officer or controlling person within two years prior to filing shall become) the subject of an involuntary petition filed under any such law that is not dismissed within 90 days, (iv) the director or nominee shall be involved in any of the events or circumstances enumerated in Item 401(f)(2)-(6) of Regulation S-K (or any successor or substitute provision of similar import) promulgated by the SEC, or similar provisions of state "blue sky" laws, or (v) the director or nominee shall have resigned or retired from the board of directors of the Resulting Corporation or the Resulting Bank, as applicable.
East Alabama	East Alabama Financial Group, Inc., an Alabama corporation, with its principal office in Wedowee, Alabama.
East Alabama Common Stock	Shares of common stock, par value $.01 per share, of East Alabama.
East Alabama Company	Shall mean East Alabama, Small Town Bank, any Subsidiary of East Alabama or Small Town Bank, or any Person or entity acquired as a Subsidiary of East Alabama or Small Town Bank in the future and owned by East Alabama or Small Town Bank at the Effective Date.
East Alabama Disclosure Letter	Has the meaning set forth in Article 5.
East Alabama Plans	Has the meaning set forth in Section 5.16(a).
East Alabama Recommendation	Has the meaning set forth in Section 6.2(b).

Effective Date	Means the date and time at which the Merger becomes effective as defined in Section 2.7 hereof.
Eligible Shareholder	Has the meaning set forth in Section 3.1.
Environmental Laws	Means the laws, regulations and governmental requirements referred to in Section 4.21(g) hereof.
ERISA	The Employee Retirement Income Security Act of 1974, as amended.
Exchange Act	Shall mean the Securities Exchange Act of 1934, as amended.
Exchange Shares	Has the meaning set forth in Section 3.1(a).
Exhibits	Shall mean the Exhibits attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto.
FDIC	Means the Federal Deposit Insurance Corporation.
GAAP	Means generally accepted accounting principles applicable to banks and bank holding companies consistently applied during the periods involved.
Hazardous Substance	Has the meaning set forth in Section 4.21(h).
Indemnified Parties	Has the meaning set forth in Section 6.1(e).
Integration Period	Has the meaning set forth in Section 6.1(d).
Intellectual Property	Shall mean copyrights, patents, trademarks, service marks, service names, domain names, trade names, applications therefor, technology rights and licenses, computer software (including any source or object codes therefor or documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.
IRS	United States Internal Revenue Service.
Knowledge	Means the actual knowledge of the Chairman, Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer, Chief Credit (or Lending) Officer, General Counsel or any Executive Vice President of SSB

	or Southern States Bank, as applicable, in the case of knowledge of SSB, or of East Alabama or Small Town Bank, as applicable, in the case of knowledge of East Alabama.
Law	Any code, law, ordinance, regulation, reporting or licensing requirement, rule, or statute applicable to a Person or its Assets, Liabilities or business, including, without limitation, those promulgated, interpreted or enforced by any Agency.
Liability	Any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including, without limitation, costs of investigation, collection and defense), deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.
Lien	Any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or property interest, other than (i) Liens for current property Taxes not yet due and payable, (ii) for depository institution Subsidiaries of a Party, pledges to secure deposits and other Liens incurred in the ordinary course of the banking business, (iii) Liens in the form of easements and restrictive covenants on real property which do not materially adversely affect the use of such property by the current owner thereof, and (iv) Liens which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on a Party.
Litigation	Any action, arbitration, complaint, criminal prosecution, governmental or other examination or investigation, hearing, inquiry, administrative or other proceeding but shall not include regular, periodic examinations of depository institutions and their affiliates by Regulatory Authorities, relating to or affecting a Party, its business, its Assets (including Contracts related to it), or the transactions contemplated by this Agreement relating to or affecting a Party, its business, its Assets (including Contracts related to it), or the transactions contemplated by this Agreement.

Loss	Any and all direct or indirect payments, obligations, recoveries, deficiencies, fines, penalties, interest, assessments, losses, diminution in the value of Assets, damages, punitive, exemplary or consequential damages (including, but not limited to, lost income and profits and interruptions of business), liabilities, costs, expenses (including without limitation, reasonable attorneys' fees and expenses, and consultant's fees and other costs of defense or investigation), and interest on any amount payable to a third party as a result of the foregoing.
Material	For purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; provided that any specific monetary amount stated in this Agreement shall determine materiality in that instance.
Material Adverse Effect	(a) On a Party shall mean an event, change or occurrence which has a material adverse impact on (i) the financial position, Assets, business, or results of operations of such Party and its Subsidiaries, taken as a whole, or (ii) the ability of such Party to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement, provided that "material adverse effect" shall not be deemed to include the impact of (w) changes in banking and similar laws of general applicability or interpretations thereof by courts or governmental authorities, (x) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks and their holding companies, (y) actions and omissions of a Party (or any of its Subsidiaries) taken with the prior informed consent of the other Party in contemplation of the transactions contemplated hereby, and (z) the Merger and compliance with the provisions of this Agreement on the operating performance of the Parties. (b) No representation or warranty of any Party hereto contained in Article 4 or Article 5 (other than the representations and warranties in (i) Section 4.1/Section 5.1 (Organization), Section 4.4/Section 5.11 (No Conflict with Other Instrument), and Section 4.2/Section 5.2 (Capital Stock), which shall be true and correct in all material respects, and (ii) Section 4.5/Section 5.5 (Absence of Material Adverse Effect), which shall be true and correct in

	all respects) shall be deemed untrue or incorrect, and no Party hereto shall be deemed to have breached a representation or warranty, as a consequence of the existence or absence of any fact, circumstance or event unless such fact, circumstance or event, individually or taken together with all other facts, circumstances or events inconsistent with any representation or warranty contained in Article 4 or Article 5, has had or is reasonably likely to have a Material Adverse Effect on such Party.
Maximum Cash Consideration	Has the meaning set forth in Section 3.1(c).
Merger	The merger of East Alabama with SSB as contemplated in this Agreement.
Merger Consideration	Has the meaning set forth in Section 3.1 hereof, subject to adjustment as provided in Section 3.4.
New SSB Directors	Has the meaning set forth in Section 6.1(f) hereof.
Order	Any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any federal, state, local or foreign or other court, arbitrator, mediator, tribunal, administrative agency or Agency.
Party	Shall mean East Alabama or SSB, and "Parties" shall mean both East Alabama and SSB.
PBGC	Shall mean the Pension Benefit Guaranty Corporation.
Permit	Any federal, state, local, and foreign governmental approval, authorization, certificate, easement filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets or business.
Per Share Cash Consideration	Has the meaning set forth in Section 3.1(a).
Person	A natural person or any legal, commercial or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity.

Proxy Statement	The proxy statement used either by East Alabama or SSB, as the context requires to solicit the approval of its shareholders of the transactions contemplated by this Agreement.
Regulation O	Means Regulation O of the Board of Governors of the Federal Reserve System.
Representatives	Shall have the meaning set forth in Section 6.2(c)(i).
Resulting Bank	Shall have the meaning set forth in Section 2.8.
Resulting Corporation	Has the meaning set forth in Section 2.1.
SEC	United States Securities and Exchange Commission.
SSB Common Stock	Has the meaning set forth in Section 4.2(a).
SSB Company	Shall mean SSB, Southern States Bank, any Subsidiary of SSB or Southern States Bank, or any Person or entity acquired as a Subsidiary of SSB or Southern States Bank in the future and owned by SSB or Southern States Bank at the Effective Date.
SSB Disclosure Letter	Has the meaning set forth in Article 4.
SSB Nonvoting Common Stock	Has the meaning set forth in Section 4.2(a).
SSB Recommendation	Has the meaning set forth in Section 6.1(g) hereof.
Shareholders Meeting	The special meeting of shareholders of either East Alabama or SSB, as the context requires, called to approve this Agreement.
Small Town Bank	Small Town Bank, an Alabama banking corporation with its principal office in Wedowee, Alabama.
Southern States Bancshares	Southern States Bancshares, Inc., an Alabama corporation with its principal offices in Anniston, Alabama.
Southern States Disclosure Letter	Has the meaning set forth in Article 4.
Subsidiaries	Shall mean all those corporations, banks, associations, or other entities of which the entity in question owns or controls 5% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 5% or more of the outstanding equity securities is owned directly or indirectly by its parent;

	provided, however, there shall not be included any such entity acquired through foreclosure or any such entity the equity securities of which are owned or controlled in a fiduciary capacity.
Subsidiary Bank Merger	The merger of Small Town Bank with Southern States Bank as set forth in Section 2.8.
Superior Proposal	Means any unsolicited bona fide written Acquisition Proposal (with the percentages set forth in the definition of such term changed from 20% to 50%) that the East Alabama board of directors determines in good faith (after consultation with outside counsel and its financial advisor), taking into account all legal, financial, regulatory and other aspects of the proposal and the Person (or group of Persons) making the proposal (including any break-up fees, expense reimbursement provisions and conditions to consummation), (i) if consummated would be more favorable to the shareholders of East Alabama from a financial point of view than the transactions contemplated by this Agreement (including taking into account any adjustment to the terms and conditions proposed by SSB in response to such proposal pursuant to Section 6.2(c) or otherwise) and (ii) if accepted, is reasonably likely to be completed on the terms proposed.
Tax or Taxes	Means any federal, state, county, local, foreign, and other taxes, assessments, charges, fares, and impositions, including interest and penalties thereon or with respect thereto.
Technology Systems	Means electronic data processing, information, record keeping, communications, telecommunications, hardware, third party software, networks, peripherals, portfolio trading and computer systems, including any outsourced systems and processes, and Intellectual Property.

ARTICLE 15
MISCELLANEOUS

15.1 Expenses.

(a) Each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel. Each Party shall pay the expenses of the printing and mailing of its own Proxy Statement.

(b) Nothing contained in this Section 15.1 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by a Party of the terms of this Agreement or otherwise limit the rights of the nonbreaching Party.

15.2 Benefit and Assignment. Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

15.3 Governing Law. This Agreement shall be governed by, and construed in accordance with the Laws of the State of Alabama.

15.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to constitute an original. Each such counterpart shall become effective when one counterpart has been signed by each Party thereto.

15.5 Headings. The headings of the various articles and sections of this Agreement are for convenience of reference only and shall not be deemed a part of this Agreement or considered in construing the provisions thereof.

15.6 Severability. Any term or provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining terms and provisions thereof or affecting the validity or enforceability of such provision in any other jurisdiction, and if any term or provision of this Agreement is held by any court of competent jurisdiction to be void, voidable, invalid or unenforceable in any given circumstance or situation, then all other terms and provisions, being severable, shall remain in full force and effect in such circumstance or situation and the term or provision shall remain valid and in effect in any other circumstances or situation.

15.7 Construction. Use of the masculine pronoun herein shall be deemed to refer to the feminine and neuter genders and the use of singular references shall be deemed to include the plural and vice versa, as appropriate. No inference in favor of or against any Party shall be drawn from the fact that such Party or such Party’s counsel has drafted any portion of this Agreement.

15.8 Return of Information. In the event of termination of this Agreement prior to the Effective Date, each Party shall return to the other, without retaining copies thereof, all confidential or non-public documents, work papers and other materials obtained from the other Party in connection with the transactions contemplated in this Agreement and shall keep such information confidential, not disclose such information to any other person or entity, and not use such information in connection with its business.

15.9 Equitable Remedies. The parties hereto agree that, in the event of a breach of this Agreement by either Party, the other Party may be without an adequate remedy at law owing to the unique nature of the contemplated transactions. In recognition thereof, in addition to (and not in lieu of) any remedies at law that may be available to the nonbreaching Party, the non-

breaching Party shall be entitled to obtain equitable relief, including the remedies of specific performance and injunction, in the event of a breach of this Agreement by the other Party, and no attempt on the part of the non-breaching Party to obtain such equitable relief shall be deemed to constitute an election of remedies by the non-breaching Party that would preclude the non-breaching Party from obtaining any remedies at law to which it would otherwise be entitled.

15.10 Attorneys' Fees. If any Party hereto shall bring an action at law or in equity to enforce its rights under this Agreement (including an action based upon a misrepresentation or the breach of any warranty, covenant, agreement or obligation contained herein), the prevailing Party in such action shall be entitled to recover from the other Party its costs and expenses incurred in connection with such action (including fees, disbursements and expenses of attorneys and costs of investigation).

15.11 No Waiver. No failure, delay or omission of or by any Party in exercising any right, power or remedy upon any breach or Default of any other Party shall impair any such rights, powers or remedies of the Party not in breach or Default, nor shall it be construed to be a waiver of any such right, power or remedy, or an acquiescence in any similar breach or Default; nor shall any waiver of any single breach or Default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any provisions of this Agreement must be in writing and be executed by the Parties to this Agreement and shall be effective only to the extent specifically set forth in such writing.

15.12 Remedies Cumulative. All remedies provided in this Agreement, by law or otherwise, shall be cumulative and not alternative.

15.13 Entire Contract. This Agreement and the documents and instruments referred to herein, constitute the entire contract between the parties to this Agreement and supersede all other understandings with respect to the subject matter of this Agreement.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, East Alabama and SSB have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

SOUTHERN STATES BANCSHARES, INC.

BY: /s/ Stephen W. Whatley
Name: Stephen W. Whatley
Its: Chairman, President and Chief Executive Officer

EAST ALABAMA FINANCIAL GROUP, INC.

BY: /s/ Floyd C. Davis
Name: Floyd C. Davis
Its: Chairman

Exhibit A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Plan") is made and entered into as of , 2019 by and between Southern States Bank, an Alabama banking corporation, and Small Town Bank, an Alabama banking corporation, in order to provide for the merger of Small Town Bank with and into Southern States Bank under the charter of Southern States Bank (the "Merger").

PREAMBLE

A majority of the respective Boards of Directors of Small Town Bank and Southern States Bank has approved this Plan and has authorized its execution and consummation.

AGREEMENT

In consideration of the premises and of the covenants contained herein, Small Town Bank and Southern States Bank hereby make, adopt and approve this Plan and prescribe the terms and conditions of the Merger and the mode of carrying the Merger into effect, as follows:

1. The Merger. Small Town Bank shall be merged with and into Southern States Bank under the articles of incorporation and charter of Southern States Bank pursuant to the provisions of, and with the effects provided in the Alabama Banking Code and the Alabama Business Corporation Law. Southern States Bank shall be the survivor of the Merger, and is hereinafter referred to as the "Continuing Bank" when reference is made to Southern States Bank as of the Effective date of the Merger or thereafter.

2. Effective Date of the Merger. Subject to the terms and conditions of this Plan, and upon satisfaction of all legal requirements, the Merger shall become effective on the date and time (the "Effective Date") specified by Southern States Bank by filing appropriate articles of merger pursuant to Alabama law.

3. The Continuing Bank.

(a) On the Effective Date, the name of the Continuing Bank shall be "Southern States Bank;" the articles of incorporation and bylaws of the Continuing Bank shall be the same as Southern States Bank's existing articles of incorporation and bylaws; the Continuing Bank's main office shall be the main office of Southern States Bank; and all offices, branches, agencies and facilities of Southern States Bank and Small Town Bank which were in lawful operation or whose establishment had been approved at the Merger's Effective Date shall be retained and operated or established and operated as offices, branches, agencies and facilities of the Continuing Bank.

(b) On the Effective Date, all assets, rights, franchises and interests of Small Town Bank and Southern States Bank in and to every type of property (real, personal and mixed) and

choses in action shall be transferred to and vested in the Continuing Bank by virtue of the Merger without any deed or other instrument of transfer to the Continuing Bank, and without any order or other action on the part of any court or otherwise; and the Continuing Bank shall hold and enjoy all rights of property, franchises and interests, including appointments, designations and nominations, and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, guardian of mentally incompetent persons, and in every other fiduciary capacity, in the same manner and to the same extent as such rights, franchises and interests were held or enjoyed by Southern States and Small Town Bank, respectively, immediately prior to the Effective Date.

(c) On the Effective Date, the Continuing Bank shall be liable for all liabilities of Small Town Bank and Southern States Bank, and all deposits, debts, liabilities, obligations and contracts of Small Town Bank and Southern States Bank, respectively, matured or unmatured, whether accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against in the balance sheets, books of account or records of Small Town Bank or Southern States Bank, as the case may be, shall be those of the Continuing Bank, and shall not be released or impaired by the Merger; and all rights of creditors and other obligees and all liens on property of either Small Town Bank or Southern States Bank shall be preserved unimpaired.

4. Capital Stock.

(a) On the Effective Date, all shares of Southern States Bank common stock shall continue to be issued and outstanding shares, and all shares of Small Town Bank common stock issued and outstanding immediately prior to the Effective Date shall, ipso facto, without any action on the part of any holder thereof, or any other party, be canceled. All of the shares of issued and outstanding Continuing Bank common stock shall be allocated to and received by Southern States Bancshares, Inc.

(b) On the Effective Date, the equity capitalization of Southern States Bank existing immediately before the Effective Date shall be combined with the equity capitalization of Small Town Bank existing immediately before the Effective Date, with the effect that the Continuing Bank shall have a capital structure after the Effective Date, in the aggregate, equal to the combined capital structures of Small Town Bank and Southern States Bank existing immediately before the Effective Date subject to any adjustments as may be required by GAAP.

5. Board of Directors. On the Effective Date, the Board of Directors of the Continuing Bank shall consist of all persons who were directors of Southern States Bank immediately before the Effective Date, who shall continue to serve as directors until their successors are duly elected and qualified provided that directors will be added as provided in the Parent Agreement referenced in Section 7(e).

6. Approvals. This Plan shall be submitted to the respective shareholders of Small Town Bank and Southern States Bank for ratification and confirmation in accordance with applicable provisions of law and the respective articles of incorporation and bylaws of Small Town Bank and Southern States Bank. Small Town Bank and Southern States Bank shall proceed expeditiously and cooperate fully in the procurement of any other consents and approvals and in the taking of any other action, and the satisfaction of all other requirements

prescribed by law or otherwise necessary or appropriate for consummation of the Merger and any other transactions contemplated hereby, including, without limitation, approvals of the Alabama State Banking Department and the Federal Deposit Insurance Corporation.

7. Conditions Precedent to the Merger. The Merger, and the obligations of Small Town Bank and Southern States Bank to close the Merger, are subject to the following conditions, any of which, however, may be waived, to the extent permitted by law, by consent in writing executed by Small Town Bank or Southern States Bank.

(a) This Plan, and the Merger contemplated hereby, shall have been ratified and confirmed by vote of the respective shareholders of Small Town Bank and Southern States Bank as required by law;

(b) All consents and approvals, including those of all regulatory agencies having jurisdiction, shall have been procured, and all other requirements prescribed by law and which are necessary for consummation of the Merger shall have been satisfied;

(c) The merger transaction provided for in the Agreement and Plan of Merger between Southern States Bancshares, Inc., the parent company of Southern States Banks, and East Alabama Financial Group, the parent company of Small Town Bank, dated as of the date of this Agreement (the "Parent Agreement") shall have been consummated in accordance with the Parent Agreement.

8. Termination. If the Parent Agreement shall have been terminated then this Plan may be terminated and abandoned by Small Town Bank or Southern States Bank at any time before the Effective Date of the Merger, either before or after the shareholders' vote, by giving written notice of such termination or abandonment to the other parties, such notice to be authorized or approved by a resolution adopted by the Board of Directors of the party giving the notice.

Upon termination by written notice as provided in this Section, this Plan shall be void and of no further force and effect, and there shall be no liability for such termination by reason of this Plan on the part of any party hereto, or the directors, officers, employees, agents, or shareholders of any of them.

9. Counterparts. This Plan may be executed in one or more identical counterparts, each of which when executed and delivered by the parties hereto shall be an original, but all of which together shall constitute a single agreement.

10. Amendment. Small Town Bank and Southern States Bank, by mutual consent of their respective Boards of Directors, to the extent permitted by law, may amend, modify, supplement and interpret this Plan in such manner as may be mutually agreed upon by them in writing at any time before or after adoption thereof by the respective shareholders of Small Town Bank and Southern States Bank.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, Small Town Bank and Southern States Bank have caused this Plan to be executed in counterparts by their duly authorized officers and their corporate seals to be hereunto affixed as of the date first above written.

SOUTHERN STATES BANK

BY: _____

Stephen W. Whatley
Chairman, President and Chief Executive Officer

SMALL TOWN BANK

BY: _____

_____

_____

Exhibit 3.1

CERTIFICATE OF RESTATEMENT

TO THE CERTIFICATE OF INCORPORATION

OF

SOUTHERN STATES BANCSHARES, INC.
(AL Entity ID: # 257-068)

The undersigned Alabama corporation's Articles of Incorporation were originally filed with the Judge of Probate in Calhoun County, Alabama on April 21, 2008 and were amended on September 15, 2011, December 26, 2016, and May 1, 2017, by filing Articles of Amendment with the Judge of Probate in Calhoun County, Alabama. Pursuant to the provisions of Sections 10A-2A-10.07 of the Alabama Business Corporation Law effective January 1, 2020 (the "ABCL"), the undersigned corporation adopts the following Certificate of Restatement to its Certificate of Incorporation:

FIRST: The name of the corporation is Southern States Bancshares, Inc. (the "Corporation") an Alabama banking corporation.

SECOND: The Board of Directors of the Corporation approved the Amended and Restated Certificate of Incorporation, the text of which is set forth in **Appendix A** hereto (the "Restatement") and recommended it for stockholder approval, and to restate the Certificate of Incorporation in full in accordance with the Alabama Business Corporation Law effective January 1, 2020. The Restatement amends and restates in its entirety the current Certificate of Incorporation of the Corporation and provides (i) an increase to 30,000,000 shares of authorized common stock, $5.00 value per share, (ii) an increase to 2,000,000 shares of authorized preferred stock, $0.01 par value per share to be issued on terms set by the board of directors, (iii) a change from staggered elections to annual elections of directors, and (iv) elimination of stockholder ability to call special meetings of shareholders and to act by unanimous written consent, all as more fully set forth in the Restatement.

THIRD: The Restatement was duly approved and adopted by the stockholders of the Corporation in the manner provided by the ABCL at the annual meeting held on April 29, 2020. Such votes were sufficient to approve the Restatement.

FOURTH: The Restated Certificate of Incorporation consolidates all previous amendments into a single disclosure.

FIFTH: The Restated Certificate of Incorporation shall be effective upon filing with the Alabama Secretary of State.

Dated: June 1, 2020.

[Signature on following page]

SOUTHERN STATES BANCSHARES, INC.

By: /s/ Lynn Joyce
Name: Lynn Joyce
Title: EVP and Chief Financial Officer

Date: July 14, 2021

This instrument prepared by:
Michael D. Waters, Esq.
Jones Walker LLP
420 20th Street North, Suite 1100
Birmingham, Alabama 35203
Telephone: (205) 244-5210
mwaters@joneswalker.com

APPENDIX A

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

SOUTHERN STATES BANCSHARES, INC.

The following sets forth the Amended and Restated Certificate of Incorporation under the Alabama Business Corporation Law ("ABCL"):

ARTICLE I

Name

The name of this corporation (the "Corporation") shall be:

SOUTHERN STATES BANCSHARES, INC.

ARTICLE II

Purposes

The nature of the business of the Corporation and its objects, purposes and powers are:

(a) To provide financial related services and all related activities;

(b) To manage, purchase or acquire by assignment, transfer or otherwise, and hold, mortgage or otherwise pledge, and to sell, exchange, transfer, deal in and in any manner dispose of, real or personal property of any kind, class, interest, or type, wheresoever situated, and to exercise, carry out and enjoy any license, power, authority, concession, right or privilege which any corporation may make or grant in connection therewith;

(c) To subscribe for, acquire, hold, sell, assign, transfer, mortgage, pledge, or in any manner dispose of shares of stock, bonds or other evidences of indebtedness or securities issued or created by any other corporation of Alabama or any other state or any foreign country and, while the owner thereof, to exercise the rights, privileges and powers of ownership, including the rights to vote thereon, to the same extent as a natural person may do, subject to the limitations, if any, on such rights now or hereafter provided by the laws of Alabama;

(d) To acquire the goodwill, rights, assets and properties, and to undertake the whole or any part of the liabilities, of any person, firm, association or corporation; to pay for the same in cash, the stock or other securities of the Corporation, or otherwise, to hold, or in any manner dispose of, the whole or any part of the property so acquired; to conduct in any lawful manner the whole or any part of the business so acquired; and to exercise all the powers necessary or convenient in and about the conduct and management of such business;

(e) To make contracts, including guarantee and suretyship contracts and indemnity agreements, incur liabilities, borrow money, issue its notes, bonds and other obligations (which may be convertible into or include the option to purchase other securities of the Corporation), secure any of its obligations (or the obligations of others for whom it can make guarantees, whether or not a guarantee is made) by mortgage or pledge of or creation of security interests in any of its property, franchises, or income, and, without limiting the generality of the foregoing; (a) make contracts of guarantee and suretyship and indemnity agreements that are necessary or convenient to the conduct, promotion or attainment of the business of the contracting Corporation, (b) make contracts of guarantee and suretyship and indemnity agreements that are necessary or convenient to the conduct, promotion or attainment of the business of (i) an entity that is wholly owned, directly or indirectly, by the contracting Corporation or (ii) a person that owns, directly or indirectly, all of the outstanding stock of the contracting Corporation or (iii) an entity that is wholly owned, directly or indirectly, by a person that owns, directly or indirectly, all of the outstanding stock of the Corporation;

(f) To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

(g) To be a promoter, incorporator, partner, member, trustee, associate, or manager of any domestic or foreign corporation, partnership, joint venture, trust or other entity;

(h) To pay pensions and establish pension plans, pension trusts, profit sharing plans, share bonus plans, share option plans, or other welfare, benefit or incentive plans for any or all of its current, future or former directors, officers, employees and agents;

(i) To make donations for the public welfare or for charitable, scientific or educational purposes; and

(j) In general, to carry on any other lawful business whatsoever in connection with the foregoing or which is calculated, directly or indirectly, to promote the interest of the Corporation or to enhance the value of its properties.

The enumeration herein of the powers, objects and purposes of the Corporation shall not be deemed to exclude or in any way limit by inference any powers, objects or purposes which the Corporation is empowered to exercise, whether expressly by purpose or by any of the laws of the State of Alabama or any reasonable construction of such laws.

ARTICLE III

Capital Stock

3.01 The total number of shares which the Corporation shall have authority to issue is 30,000,000 shares of common stock, $5.00 par value per share (“Common Stock”) with voting rights, 5,000,000 shares of non-voting common stock as set forth in Exhibit A hereto and 2,000,000 shares of preferred stock, par value $0.01 per share (“Preferred Stock”).

The shares of stock may be issued for such consideration as is determined from time to time by the board of directors, to be paid, in whole or in part, in cash or other property, tangible or intangible, or in labor or services actually performed for the Corporation. Shares may not be issued until the full amount of the consideration therefore has been paid. Thereafter, such shares shall be deemed to be fully paid and not assessable.

Each outstanding share of Common Stock issued pursuant to the authority of this Article shall be entitled to one (1) vote on each matter submitted at a meeting of the shareholders except for shares of common stock issued pursuant to Exhibit A hereto.

The board of directors is authorized, at any time and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series with such designations, preferences, voting powers and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as are stated and expressed in the resolution or resolutions providing for the issuance of such Preferred Stock adopted by the board of directors, and as are not stated and expressed in this Amended and Restated Certificate of Incorporation or any amendment thereto, including, but not limited to, determination of any of the following:

(1) the distinctive serial designation and the number of shares constituting a series;

(2) the dividend rate or rates, whether dividends are cumulative (and if so on what terms and conditions), the payment date or dates for dividends and the participating or other special rights, if any, with respect to dividends;

(3) the voting rights, full or limited, if any, of the shares of the series, which could include the right to elect a specified number of directors in any case if dividends on the series are not paid for in a specified period of time;

(4) whether the shares of the series are redeemable and, if so, the price or prices at which, and the terms and conditions on which, the shares may be redeemed, which prices, terms and conditions may vary under different conditions and at different redemption dates;

(5) the amount or amounts, if any, payable upon the shares of the series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation prior to any payment or distribution of the assets of the Corporation to any class or classes of stock of the Corporation ranking junior to the series;

(6) whether the shares of the series are entitled to the benefit of a sinking or retirement fund to be applied to the purchase or redemption of shares of the series and the amount of the fund and the manner of its application, including the price or prices at which the shares of the series may be redeemed or purchased through the application of the fund;

(7) whether the shares are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation and the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which the conversion or exchange may be made, and any other terms and conditions of the conversion or exchange; and

(8) any other preferences, privileges and powers, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of a series, as the board of directors may deem advisable and as are not inconsistent with the provisions of this Amended and Restated Certificate of Incorporation.

3.02 Distributions with respect to all classes and series of shares shall be made only when, as and if authorized by the Board of Directors; provided, however, that no distribution may be made if, after giving it effect, (i) the Corporation would not be able to pay its debts as they become due in the usual course of business; or (ii) the Corporation's total assets would be less than the sum of its total liabilities.

3.03 None of the shareholders of the Corporation shall have, and each shareholder is hereby expressly denied, any preferential or preemptive right to subscribe for or purchase any class of shares, including treasury shares, or other securities or obligations of the Corporation.

ARTICLE IV

Shareholders

4.01 The annual meeting of the shareholders for the election of the directors and the transaction of whatever other business may be brought before said meeting shall be held at the registered office or such other place as the Board of Directors may designate, on the day of each year specified therefore in the Bylaws.

4.02. Special meetings of the shareholders may be called for any purpose at any time only by the Board of Directors.

4.03 Shareholders are not authorized to act by written consent.

ARTICLE V

Miscellaneous

In furtherance and not in limitation of the powers conferred by law, the following provisions for the regulation of the Corporation, its directors and shareholders are hereby established:

5.01 (a) The Corporation shall indemnify all persons who may be indemnified by the Corporation to the full extent required or permitted by law, including but not limited to the indemnification provided in Sections 10A-2A-8.50 through 8.59, including the advance of expenses in Section 10A-2A-8.53 of the ABCL, as such law or such Sections now or hereafter exist.

(b) The indemnification authorized by this Section shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provision of this Amended and Restated Certificate of Incorporation, the Corporation's Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent of the Corporation and shall inure to the benefit of the heirs, executors, administrators, and personal representatives of such a person.

(c) Directors of the Corporation shall not be liable for money damages for any action taken, or any failure to take any action, as a director, except liability for (i) the amount of a financial benefit received by a director to which the director is not entitled; (ii) an intentional infliction of harm on the Corporation or its stockholders; (iii) a violation of Section 10A-2A-8.32 of the ABCL; or (iv) an intentional violation of criminal law.

(d) Nothing in this Section 5 shall be deemed to permit or authorize any payment or benefit that is in violation of any applicable regulatory requirements, including but not limited to, 12 CFR Part 359 or any payment or benefit relating to the imposition of penalties by the Alabama Banking Department under the Alabama Banking Code and related regulations.

5.02 The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

ARTICLE VI

Registered Office and Agent

6.01 The location and mailing address of the Corporation's registered office shall be 615 Quintard Avenue, Anniston, Alabama 36201 (Calhoun County) and the registered agent at such address shall be Stephen W. Whatley, unless provided otherwise by the Board of Directors.

6.02 The Board of Directors may change the registered office or registered agent by complying with the provisions of applicable Alabama law.

ARTICLE VII

Board of Directors and Officers

All of the authority of the Corporation shall be exercised by or under the direction of the Board of Directors. For their own governance, the Directors may adopt bylaws that are not inconsistent with this Amended and Restated Certificate of Incorporation.

7.01 The Bylaws shall establish a variable range for the Board of Directors by fixing a minimum and maximum number of Directors. The Board may change the number of Directors within the variable range set by the Bylaws without shareholder approval, and fill the vacancies created thereby.

7.02 The Board of Directors shall consist of not more than 15 directors with the exact number established by the Board of Directors in accordance with the Bylaws. Directors shall be elected on an annual basis. A director elected to fill a vacancy shall hold office during the term to which his predecessor had been elected and until his successor shall have been elected and shall qualify, or until his earlier death or resignation. Directors may only be removed by the shareholders for cause.

7.03 Vacancies on the board may be filled only by the board of directors, including by directors remaining in office although less than a quorum.

ARTICLE VII

Effectiveness of Certificate of Incorporation

8.01 The Corporation elects to be governed by the new Alabama Business Corporation Law, Act # 2019-94, to be effective upon filing of a certificate of restatement with the Alabama Secretary of State.

This Instrument was prepared by:

Michael D. Waters
Jones Walker LLP
420 20th Street North, Suite 1100
Birmingham, Alabama 35203
(205) 244-5210

EXHIBIT A

OF

SOUTHERN STATES BANCSHARES, INC.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

CLASS OF NON-VOTING COMMON STOCK

1. Definitions.

(a) Affiliate" has the meaning set forth in 12 C.F.R. Section 225.2(a) or any successor provision.

(b) Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended and in effect from time and time.

(c) Board of Directors" means the board of directors of the Corporation.

(d) A "business day" means any day other than a Saturday or a Sunday or a day on which banks in the Alabama are authorized or required by law, executive order or regulation to close.

(e) Certificate" means a certificate representing one (1) or more shares of Non-Voting Common Stock.

(f) Common Stock" means the voting common stock of the Corporation, $5.00 par value per share.

(g) Conversion" has the meaning set forth in Section 5.

(h) Conversion Date" means the date that a share of Non-Voting Common Stock is converted into Common Stock in accordance with Section 5.

(i) Corporation" means Southern States Bancshares, Inc., an Alabama corporation.

(j) Dividends" has the meaning set forth in Section 3.

(k) Exchange Agent" means Computershare Inc. solely in its capacity as transfer and exchange agent for the Corporation, or any successor transfer and exchange agent for the Corporation.

(l) Liquidation Distribution" has the meaning set forth in Section 4.

(m) Mandatory Conversion Date" means, with respect to shares of Series B Preferred Stock of any and all holders thereof, the effective date of this Third Articles of Amendment to the Articles of Incorporation.

(n) Non-Voting Common Stock" has the meaning set forth in Section 2.

(o) Permissible Transfer" means a transfer by the holder of Non-Voting Common Stock (i) to the Corporation; (ii) in a widely distributed public offering of Common Stock or Non-Voting Common Stock; (iii) that is part of an offering that is not a widely distributed public offering of Common Stock or Non-Voting Common Stock but is one in which no one transferee (or group of associated transferees) acquires the rights to receive two percent (2%) or more of any class of the Voting Securities of the Corporation then outstanding (including pursuant to a related series of transfers); (iv) that is part of a transfer of Common Stock or Non-Voting Common Stock to an underwriter for the purpose of conducting a widely distributed public offering; (v) to a transferee that controls more than fifty percent (50%) of the Voting Securities of the Corporation without giving effect to such transfer; or (vi) that is part of a transaction approved by the Board of Governors of the Federal Reserve System (the "Federal Reserve").

(p) Person" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, or any other form of entity not specifically listed herein.

(q) Series B Preferred Stock" means the series of shares of preferred stock of the Corporation designated as "Convertible Perpetual Preferred Stock, Series B" which were automatically converted into shares of Non-Voting Common Stock on the Mandatory Conversion Date.

(r) Voting Security" has the meaning set forth in 12 C.F.R. Section 225.2(q) or any successor provision.

2. Designation; Number of Shares. The class of shares of capital stock hereby authorized shall be designated as "Non-Voting Common Stock". The number of authorized shares of the Non-Voting Common Stock shall be 5,000,000 shares. The Non-Voting Common Stock shall have $5.00 par value per share. Each share of Non-Voting Common Stock has the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption as described herein. Each share of Non-Voting Common Stock is identical in all respects to every other share of Non-Voting Common Stock.

3. Dividends. The Non-Voting Common Stock will rank *pari passu* with the Common Stock with respect to the payment of dividends or distributions, whether payable in cash, securities, options or other property, and with respect to issuance, grant or sale of any rights to purchase stock, warrants, securities or other property (collectively, the "Dividends"). Accordingly, the holders of record of Non-Voting Common Stock will be entitled to receive as, when, and if declared by the Board of Directors, Dividends in the same per share amount as paid on the Common Stock, and no Dividends will be payable on the Common Stock or any other class or series of capital stock ranking with respect to Dividends *pari passu* with the Common Stock unless a Dividend identical to that paid on the Common Stock is payable at the same time on the Non-Voting Common Stock in an amount per share of Non-Voting Common Stock equal to the product of (a) the per share Dividend declared and paid in respect of each share of Common Stock and (b) the number of shares of Common Stock into which such share of Non-

Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock); *provided*, *however*, that if a stock Dividend is declared on Common Stock payable solely in Common Stock, the holders of Non-Voting Common Stock will be entitled to a stock Dividend payable solely in shares of Non-Voting Common Stock. Dividends that are payable on Non-Voting Common Stock will be payable to the holders of record of Non-Voting Common Stock as they appear on the stock register of the Corporation on the applicable record date, as determined by the Board of Directors, which record date will be the same as the record date for the equivalent Dividend of the Common Stock. In the event that the Board of Directors does not declare or pay any Dividends with respect to shares of Common Stock, then the holders of Non-Voting Common Stock will have no right to receive any Dividends.

4. Liquidation.

(a) Rank. The Non-Voting Common Stock will, with respect to rights upon liquidation, winding up and dissolution, rank (i) subordinate and junior in right of payment to all other securities of the Corporation which, by their respective terms, are senior to the Non-Voting Common Stock or the Common Stock, and (ii) *pari passu* with the Common Stock. Not in limitation of anything contained herein, and for purposes of clarity, the Non-Voting Common Stock is subordinated to the general creditors and subordinated debt holders of the Company, and the depositors of the Company's bank subsidiaries, in any receivership, insolvency, liquidation or similar proceeding.

(b) Liquidation Distributions. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Non-Voting Common Stock will be entitled to receive, for each share of Non-Voting Common Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any Persons to whom the Non-Voting Common Stock is subordinate, a distribution ("Liquidation Distribution") equal to (i) any authorized and declared, but unpaid, Dividends with respect to such share of Non-Voting Common Stock at the time of such liquidation, dissolution or winding up, and (ii) the amount the holder of such share of Non-Voting Common Stock would receive in respect of such share if such share had been converted into shares of Common Stock at the then applicable conversion rate at the time of such liquidation, dissolution or winding up (assuming the conversion of all shares of Non-Voting Common Stock at such time, without regard to any limitations on conversion of the Non-Voting Common Stock). All Liquidating Distributions to the holders of the Non-Voting Common Stock and Common Stock set forth in clause (ii) above will be made pro rata to the holders thereof.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger, consolidation or share exchange of the Corporation with any other corporation or other entity, including a merger, consolidation or share exchange in which the holders of Non-Voting Common Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or property) of all or substantially all of the assets of the Corporation, will not constitute a liquidation, dissolution or winding up of the Corporation.

5. Conversion.

(a) General.

(i) A holder of Non-Voting Common Stock shall be permitted to convert shares of Non-Voting Common Stock into shares of Common Stock at any time or from time to time, provided that upon such conversion the holder, together with all Affiliates of the holder, will not own or control in the aggregate more than nine point nine (9.9%) of the Common Stock (or of any class of Voting Securities issued by the Corporation), excluding for the purpose of this calculation any reduction in ownership resulting from transfers by such holder of Voting Securities of the Corporation (which, for the avoidance of doubt, does not include Non-Voting Common Stock). In any such conversion, each share of Non-Voting Common Stock will convert initially into one (1) share of Common Stock, subject to adjustment as provided in Section 6 below.

(ii) Each share of Non-Voting Common Stock will automatically convert into one (1) share of Common Stock, without any further action on the part of any holder, subject to adjustment as provided in Section 6 below, on the date a holder of Non-Voting Common Stock transfers any shares of Non-Voting Common Stock to a non-affiliate of the holder in a Permissible Transfer.

(iii) To effect any permitted conversion under Section 5(a)(i) or Section 5(a)(ii), the holder shall surrender the certificate or certificates evidencing such shares of Non-Voting Common Stock, duly endorsed, at the registered office of the Corporation, and provide written instructions to the Corporation as to the number of whole shares for which such conversion shall be effected, together with any appropriate documentation that may be reasonably required by the Corporation. Upon the surrender of such certificate(s), the Corporation will issue and deliver to such holder (in the case of a conversion under Section 5(a)(i)) or such holder's transferee (in the case of a conversion under Section 5(a)(ii)) a certificate or certificates for the number of shares of Common Stock into which the Non-Voting Common Stock has been converted and, in the event that such conversion is with respect to some, but not all, of the holder's shares of Non-Voting Common Stock, the Corporation shall deliver to such holder a certificate or certificate(s) representing the number of shares of Non-Voting Common Stock that were not converted to Common Stock.

(iv) All shares of Common Stock delivered upon conversion of the Non-Voting Common Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests, charges and other encumbrances.

(b) Reservation of Shares Issuable Upon Conversion. The Corporation will at all times reserve and keep available out of its authorized but unissued Common Stock solely for the purpose of effecting the conversion of the Non-Voting Common Stock such number of shares of Common Stock as will from time to time be sufficient to effect the conversion of all outstanding Non-Voting Common Stock; and if at any time the number of shares of authorized but unissued Common Stock will not be sufficient to effect the conversion of all then outstanding Non-Voting Common Stock, the Corporation will take such action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Common Stock to such number of shares as will be sufficient for such purpose.

(c) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, share exchange, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the holders of the Non-Voting Common Stock against impairment.

6. Adjustments.

(a) Combinations or Divisions of Common Stock. In the event that the Corporation at any time or from time to time will effect a division of the Common Stock into a greater number of shares (by stock split, reclassification or otherwise other than by payment of a Dividend in Common Stock or in any right to acquire the Common Stock), or in the event the outstanding Common Stock will be combined or consolidated, by reclassification, reverse stock split or otherwise, into a lesser number of shares of the Common Stock, then the dividend, liquidation, and conversion rights of each share of Non-Voting Common Stock in effect immediately prior to such event will, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(b) Reclassification, Exchange or Substitution. If the Common Stock is changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a division or combination of shares provided for in Section 6(a) above), (1) the conversion ratio then in effect will, concurrently with the effectiveness of such transaction, be adjusted so that each share of the Non-Voting Common Stock will be convertible into, in lieu of the number of shares of Common Stock which the holders of the Non-Voting Common Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equal to the product of (i) the number of shares of such other class or classes of stock that a holder of a share of Common Stock would be entitled to receive in such transaction and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock) immediately before that transaction and (2) the Dividend and Liquidation Distribution rights then in effect will, concurrently with the effectiveness of such transaction, be adjusted so that each share of Non-Voting Common Stock

will be entitled to a Dividend and Liquidation Distribution right, in lieu of with respect to the number of shares of Common Stock which the holders of the Non-Voting Common Stock would otherwise have been entitled to receive, with respect to a number of shares of such other class or classes of stock equal to the product of (i) the number of shares of such other class or classes of stock that a holder of a share of Common Stock would be entitled to receive in such transaction and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock) immediately before that transaction.

(c) Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense will promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Non-Voting Common Stock a certificate executed by the Corporation's President (or other appropriate officer) setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation will, upon the written request at any time of any holder of Non-Voting Common Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, and (ii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Non-Voting Common Stock.

7. Reorganization, Mergers, Consolidations or Sales of Assets. If at any time or from time to time there will be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares otherwise provided for in Section 6) or a merger, consolidation or share exchange of the Corporation with or into another corporation, or the sale of all or substantially all the Corporation's properties and assets to any other Person, then, as a part of such reorganization, merger, consolidation, share exchange or sale, provision will be made so that the holders of the Non-Voting Common Stock will thereafter be entitled to receive upon conversion of the Non-Voting Common Stock, the number of shares of stock or other securities or property of the Corporation, or of the successor company resulting from such merger, consolidation, share exchange or sale, to which a holder of that number of shares of Common Stock deliverable upon conversion of the Non-Voting Common Stock would have been entitled to receive on such capital reorganization, merger, consolidation, share exchange or sale (without regard to any limitations on conversion of the Non-Voting Common Stock).

8. Redemption. Except to the extent a liquidation under Section 4 may be deemed to be a redemption, the Non-Voting Common Stock will not be redeemable at the option of the Corporation or any holder of Non-Voting Common Stock at any time. Notwithstanding the foregoing, the Corporation will not be prohibited from repurchasing or otherwise acquiring shares of Non-Voting Common Stock in voluntary transactions with the holders thereof, subject to compliance with any applicable legal or regulatory requirements, including applicable regulatory capital requirements. Any shares of Non-Voting Common Stock repurchased or otherwise acquired may be reissued as additional shares of Non-Voting Common Stock.

9. Voting Rights. The holders of Non-Voting Common Stock will not have any voting rights, except as may otherwise from time to time be required by law.

10. Protective Provisions. So long as any shares of Non-Voting Common Stock are issued and outstanding, the Corporation will not (including by means of merger, consolidation, share exchange or otherwise), without obtaining the approval (by vote or written consent) of the holders of a majority of the issued and outstanding shares of Non-Voting Common Stock, (a) alter or change the rights, preferences, privileges or restrictions provided for the benefit of the holders of the Non-Voting Common Stock, (b) increase or decrease the authorized number of shares of Non-Voting Common Stock or (c) enter into any agreement, merger, share exchange or business consolidation, or engage in any other transaction, or take any action that would have the effect of changing any preference or any relative or other right provided for the benefit of the holders of the Non-Voting Common Stock. In the event that the Corporation offers to repurchase shares of Common Stock, the Corporation shall offer to repurchase shares of Non-Voting Common Stock pro rata based upon the number of shares of Common Stock such holders would be entitled to receive if such shares were converted into shares of Common Stock immediately prior to such repurchase.

11. Notices. All notices required or permitted to be given by the Corporation with respect to the Non-Voting Common Stock shall be in writing, and if delivered by first class United States mail, postage prepaid, to the holders of the Non-Voting Common Stock at their last addresses as they shall appear upon the books of the Corporation, shall be conclusively presumed to have been duly given, whether or not the holder actually receives such notice; provided, however, that failure to duly give such notice by mail, or any defect in such notice, to the holders of any stock designated for repurchase, shall not affect the validity of the proceedings for the repurchase of any other shares of Non-Voting Common Stock, or of any other matter required to be presented for the approval of the holders of the Non-Voting Common Stock.

12. Record Holders. To the fullest extent permitted by law, the Corporation will be entitled to recognize the record holder of any share of Non-Voting Common Stock as the true and lawful owner thereof for all purposes and will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other Person, whether or not it will have express or other notice thereof.

13. Term. The Non-Voting Common Stock shall have perpetual term unless converted in accordance with Section 5.

14. No Preemptive Rights. The holders of Non-Voting Common Stock are not entitled to any preemptive or preferential right to purchase or subscribe for any capital stock, obligations, warrants or other securities or rights of the Corporation, except for any such rights that may be granted by way of separate contract or agreement to one or more holders of Non-Voting Common Stock.

15. Replacement Certificates. In the event that any Certificate will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Corporation, the posting by such Person of a bond in such amount as the Corporation may determine is necessary as indemnity against any claim that may be made against it with respect to such Certificate, the Corporation or the Exchange Agent, as applicable, will deliver in exchange for such lost, stolen or destroyed Certificate a replacement Certificate.

16. Other Rights. The shares of Non-Voting Common Stock have no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or rights, other than as set forth herein or as provided by applicable law.

SOUTHERN STATES BANCSHARES, INC.

AMENDED AND RESTATED

BY-LAWS

March 2, 2020

SOUTHERN STATES BANCSHARES, INC.

BY-LAWS

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SOUTHERN STATES BANCSHARES, INC.

AMENDED AND RESTATED

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ARTICLE I

Offices

Section 1. Registered Office. The registered office of the Corporation, as designated in the Amended and Restated Certificate of Incorporation, may be changed from time to time by resolution of the Board of Directors and by filing notice of such change as required by law.

Section 2. Principal Office. The Corporation's principal office shall be in the City of Anniston, County of Calhoun, State of Alabama, or such other location as the board of directors may prescribe.

Section 3. Other Offices. The Corporation may also have offices at such other places both within and without the State of Alabama as the Board of Directors may from time to time determine or the business of the Corporation may require to the extent not prohibited by law.

ARTICLE II

Meetings of Shareholders

Section 1. Location. All meetings of shareholders shall be held at the Corporation's principal office in Anniston, Alabama, or at such other place either within or without the State of Alabama as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting.

Section 2. Annual Meetings. Annual meetings of shareholders shall be held on the third Wednesday in May in each year, if not a legal holiday, and if a legal holiday, then on the next business day following or on such other date that the board of directors may select. At the annual meeting, the shareholders shall elect a Board of Directors by plurality vote, and shall transact any other business as may properly come before the meeting.

Section 3. Special Meetings. Subject to Sections 11.01 and 11.02 of this Article II, special meetings of shareholders for any purpose or purposes, may be called by the Board of Directors.

Section 4. Notice of Shareholders' Meetings. Subject to Sections 11.01 and 11.02 of this Article II, written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

Section 5. Shareholder List. After fixing a record date for a meeting, the officer having charge of the stock transfer books for Shares of the Corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of a shareholders' meeting. The list must be arranged by voting group (and within each voting group by class or series of shares) and show the address of and number of shares held by each shareholder. The shareholders' list must be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office. A shareholder, or his or her agent or attorney, is entitled on written demand to

inspect and, for a proper purpose, to copy the list, during regular hours and at its expense, during the period it is available for inspection. The Corporation shall make the list available at the meeting, and any shareholder, or his or her agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment thereof. The stock transfer records of the Corporation shall be prima facie evidence as to who are the shareholders entitled to examine the shareholders' list or transfer records or to vote at any meeting of shareholders.

Section 6. Business of Special Meetings. Subject to Sections 11.01 and 11.02 of this Article II, business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

Section 7. Quorum of Shareholders. A majority of the Shares entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of shareholders. If, however, such quorum is not present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, written notice of the adjourned meeting shall be given to the shareholders entitled to vote at the meeting. Every meeting of the shareholders may be adjourned from time to time until its business is completed, and except as provided herein or by applicable law, no notice need be given of such adjourned meeting.

Section 8. Action by Shareholders. If a quorum is present, the affirmative vote of the majority of the Shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the Constitution of Alabama as the same may be amended from time to time, by statute, or by the Amended and Restated Certificate of Incorporation or these Bylaws.

Section 9. Voting. Each shareholder shall at every meeting of the shareholders be entitled to one (1) vote in person or by proxy for each Share having voting power held by such shareholder. A proxy may be appointed by an instrument in writing subscribed by such shareholder or his duly authorized attorney-in-fact. The proxy holder need not be a shareholder. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 10. Waiver of Notice. Whenever any notice is required to be given to any shareholder, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. A shareholder's attendance at a meeting: (i) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter before action is taken on the matter.

Section 11.01 Nature of Business at Meeting of Stockholders. Only such business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 11.02), may be transacted at an Annual Meeting or Special Meeting as is (a) specified in the notice of meeting (or any amendment or supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting or Special Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 11.01 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 11.01. Notwithstanding the foregoing, at a Special Meeting, only such business shall be conducted as specified in the notice of meeting (or any amendment or supplement thereto).

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation (the "Secretary").

To be timely, a stockholder's notice to the Secretary must be delivered to, or be mailed and received at, the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each matter such stockholder proposes to bring before the Annual Meeting, a brief description of the business desired to be brought before the Annual Meeting (including the specific text of any resolutions or actions proposed for consideration and if such business includes a proposal to amend the Amended and Restated Certificate of Incorporation or these By-Laws, the specific language of the proposed amendment) and the reasons for conducting such business at the Annual Meeting, and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and record address of such person as they appear on the Corporation's books, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name and address of each nominee holder of shares of all stock of the Corporation owned beneficially, but not of record, by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with the proposal of such business and any material interest of such person or any affiliates or associates of such person, in such business, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting, and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies by such person with respect to the proposed business to be brought by such person before the Annual Meeting pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder. As used in the By-laws, "affiliates" and "associates" shall have the meaning given in Rule 12b-2 of the Exchange Act.

A stockholder providing notice of business proposed to be brought before an Annual Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 11.01 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the Annual Meeting.

No business shall be conducted at the Annual Meeting or a Special Meeting except business brought before the Annual Meeting or Special Meeting in accordance with the procedures set forth in this Section 11.01; provided, however, that, once business has been properly brought before the Annual Meeting or Special Meeting in accordance with such procedures, nothing in this Section 11.01 shall be deemed to preclude discussion by any stockholder of any such business. If the chairperson of an Annual Meeting or a Special Meeting determines that

business was not properly brought before the Annual Meeting or Special Meeting in accordance with the foregoing procedures, the chairperson shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Nothing contained in this Section 11.01 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

Section 11.02 Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Amended and Restated Certificate of Incorporation. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 11.02 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 11.02.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary.

To be timely, a stockholder's notice to the Secretary must be delivered to, or be mailed and received at, the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially, but not of record, by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, and (iv) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and record address of such person as they appear on the Corporation's books, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name and address of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest,

hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any proposed nominee or any other person or persons (including their names) pursuant to which the nomination(s) are being made by such person, and any material interest of such person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting to nominate the persons named in its notice, and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. If requested by the Corporation, each proposed nominee shall complete and deliver promptly to the Corporation a questionnaire in form and substance similar to any such questionnaire completed by persons nominated for election as a director of the Corporation by the Board of Directors.

A stockholder providing notice of any nomination proposed to be made at an Annual Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 11.02 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such Annual Meeting.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 11.02. If the chairperson of an Annual Meeting for the election of directors determines that a nomination was not made in accordance with the foregoing procedures, the chairperson shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

ARTICLE III

Board of Directors

Section 1. General Powers; Number, Tenure and Qualifications. All corporate powers shall be exercised by or under authority of, and the business and affairs of the Corporation shall be managed under the direction of, its Board of Directors, comprised of not less than five (5), or such minimum number as may be required by any securities exchange applicable to the Corporation nor more than fifteen (15) persons. The Board may increase or decrease the size of the Board within the foregoing limits.

Section 2. Vacancies. If a vacancy occurs on the Board: (i) the board of directors may fill the vacancy, whether resulting from an increase in the number of directors or otherwise; or (ii) if the directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy, if it is one that the directors are authorized to fill, by the affirmative vote of a majority of all the directors remaining in office. If there are no directors in office, then the shareholders may hold a special meeting to elect directors.

Section 3. Location of Meetings. Meetings of the Board of Directors, regular or special, shall be held at the Corporation’s principal office unless otherwise specified in the notice thereof, in which event the meeting shall be held where specified in the notice, either within or without the State of Alabama.

Section 4. Organizational Meeting. The first meeting of each newly-elected Board of Directors shall be held immediately after and in the same place as the annual meeting of shareholders. No notice of such meeting shall be necessary to the newly-elected directors in order to legally constitute the meeting, provided a quorum is present.

Section 5. Regular Meetings. Regular meetings of the Board of Directors shall be held on the day and time specified by resolution of the Board of Directors. No notice of regular meetings need be given, unless the time and place of such meetings are other than those stated therein.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or Chief Executive Officer or any two (2) or more directors on twenty-four (24) hours' personal, telephonic, or telegraphic notice to each director, or preceded by at least two days' notice of the date, time and place of the meeting. The notice need not describe the purpose of the special meeting. Attendance at or participation by a director at a special meeting (i) waives objection to lack of any required notice or defective notice of the meeting, unless the director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting; and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the director objects to considering the matter before action is taken on the matter.

Section 7. Meetings by Conference Telephone, etc. Meetings of the Board of Directors and of any committee thereof may be held by means of a conference telephone or other communication by which all directors participating may simultaneously hear each other during the meeting. Participation by such means shall constitute presence in person at any such meeting.

Section 8. Quorum of Directors. A majority of the fixed number of directors shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board unless the Amended and Restated Certificate of Incorporation require the vote of a greater number of directors. A director is, unless established to the contrary, presumed present for quorum purposes for the remainder of the meeting at which he has been present for any purpose. A director who is present at a meeting of the Board or any committee of the Board when corporate action is taken is deemed to assent to the action taken place unless (i) he objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting or, as to a matter required under the Amended and Restated Certificate of Incorporation or these By-laws to be included in the notice of the purpose of the meeting, he objects before action is taken on the matter; (ii) his dissent or abstention from action taken is entered in the minutes of the meeting; or (iii) he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 9. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if the action is taken by all members of the Board and evidenced by one or more consents in writing, setting forth the action so taken, shall be signed by each member of the Board or committee, as the case may be, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken is effective when the last director signs the consent, unless the consent specifies a different effective date. Such consent shall have the same effect as a unanimous vote.

Section 10. Committees. The Board of Directors may create one (1) or more committees, each committee to consist of one (1) or more members, who serve at the pleasure of the Board. The creation of a committee and appointment of members to it must be approved by the greater of (i) a majority of all the directors in office when the action is taken or (ii) the number of directors required by the Amended and Restated Certificate of Incorporation or By-laws to take action. To the extent specified by the Board or in the Amended and Restated Certificate of Incorporation or By-laws, each committee may exercise the authority of the Board of Directors, shall have and may exercise all the authority of the Board of Directors in the management of the business and affairs of the Corporation; except that no such committee shall have the authority of the Board of Directors with reference to (1) authorizing distributions, (2) approving or proposing to shareholders actions requiring approval by shareholders, (3) filling vacancies on the board of directors or on any of its committees, (4) amending articles of incorporation, (5) adopting, amending or repealing these By-laws, (6) approving a plan of merger not requiring shareholder approval, (7) authorizing or approving reacquisition of shares, except according to formula or method prescribed by the board of

directors, or (8) authorizing or approving the issuance or sale or contract for sale of shares, or determining the designation and relative rights, except that the board of directors may authorize a committee (or a senior executive officer of the corporation) to do so within limits specifically prescribed by the board of directors.

Section 11. Committee Meetings, Minutes and Reports. Meetings of any committee of the Board may be called by the President, or by the chairman of the committee, at any time upon personal, telephonic, telegraphic, written or such other notice as may be determined by such committee. A majority of the members of each committee may fix such committee's rules of procedure, determine its manner of acting, and fix the time and place, whether within or without the State of Alabama, of its meetings. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors whenever required or requested.

Section 12. Compensation. The Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attending each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 13. Transactions with Directors, etc. A director's conflicting interest transaction may not be enjoined, set aside, or give rise to an award of damages or other sanctions, in a proceeding by a shareholder or by or in the right of the Corporation, because the director, or any person with whom or which he or she has a personal, economic, or other association, has an interest in the transaction, if:

(1) Director's action respecting the transaction was at any time taken in compliance with the Alabama Business Corporation Law; or

(2) Shareholders' action respecting the transaction was at any time taken in compliance with the Alabama Business Corporation Law; or

(3) The transaction, judged according to the circumstances at the time of commitment, is established to have been fair to the Corporation.

ARTICLE IV

Notices

Section 1. Manner of Giving Notice. Except as otherwise required by law, whenever notice is required to be given to any director or shareholder, such notice requirement can be satisfied by giving written notice by mail or private carrier, addressed to such director or shareholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given to a director at the earliest time of when received, five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed or on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee. Notice to directors may also be given in person, or by telephone, telegraph, teletype, telecopier, facsimile transmission, e-mail or other form of wire or wireless communication. Written notice by a domestic or foreign corporation to its shareholders is effective when mailed, if mailed postpaid and correctly addressed to the shareholder's address shown in the Corporation's current record of shareholders. The Secretary shall give, or cause to be given, the notices required by law or these By-laws of all meetings of the Shareholders, and of the Board of Directors and its committees.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any shareholder or director of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice and shall be delivered to the Corporation for inclusion in the minutes or filing with the corporate records.

ARTICLE V

Officers

Section 1. Number. The Board of Directors shall elect the Corporation's officers. The Board of Directors or a duly appointed officer may appoint one or more officers or assistant officers. The Board of Directors shall delegate to one of the officers responsibility for preparing minutes of the directors' and shareholders' meetings and for authenticating records of the Corporation. Any number of offices may be held by the same person.

Section 2. Election. The Board of Directors, at its annual organizational meeting, may choose a Chairman, Vice Chairman, Chief Executive Officer, President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as it deems necessary or desirable. If the officers, or any of them, for any reason should not be elected at the Board of Directors' organizational meeting, they may be elected at any regular or special meeting of the Board of Directors.

Section 3. Appointive Officers. The Board may from time to time appoint or delegate the appointment of such other officers as it may deem necessary, including one or more Assistant Secretaries and one or more Assistant Treasurers. Such officers shall hold office for such period, have such authority and perform such duties, subject to the control of the Board, as are in these By-laws provided or as the Chairman of the Board, Chief Executive Officer, the President or the Board may from time to time prescribe. The Chief Executive Officer shall have authority to appoint and remove agents and employees and to prescribe their powers and duties and may authorize any other officer or officers to do so.

Section 4. Compensation. The salaries and other compensation of the Corporation's principal officers shall be fixed by the Board of Directors, after taking account of any recommendations by any committee which is authorized to advise the Board with respect to compensation. The Board may from time to time delegate to any principal officer or to any committee power to fix the salaries and other compensation for all other Corporation officers, employees and agents. The action of the Board of Directors in so fixing officer compensation shall not be rendered invalid by reason of the fact that a director voted in favor of a resolution fixing his own salary or by reason of the fact that his presence was necessary to constitute a quorum of the Board.

Section 5. Term, Removal, Resignation and Vacancies. The Corporation's officers shall hold office until their successors are elected and qualified. Any officer may be removed at any time with or without cause by the affirmative vote of a majority of the Board of Directors. An officer may resign at any time by giving notice to the Corporation. A resignation is effective when the notice is given unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date. Any vacancy occurring in any office of the Corporation shall be filled in the manner prescribed in these By-laws for regular election or appointment to such office.

Section 6. Chairman of the Board. The Chairman of the Board shall, when present, preside at all meetings of the Board of Directors, and of the shareholders. In general, he shall perform all the duties incident to the office of Chairman of the Board, and such other duties as the board may from time to time determine or as may be prescribed by these By-laws.

Section 7. Vice Chairman. The Vice Chairman, in the absence, inability or disability of the Chairman, shall perform the Chairman's duties. The Vice Chairman shall have such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. President. The President shall be the Chief Executive Officer of the Corporation, unless the Board of Directors also designates a Chief Executive Officer, who shall serve as the chief executive officer. Both officers shall be subject to the control of the Board of Directors. The Chief Executive Officer, if appointed, shall determine the Corporation's basic policies, have general supervision of its business and affairs and be responsible for all internal operations of the Corporation and the President shall have such duties as designated by the Board. The President and the Chief Executive Officer shall report to the Board of Directors. The Chief Executive Officer shall be responsible for personnel, and shall designate and assign the duties of the officers under his supervision, at the direction or with the approval of the Board of Directors.

Unless provided otherwise by the Board of Directors, each of the Chief Executive Officer or the President shall have the authority to execute bonds, mortgages and other contracts and instruments requiring a seal, under the seal of the Corporation; and shall have the authority to endorse, when sold, assigned, transferred, or otherwise disposed of, all certificates for shares of stock, bonds, securities or evidences of indebtedness issued by other corporations, associations, trusts, individuals or entities, whether public or private, or by any government or agency thereof, which are owned or held by the Corporation, and to make, execute and deliver all instruments of assignment or transfer of any stocks, bonds, securities, evidences of indebtedness, agreements, or other property owned or held by the Corporation in any capacity. He shall, under the supervision of the Board, be responsible for all investments of the Corporation and shall have full authority to do any and all things delegated to him by the Board of Directors or by any committee of the Board having authority.

Section 9. Vice Presidents. The Vice Presidents, in order of their seniority or as designated by the Board of Directors, shall in the absence, inability or disability of the Chief Executive Officer, perform the duties and exercise the powers of said office, and when so acting shall be subject to all restrictions upon the Chief Executive Officer. At all other times the Vice Presidents shall perform such other duties and exercise such other powers as the Board of Directors may prescribe, or as the President may delegate.

Section 10. Treasurer. The Treasurer shall be the Corporation's chief financial officer and shall have the custody of such property and assets of the Corporation as may be entrusted to him by the Board of Directors or by the Chief Executive Officer. He shall, subject to the general supervision of the Board of Directors and any audit committee thereof, have general supervision and authority over the Corporation's books and accounts, its methods and systems of recording and keeping account of its business transactions and of its assets and liabilities, and within such authority, prepare and deliver all reports and returns required of the Corporation by law or by any governmental or regulatory authority pertaining to the condition of the Corporation and its assets and liabilities. He shall be responsible for preparing statements showing the Corporation's financial condition and results of operation, and shall furnish such reports and financial records as may be required or requested by the Board of Directors, the Chairman or the Chief Executive Officer. He shall receive and give receipt for funds due and payable to the Corporation, shall have charge and custody of all funds and securities of the Corporation and shall deposit all such funds in the Corporation's name in such banks and depositories selected or authorized by the Board. The Treasurer shall perform or cause to be performed all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

Section 11. Assistant Treasurers. The Assistant Treasurer, or if there are more than one, the Assistant Treasurers in the order designated by the Board of Directors shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer, and at all other times shall perform such duties and have such powers as the Board of Directors, the Chairman, the Chief Executive Officer or the Treasurer may prescribe from time to time.

Section 12. Secretary. The Secretary shall attend all meetings of the Board of Directors and of the shareholders, and shall keep the minutes of all proceedings of such meetings in books kept for these purposes, and shall perform like duties for the standing committees of the Board when required. The Secretary shall perform such other duties as may be prescribed by the Board of Directors, the Chairman or the Chief Executive Officer. He shall have custody of the corporate seal of the Corporation and shall affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of any Assistant Secretary. The Secretary shall also keep a stock ledger containing the names of all persons who are now or hereafter become shareholders of the Corporation showing their places of residence, the respective number of Shares held by them, and the time when they respectively became the holders of such Shares.

Section 13. Assistant Secretary. The Assistant Secretary, or if there are more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there is no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the power of the Secretary, and at all other times shall perform such other duties and have such other powers as the Board of Directors, the Chairman, the Chief Executive Officer or the Secretary may from time to time prescribe.

Section 14. Corporation, Officer and Employee Bonds. The Board of Directors shall fix and prescribe the amount of bond, if any, that may be required of the Corporation, and of each officer and employee of the Corporation. Such bonds shall be made by a bonding company or companies authorized to make such bonds in Alabama or any other applicable jurisdiction, and in such form as may be approved by the Corporation's Board of Directors. The Board of Directors may in its discretion, require an increase in the amount of such bond or other additional bond and security, as the Board deems necessary, desirable or expedient for the better protection of the Corporation and those with whom it does business.

Section 15. Execution of Instruments. The Chairman, Chief Executive Officer and the President are authorized, in their discretion, and to the extent permitted herein and by law, to do and perform any and all corporate and official acts in carrying on the Corporation's business, including, but not limited to, the authority to make, execute, acknowledge and deliver all deeds, mortgages, releases, bills of sale, assignments, transfers, leases, powers of attorney or of substitution, proxies to vote stock, or any other instrument in writing that may be necessary in the purchase, sale, lease, assignment, transfer, management or handling in any way of property of any description held or controlled by the Corporation, in any capacity. This shall include authority from time to time, to borrow money in such amounts, for such lengths of time, at such rates of interest and upon such terms and conditions as any said officer may deem proper, and to evidence the indebtedness thereby created by executing and delivering in the Corporation's name, promissory notes or other appropriate evidences of indebtedness. The enumeration herein of particular powers shall not restrict in any way the general powers and authority of said officers. The Board may authorize any other officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be delegated by the person so authorized; but unless so authorized by the Board or these By-laws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount. In addition to the Treasurer, the Secretary or any Vice President, Assistant Treasurer or Assistant Secretary is authorized to attest the signature of the Chief Executive Officer, President or Chairman and to affix the corporate seal to any and all instruments requiring such attestation or execution under seal.

Section 16. Receipts, Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, as shall from time to time be determined by resolution of the Board. The Chief Executive Officer, any Vice President, the Treasurer, any Assistant Treasurer or any other officer or employee designated by the Board of Directors, is authorized and empowered on behalf of the Corporation and in its name to endorse checks and warrants, to draw drafts, to give receipts for money due and payable to the Corporation, and to sign such other papers and do such other acts as are necessary or appropriate to perform his duties.

ARTICLE VI

Capital Stock

Section 1. Certificates for Stock. Shares of stock of the Corporation may be certificated or uncertificated, as provided under the Alabama Business Corporation Law ("ABCL"). Every holder of stock represented by certificates shall be entitled to have a certificate or certificates certifying the number and class of shares of stock of the Corporation owned by such holder, provided that the Board of Directors may provide for some or all of any class or series of stock to be uncertificated. Certificates, if issued, shall be in such form as the Board shall prescribe, certifying the number of shares of stock of the Corporation owned by shareholder. The certificates representing shares of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the person who was at the time of signing the Chief Executive Officer or an executive officer and by the person who was at the time of signing the Secretary or an Assistant Secretary and its seal may be affixed thereto; provided, however, that the signature of such Executive Officer of the Corporation and of such Secretary or Assistant Secretary and the seal of the Corporation may be facsimile. In case any officer or officers of the Corporation who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be such officer or officers. A record shall be kept of the respective names of the persons, firms or corporations owning the stock of the Corporation, the number of shares held by such persons, firms or corporations and the respective dates of issuance, and in case of cancellation, the respective dates of cancellation. Every share of stock surrendered to the Corporation for exchange or transfer shall be canceled and neither a new certificate or certificates nor uncertificated shares of stock shall be issued in exchange thereof until such stock shall have been so canceled except in cases provided for in Section 4 of this Article VI. Within a reasonable time after the issuance of uncertificated shares, to the extent required by the ABCL the Corporation shall furnish to the registered owner of the shares a written statement containing the information required by the ABCL to be set forth in certificates representing shares of such stock.

Section 2. Transfers of Stock. Transfers of shares of the stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, or with a transfer clerk or a transfer agent appointed as in Section 3 of this Article VI provided, and upon payment of all taxes thereon and, in the case of certificated shares, surrender of the certificate or certificates for such shares properly endorsed or, in the case of uncertificated shares of stock, compliance with appropriate procedures for transferring shares in uncertificated form. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Within a reasonable time after the issuance of uncertificated shares, to the extent required by the ABCL the Corporation shall furnish to the registered owner of the shares a written statement containing the information required by the ABCL, to be set forth in certificates representing shares of such stock.

Section 3. Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these By-laws, concerning the issue, transfer and registration of shares of stock of the Corporation. The Board may appoint or authorize any officer or officers to appoint one or more transfer clerks, any of whom may be employees of the Corporation, or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them; provided, however, that the signature of any transfer clerk, transfer agent, or registrar may be facsimile. In case any transfer clerk, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such transfer clerk, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such transfer clerk, transfer agent, or registrar at the date of issue.

Section 4. Lost, Destroyed and Mutilated Certificates. The owner of any certificated shares of stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor, and the Corporation may issue a new certificate of stock or uncertificated shares of stock in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed, and the Board may, in its discretion,

require the owner of the lost or destroyed certificate, or his or her legal representatives, to give the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties, as the Board shall in its uncontrolled discretion determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction of any such certificate, or the issuance of such new certificate or uncertificated shares of stock."

Section 5. Record Date. For the purpose of determining shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action, the Board of Directors of the Corporation may fix the record date but not to exceed, in any case, seventy (70) days before the meeting or action requiring a determination of shareholders. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

ARTICLE VII

General Provisions

Section 1. Declaration of Distributions. Except as otherwise expressly provided by the Amended and Restated Certificate of Incorporation, distributions with respect to the Corporation's Shares may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, property, or in Shares of the Corporation of any class or series.

Section 2. Annual Reports to Shareholders. The Board of Directors shall cause the Corporation to mail to each of its shareholders, not later than one hundred twenty (120) days after the close of each of its fiscal years, a financial statement, which may be consolidated, including a balance sheet as of the end of such fiscal year and a statement of income for such fiscal year. Such financial statement shall be prepared in accordance with generally accepted accounting principles, or, if the books of the Corporation are not maintained on that basis, may be prepared either on the same basis used by the Corporation for filing its United States income tax returns or as required by appropriate regulatory agencies. The financial statement shall be accompanied by a report of the President, the officer of the Corporation in charge of its financial records or a certified public accountant stating whether, in his opinion, the financial statements of the Corporation present fairly the financial position of the Corporation and the results of its operations in accordance with generally accepted accounting principles and, if not, describing the basis of their preparation and giving his opinion of the fairness of the presentation of the data shown by them, in accordance with accounting procedures generally used in the trade, industry or business conducted by the Corporation.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the words "Seal" or "Corporate Seal" and "Alabama", as impressed in the margin hereof. The seal may be used by causing it or a facsimile thereof to be impressed, affixed, or reproduced or otherwise used on document or instrument.

Section 5. Designation of Venue. Unless the Corporation consents in writing to the selection of an alternative forum, the Calhoun County Circuit Court of the State of Alabama, or the circuit court of the county in which the Corporation is otherwise headquartered, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Alabama Business Corporation Law, or (iv) any action asserting a claim governed by the internal affairs doctrine. This provision does not govern the filing of any claim or action by any governmental or regulatory agency in any court authorized by law.

ARTICLE VIII

Amendment of By-laws

These By-laws may be altered, amended, added to, or repealed and new By-laws adopted by the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors if notice of such proposed action is contained in the notice of such special meeting. The Board of Directors may not alter, amend, add to, or repeal any By-Law establishing what constitutes a quorum at meetings of the shareholders. These By-laws also may be altered, amended, added to or repealed and new By-laws adopted by a vote of 75 percent (75%) of the shareholders at any annual meeting thereof.

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

COMMON STOCK

PAR VALUE $ 5.00

COMMON STOCK

SOUTHERN STATES BANCSHARES, INC.

Certificate Number

ZQ00000000

Shares

SOUTHERN STATES BANCSHARES, INC

INCORPORATED UNDER THE LAWS OF THE STATE OF ALABAMA

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

CUSIP 843878 30 7

is the owner of

***ZERO HUNDRED THOUSAND
ZERO HUNDRED AND ZERO***

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

SOUTHERN STATES BANCSHARES, INC (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

DATED DD-MMM-YYYY

Chairman of the Board and CEO

SEAL

April 21, 2008

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

Corporate Secretary

By _____
AUTHORIZED SIGNATURE

SECURITY INSTRUCTIONS ON REVERSE

1234567

SOUTHERN STATES BANCSHARES, INC.

PO BOX 689068, Louisville, KY 40233-9068

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP/IDENTIFIER
Holder ID
Insurance Value
Number of Shares
DTC

Certificate Numbers	Num	No.	Denom.	Total
12345678912345678901	1		1	1
12345678912345678901	2		2	2
12345678912345678901	3		3	3
12345678912345678901	4		4	4
12345678912345678901	5		5	5
12345678912345678901	6		6	6
Total Transaction	6		6	7

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XXXXXXXXXX
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SOUTHERN STATES BANCSHARES, INC

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT	-.....(Cust).....Custodian.....(Minor).....
TEN ENT - as tenants by the entireties		under Uniform Gifts to Minors Act.....(State).....
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT	-.....(Cust).....Custodian (until age.....)
		.....(Minor).....under Uniform Transfers to Minors Act.....(State).....

Additional abbreviations may also be used though not in the above list.

For value received,_____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares

of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney

to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: _____ 20_____

Signature:_____

Signature:_____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, restated or supplemented or otherwise modified from time to time, hereinafter called the "Agreement") made and entered into this 20th day of August, 2019 ("Effective Date") by and between **SOUTHERN STATES BANCSHARES, INC.**, an Alabama corporation, (hereinafter called "Borrower") and **FIRST TENNESSEE BANK NATIONAL ASSOCIATION**, a national banking association having its principal office located in Memphis, Tennessee ("Lender").

WITNESSETH:

WHEREAS, the Borrower and its wholly-owned subsidiary, Southern States Bank, an Alabama banking corporation (the "Bank") have entered into an Agreement and Plan of Merger dated May 7, 2019 (the "Acquisition Agreement") with East Alabama Financial Group, an Alabama Corporation ("East Alabama") and its wholly-owned subsidiary Small Town Bank, an Alabama banking corporation ("STB"), pursuant to which East Alabama and STB will be merged into Borrower and Bank, respectively, with Borrower and Bank remaining as the surviving corporations and with Bank remaining a wholly-owned subsidiary of Borrower (the "Acquisition"); and

WHEREAS, the Borrower has requested that Lender provide a revolving loan in the amount of up to Twenty-Five Million Dollars ($25,000,000.00) ("Loan") and Lender has agreed to make this Loan on the terms and conditions hereinafter set forth;

WHEREAS, Borrower and Lender wish to enter into this Loan Agreement to set forth certain terms of the Loan and to secure the Loan by a pledge of 3,187,711 shares of common stock of Bank which constitutes one hundred percent (100%) of the outstanding shares of the Bank, which is a wholly-owned subsidiary of Borrower.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and conditions herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto intending to be legally bound hereby agree as follows:

AGREEMENTS

1. AMOUNT AND TERMS OF BORROWINGS.

1.1 Defined Terms. Any capitalized term used but not defined in the body of this Agreement shall have the meaning set forth on Appendix A attached hereto and incorporated herein by reference.

1.2 Loan. Lender hereby agrees to lend, and Borrower hereby agrees to borrow, upon the terms and conditions set forth in this Agreement, the sum of up to Twenty-Five Million Dollars ($25,000,000.00) (the "Committed Amount"), as the Loan, to be evidenced by a promissory note (the "Note"), as set forth in **Exhibit A** and included herein by reference. The Loan shall bear interest and be payable in accordance with the terms and provisions of the Note. The Loan shall expire and mature, and the outstanding principal balance of the Loan and all accrued interest thereon shall be due and payable, on the Maturity Date.

1.3 Collateral. All indebtedness and obligations of Borrower to Lender under this Agreement shall be secured by Lender's lien and security interest in the Collateral. The pledging of such Collateral shall be evidenced by the Pledge Agreement. Borrower agrees that all of the rights of Lender with regard to the Pledge Agreement set forth in this Agreement shall apply to any modification of, or supplement to this Agreement.

1.4 Fees.

(a) A commitment fee in the amount of Twenty-Five Thousand Dollars ($25,000.00) shall be paid by Borrower to Lender on or before the closing of this Loan. Borrower agrees that this fee is fair and reasonable considering the condition of the money market, the creditworthiness of the Borrower, the interest rate to be paid, and the nature of the security for the Loan.

(b) Borrower shall pay to Lender an unused line fee at a rate equal to 0.25% per annum (the "Unused Line Fee"), applied to the amount by which Committed Amount exceeds the average daily principal balance of the outstanding Loan during the immediately preceding calendar quarter (or part thereof) while this Agreement is in effect and for so long thereafter as any of the obligations are outstanding, which fee shall be payable on the last day of each calendar quarter in arrears (each June 30th, September 30th, December 31st, and March 31st).

1.5 Funding. The advance of Loan proceeds hereunder shall be made, upon Borrower's request, by depositing the same into a demand deposit account with Lender, or by wire transfer to Borrower's account according to the wire instructions set forth on Schedule 1.5, or as otherwise agreed between Borrower and Lender. The Loan to Borrower may be made, at Borrower's request, in one or more advances, each of which shall be subject to the terms and conditions of this Agreement, including but not limited to Sections 2 and 3 hereof. Advances under the Loan may be requested either orally or in writing by Borrower as provided in this paragraph. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office set forth below. The following persons, acting individually (each an "Authorized Agent" and, collectively, the "Authorized Agents"), currently are authorized to request advances and authorize payments under the Loan until Lender receives from Borrower, at Lender's address set forth below, written notice of revocation of their authority: Stephen W. Whatley (e-mail address: swhatley@ssbank.bank), and Lynn J. Joyce (e-mail address: ljoyce@ssbank.bank). The Borrower agrees that the Lender shall have no liability or responsibility to identify any party who makes any verbal request or electronic submission for any of said banking transactions; but the Lender shall be fully and completely protected in acting upon any such verbal request or electronic submission made by any party who identifies himself as one of the Authorized Agents of the Borrower. Any electronic submission shall be by e-mail or by facsimile and shall be deemed to have been made and certified by an Authorized Agent by the applicable method as follows: (i) if the e-mail received by the Lender shows it was sent from the Authorized Agent's e-mail address as set forth herein or (ii) if the facsimile sent to the Lender is signed by the Authorized Agent.

1.6 Increased Costs Generally.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Lender;

(ii) subject the Lender to any tax of any kind whatsoever with respect to this Agreement, or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof; or

(iii) impose on the Lender any other condition, cost or expense affecting this Agreement or the Loan made by the Lender;

and the result of any of the foregoing shall be to increase the cost to the Lender of making, converting to, continuing or maintaining the Loan (or of maintaining its obligations to make the Loan), or to increase the cost to the Lender of issuing or maintaining any letter of credit (or of maintaining its obligation to participate in or to issue any letter of credit), or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount) then, upon at least sixty (60) days written notice from Lender, the Borrower shall promptly pay to the Lender, such additional amount or amounts as will compensate the Lender, for such additional costs incurred or reductions suffered after the expiration of such sixty (60) day period.

(b) Capital Requirements. If Lender determines that any Change in Law affecting the Lender or Lender's holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the commitment of the Lender hereunder or the Loan made by the Lender hereunder, to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time upon at least sixty (60) days written notice from the Lender, the Borrower shall promptly pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered after the expiration of such sixty (60) day period.

(c) Certificates for Reimbursement. A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in this Section and delivered to Borrower, shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender for any increased costs incurred or reductions suffered prior to sixty (60) days from the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of the Lender's intention to claim compensation therefor.

(e) Limitations. Notwithstanding the foregoing, Borrower shall not be required to so reimburse Lender unless Lender at, the time of the request for reimbursement, is generally assessing such amounts on a nondiscriminatory basis against similarly-situated borrowers under its other loan agreements that have similar increased costs provisions.

2. USE OF PROCEEDS.

2.1 Use of Loan Proceeds. The proceeds of the Loan shall be used by the Borrower for the sole purpose of financing the Acquisition and general corporate purposes.

3. CONDITIONS TO LOAN CLOSING.

The obligation of Lender to extend any loan or credit to Borrower under this Agreement or to make any Loan disbursements is subject to the strict satisfaction of each of the following conditions:

3.1 No Defaults; Certificate. Borrower and the Bank shall be in full compliance with all the terms and conditions of this Agreement, and no Event of Default, nor any event which upon notice or lapse of time or both would constitute such an Event of Default, shall have occurred. At Lender's request, Lender shall have received from Borrower and the Bank a certificate, in form and content reasonably acceptable to Lender dated as of and delivered on the date of the Loan, certifying that (1) the representations and warranties set forth herein, and the exhibits attached hereto, are accurate, true and correct on and as of such date, (2) neither the transactions contemplated hereby or by any other Loan Document will cause or result in any violation of (or creation of any right in third parties under the provisions of) any laws restricting or otherwise regulating the use, application or distribution of corporate funds and assets, and (3) that no Event of Default nor any event which upon notice or lapse of time or both would constitute such an Event of Default, exists.

3.2 Accuracy of Representations and Warranties. At the time of the initial Loan disbursement and any subsequent Loan disbursement, the representations and warranties set forth herein and in any other Loan Document shall be true and correct.

3.3 Corporate Action and Authority. The Borrower shall have delivered to Lender: (i) a certificate from the Secretary of State of Alabama that Borrower is in good standing and certificates from the Secretaries of State and of each other State in which the Borrower owns any property, has stationed any employees or agents, or otherwise conducts business, certifying the Borrower's good standing as a corporation in each such State; (ii) a copy of the Resolutions passed by the Borrower's Board of Directors authorizing the execution and delivery of the performance of Borrower's obligations under the Loan Documents certified by the Secretary or Assistant Secretary to be true and correct; and (iii) a certificate or certificates, dated as of and

delivered on the date of the execution of this Agreement and signed on behalf of the Borrower by the Secretary or Assistant Secretary, certifying the names of the officers authorized to execute and deliver the Loan Documents on behalf of the Borrower, together with the original, not photocopied, signatures of each officer. Borrower shall also deliver the same items specified in (i) above pertaining to the Bank from the appropriate regulatory agency.

3.4 Delivery of Note, Loan Agreement, Pledge Agreement, and Stock Certificates. At the time of the extension of the Loan, Borrower shall have delivered the Loan Documents. The security interest in the Collateral shall be prior to all other Liens.

3.5 Proceedings. The Loan Documents, upon their execution, and all proceedings in connection with the authorization, execution and delivery of and the performance of the obligations under the Loan Documents shall be satisfactory in substance and form to Lender.

3.6 Payment of Fees and Expenses. Borrower shall have paid, at or prior to the date of the extension of the Loan, all costs and expenses in accordance with Section 8.9, to the extent then determined by Lender.

3.7 Other Writings. The Lender shall receive such other agreements, instruments, documents, certificates, affidavits and other writings as Lender may reasonably require.

3.8 Opinion of Counsel. Borrower shall have delivered to Lender at Borrower's expense, favorable written opinions of counsel for Borrower dated as of and delivered on the date of the extension of the Loan, in form and content acceptable to Lender, as set forth in Exhibit B.

3.9 Financial Statements. Prior to any disbursement under the Loan, Borrower shall have delivered to Lender, true and exact copies of the current financial statements of the Borrower, the Bank and all other Subsidiaries, for 2018 and audit report and opinion of the Borrower's independent accounting firm, with respect thereto (it being understood that Lender is relying upon such audit report and opinion in entering into this Loan Agreement), the unaudited financial statements of Borrower as of March 31, 2019 and the 2018 F.R. Y-6 Annual Report and F.R. Y-9 Parent Company only (and Consolidated, if applicable) financial statement(s) filed by Borrower with the Federal Reserve.

3.10 No Material Adverse Change. At the time the Loan is funded hereunder, there shall have occurred, in the opinion of Lender, no material adverse changes in the condition, financial or otherwise, of Borrower or Bank from that reflected in the financial statements furnished pursuant to Section 3.9 hereof or furnished to Lender from time to time hereafter as required herein.

4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender to enter into this Agreement and to make the Loan including future advances under the Loan, the Borrower represents and warrants to the Lender (which representations and warranties shall survive the delivery of the Loan Documents and the initial funding of the Loan) that:

4.1 Corporate Status.

(a) Borrower is a corporation duly organized and existing under the laws of the State of Alabama, is duly qualified to do business and is in good standing under the laws of other states where the Borrower does business, if any, and has the corporate power and authority to own its properties and assets and conduct its affairs and business.

(b) Bank is a banking corporation duly organized and existing under the laws of the State of Alabama, is duly qualified to do business and is in good standing under the laws of other states where the Bank does business, if any, and has the corporate power and authority to own its properties and assets and conduct its affairs and business.

4.2 Corporate Power and Authority. Borrower has full power and authority to enter into this Agreement, to borrow funds as contemplated herein, to execute and deliver this Agreement, the Note and other Loan Documents executed and delivered by it, and to incur the obligations provided for herein, all of which have been duly authorized by all proper and necessary corporate action; and the officer executing each of the Loan Documents is duly authorized to do so by all necessary corporate action. Any consents or approval of shareholders or directors of Borrower, or any other party (including without limitation any regulatory agency or authority) required as a condition to the execution, delivery, or validity of any Loan Document have been obtained; and each of said Loan Documents is the valid, legal, and binding obligation of Borrower enforceable in accordance with its terms.

4.3 No Violation of Agreements or Law. Neither Borrower, Bank, nor any other Subsidiary of Borrower is in default under any indenture, agreement or instrument to which it is a party or by which it may be bound, nor in violation of any state or federal statute, rule, ruling, or regulation governing its operations and the conduct of its business, operations or financial condition of Borrower, Bank, or any other Subsidiary. Neither the execution and delivery of the Loan Documents nor the consummation of the transactions herein contemplated, or compliance with the provisions hereof will conflict with, or result in the breach of, or constitute a default under, any indenture, agreement or other instrument to which Borrower is a party or by which it may be bound, or result in the creation or imposition of any Lien, charge or encumbrance upon any of the property of Borrower, or violate or be in conflict with any provision of the charter or bylaws of Borrower, the Bank or any other Subsidiary

4.4 Compliance With Law; Government Approvals.

(a) Borrower has complied and is complying with all requirements, made all applications, and submitted all reports required by The Bank Holding Company Act of 1956, as amended, and any regulations or rulings issued in connection therewith, and the transaction contemplated hereby will not violate any such statutes, rules, rulings, or regulations nor will the consummation of said actions and transactions cause Borrower to be in violation thereof. Borrower has, if required, made all filings and received all governmental or regulatory approvals necessary for the consummation of the transactions described herein, including without limitation the approval of the Board of Governors of the Federal Reserve System.

(b) Borrower has complied and is complying with all other applicable state or federal statutes, rules, rulings and regulations. The borrowing of money and said actions and transactions required hereunder will not violate any of such statutes, rules, rulings, or regulations.

4.5 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Borrower threatened against the Borrower, the Bank or any other Subsidiary before any court, arbitrator or governmental or administrative body or agency which, if adversely determined, would result in any material and adverse change in the financial condition, business operation, or properties or assets of the Borrower, the Bank, or any other Subsidiary except as set forth in Exhibit C.

4.6 Supervisory Action. Except to the extent that disclosure of any Supervisory Action is prohibited by applicable law or regulation, neither Borrower, the Bank nor any other Subsidiary is subject to any Supervisory Action by any federal or state bank regulatory authority, except as set forth on Schedule 4.6 attached hereto and incorporated by reference herein.

4.7 Financial Condition. The balance sheets and the related statements of income of Borrower, the Bank, and the other Subsidiaries and the financial reports of Borrower, the Bank, and the other Subsidiaries which will be delivered to Lender pursuant to Section 3.9 hereof are, or will be as of their respective dates and for the respective periods stated therein, complete and correctly and fairly present the financial condition of Borrower, the Bank, and the other Subsidiaries, and the results of their operations, respectively, as of the dates and for the periods stated therein, and have been, or will be as of their respective dates and for the respective periods stated therein, prepared in accordance with generally accepted accounting principles consistently applied throughout the period involved and consistent with that of the preceding fiscal year or period, as the case may be. There are no liabilities of the Borrower, the Bank, or any other Subsidiary not included in such financial statements. There has been no material adverse change in the business, properties or condition of Borrower, the Bank, or the other Subsidiaries since the date of the financial statement furnished to Lender pursuant to Section 3.9 hereof.

4.8 Tax Liability. Borrower, the Bank, and the other Subsidiaries have filed all federal, state and other tax returns, which are required to be filed by them, and have paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by Borrower, the Bank, and the other Subsidiaries.

4.9 Subsidiaries. Borrower has no Subsidiaries and owns stock in no corporation or banking association other than the Subsidiaries listed in Exhibit D.

4.10 Bank Stock. The common stock of the Bank owned by Borrower or any other Subsidiary of Borrower is duly authorized and validly issued by the Bank or other Subsidiary. The total number of shares of common stock of the Bank and each other Subsidiary issued and outstanding as of the date hereof are all owned by Borrower, the Bank or other Subsidiaries of Borrower. Except as set forth in Section 6.2 hereof or on Exhibit E, the stock of the Bank and each other Subsidiary is free and clear of all Liens; said common stock is fully paid and non-assessable. There are no outstanding warrants or options to acquire any common stock of the Bank and any other Subsidiary. There are no outstanding securities convertible or exchangeable

into shares of common stock of any Subsidiary; and there are no restrictions on the transfer or pledge of any shares of common stock of any Subsidiary, except as set forth in Section 6.2 hereof or on Exhibit E. Borrower has the right to pledge and transfer the Collateral and assign the income therefrom without obtaining the consent of any other person or authority except as set forth in Section 6.2 hereof or on Exhibit E; and the Pledge Agreement creates for the benefit of Lender a first lien security interest in the Collateral subject to no other interests or claims.

4.11 Title to Assets; Liens. Borrower and Bank each have good and marketable title to all its respective properties and assets reflected on the financial statements referred to herein, except for (i) such assets as have been disposed of since said date as no longer used or useful in the conduct of business and (ii) items which have been amortized in accordance with GAP applied on a consistent basis. There are no liens on any assets of the Borrower, the Bank or any other Subsidiaries other than as set forth in Section 6.2 hereof or as disclosed on Exhibit E.

4.12 Options, Warrants, Etc. Related to Shares. Except as set forth in Exhibit F, there are no options, warrants or other rights agreements or commitments (including conversion rights and preemptive rights) obligating the Borrower, the Bank, or any Subsidiary to issue, sell, purchase or redeem shares of the Borrower, the Bank, or any other Subsidiary or securities convertible to such shares.

4.13 Environmental Laws.

(a) The Borrower and each of its Subsidiaries have obtained all permits, licenses, and other authorizations which are required under all Environmental Laws and are in compliance in all respects with all applicable Environmental Laws.

(b) On or prior to the date hereof, no notice, demand, request for information, citation, summons, or order has been issued, no complaint has been filed, no penalty has been assessed, and no investigation or review is pending or, to the best of the knowledge of the Borrower, threatened by any governmental or other Person with respect to any alleged or suspected failure by the Borrower or any of its Subsidiaries to comply in any material respect with any Environmental Laws.

(c) There are no material Liens arising under or pursuant to any Environmental Laws on any of the property owned or leased by the Borrower or any of its Subsidiaries.

(d) There are no conditions existing currently or anticipated to exist during the term of this Agreement which would subject the Borrower or any of its Subsidiaries or any of their property to any material Lien, damages, penalties, injunctive relief, or cleanup costs under any Environmental Laws or which require or are likely to require cleanup, removal, remedial action, or other responses by the Borrower and its Subsidiaries pursuant to Environmental Laws.

4.14 Disclosure. The Borrower has disclosed to the Lender (i) all agreements, instruments and corporate or other restrictions to which it, Bank or any of the other Subsidiaries is subject, the termination of which could reasonably be expected to result in a material and adverse change in the financial condition, business operation, or properties or assets of the Borrower, the Bank or any of the other Subsidiaries and (ii) all matters known to it that,

individually or in the aggregate, could reasonably be expected to result in a material and adverse change in the financial condition, business operation, or properties or assets of the Borrower, the Bank or any of the other Subsidiaries. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of the Borrower to Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

4.15 Contracts or Restrictions Affecting Borrower and/or Bank. Neither Borrower nor Bank is a party to any agreement or instrument or subject to any charter or other corporate restrictions adversely affecting its business, properties or assets, operations or condition (financial or otherwise).

4.16 No Default. Neither Borrower nor Bank is in default in the performance, observance or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument to which it is a party, which will or might materially and adversely affect the business or operations of Borrower or the Bank, as the case may be.

4.17 ERISA. Borrower and Bank are in compliance with all applicable provisions of ERISA and all other laws, state or federal, applicable to any employees' retirement plan maintained or established by either of them.

4.18 OFAC. Neither the Borrower nor any Subsidiary (a) is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States (50 U.S.C. App. §§ 1 et seq.), as amended, (b) is in violation of (i) the Trading with the Enemy Act, as amended, (ii) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (iii) the PATRIOT Act or (c) is a Sanctioned Person. No part of the proceeds of the Loan hereunder will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

5. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees that, until the Note together with interest thereon is paid in full, unless specifically waived by the Lender in writing, Borrower will, and will cause the Bank and the Subsidiaries to:

5.1 Business and Existence; Compliance with Laws. Perform all things necessary to preserve and keep in full force and effect the existence, rights and franchises of Borrower, the Bank and the other Subsidiaries and to comply and cause the Bank and the other Subsidiaries to comply in all material respects with all local, state and federal laws and regulations applicable to banks and bank holding companies, and all laws and regulations of the Local Authorities, and the

provisions and requirements of all franchises, permits, certificates of compliance and approval issued by regulatory authorities and other like grants of authority held by the Borrower and the Bank; and notify Lender immediately (and in detail) of any actual or alleged failure to comply with or perform, breach, violation or default under any such laws or regulations or under the terms of any such franchises or licenses, or grants of authority, the result of which would constitute a materially adverse effect on the Borrower or the Bank, or the occurrence or existence of any facts or circumstances which with the passage of time, the giving of notice or otherwise could create such a breach, violation or default or could occasion the termination of any such franchises or grants of authority.

5.2 Maintain Property. Maintain, preserve, and protect all properties used or useful in the conduct of Borrower's, the Bank's, and each other Subsidiary's business and keep the same in good repair, working order and condition.

5.3 Insurance. At all times keep the insurable properties of Borrower, the Bank, and each other Subsidiary adequately insured and maintain in force (i) insurance, to such an extent and against such risks, including fire and theft, as is customary with companies in the same or similar business, (ii) necessary workmen's compensation insurance, fidelity bonds and directors' and officers' insurance coverage in amounts satisfactory to Lender, and (iii) such other insurance as may be required by law; and if required by Lender, deliver to the Lender a copy of the bonds and policies providing such coverage and a certificate of Borrower's, the Bank's, or each other Subsidiary's chief executive officer, as the case may be, setting forth the nature of the risks covered by such insurance, the amount carried with respect to each risk, and the name of the insurer.

5.4 Taxes and Liens. Pay and discharge promptly all taxes, assessments, and governmental charges or levies imposed upon Borrower, the Bank, or each other Subsidiary or upon any of their respective income and profits, or their properties, real, personal or mixed, or any part thereof, before the same shall become delinquent; provided, however, that Borrower, the Bank, and each other Subsidiary shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the amount or validity thereof shall be contested in good faith by appropriate proceedings and provided that procedures satisfactory to Lender are carried out to prevent foreclosure of any lien therefrom.

5.5 Financial Reports and ERISA.

(a) Furnish to Lender as soon as available and in any event within one hundred twenty (120) days after the end of each calendar year, (1) consolidated and consolidating balance sheets of Borrower, the Bank, and each other Subsidiary, as of the end of such year and consolidated and consolidating statements of income of Borrower, the Bank, and each other Subsidiary for the year then ended, together with the audit report and opinion of independent Certified Public Accountants acceptable to the Lender with respect thereto, such audit report and opinion shall contain no exceptions or qualifications unacceptable to Lender; (2) promptly upon receipt, copies of all management letters and other assessments and recommendations, formal or informal, submitted by the Certified Public Accountants to Borrower or each Subsidiary; (3) at Lender's request, a copy of Borrower's FR Y-9 Parent Company Only (and Consolidated, if applicable) financial statement(s) and (4) at Lender's request, a copy of Borrower's F.R. Y-6 Annual Report promptly upon the filing of the same with the Federal Reserve Board; and (5) at Lender's request, a copy of the Bank's Call Report promptly upon the filing with the appropriate regulatory agency.

(b) Upon senior management of the Borrower obtaining knowledge thereof, the Borrower will give written notice to the Lender promptly (and in any event within five (5) business days), of: (1) any event or condition, including, but not limited to, any Reportable Event, that constitutes, or might reasonably lead to, an ERISA Event; (2) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against the Borrower or any of its ERISA Affiliates, or of a determination that any Multiemployer Plan is in reorganization or insolvent (both within the mean of Title IV of ERISA); (3) the failure to make full payment on or before the due date (including extensions) thereof of all amounts which the Borrower, the Bank, or any other Subsidiary or any ERISA Affiliate is required to contribute to each Plan pursuant to its terms and as required to meet the minimum funding standard set forth in ERISA and the Code with respect thereto; or (4) any change in the funding status of any Plan that could have a material adverse effect, together with a description of any such event or condition or a copy of any such notice and a statement by the chief financial officer of the Borrower briefly setting forth the details regarding such event, condition, or notice, and the action, if any, which has been or is being taken or is proposed to be taken by the Borrower with respect thereto. Promptly upon request, the Borrower shall furnish the Lender with such additional information concerning any Plan as may be reasonably requested, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each “plan year” (within the meaning of Section 3(39) of ERISA).

(c) Promptly upon the transmission thereof, copies of all material financial statements, proxy statements, notices, reports and other communications sent by the Borrower or any other Subsidiary to the shareholders of the Borrower and any other such communications as may be requested by Lender and copies of any and all regular or periodic reports, registration statements, prospectuses or other written communications that the Borrower or the Bank or any other Subsidiary is or may be required to file with the Securities and Exchange Commission or any governmental department, bureau, commission or agency succeeding to the functions of the Securities and Exchange Commission if any.

(d) With reasonable promptness, such other financial information for the Borrower or the Bank or any other Subsidiary as Lender may reasonably request.

5.6 Regulatory Examinations. (a) Promptly notify Lender of every examination by, or any material correspondence, report, memoranda or other written communication from or with, any federal or state regulatory body or authority, with respect to the properties, loans, operations and/or condition of Borrower, the Bank, or any other Subsidiary, and of the receipt by Borrower, the Bank, or any other Subsidiary of every examination or other report prepared by such body or authority with respect thereto; and (b) if required by Lender, fully and completely assist and cooperate with Lender in requesting approval by such regulatory body or authority of the furnishing to Lender of any such report, and furnish such report to Lender if such approval is given; provided, however, that Lender shall take such steps as may be necessary to assure that all such notifications under clause (a) and such reports under clause (b) shall remain confidential and shall be used by Lender solely in connection with the administration of the Loan in accordance with the provisions of this Agreement.

5.7 Additional Information. Furnish such other information regarding the operations, business affairs and financial condition of Borrower, the Bank, and each other Subsidiary as Lender may from time to time reasonably request, including but not limited to true and exact copies of any monthly management reports to their respective directors, their respective tax returns, and all information furnished to shareholders, or any governmental authority, including the results of any stock valuation performed.

5.8 Right of Inspection. Except to the extent, if any, prohibited by applicable law, permit any person designated by Lender, to inspect any of the properties, books and financial and other reports and records of Borrower, the Bank, and each other Subsidiary, including, but not limited to, all documentation and records pertaining to the Bank's loans, investments and deposits; and to discuss their affairs; finances and accounts with Borrower's, the Bank's, and each other Subsidiary's principal officers, at all such reasonable times and as often as Lender may reasonable request. If required by Lender, Borrower will pay Lender loan fees in an amount determined by Lender to be necessary to cover the costs of such inspections, including a reasonable allowance for Lender's overhead as well as out-of-pocket expenses in connection with such inspection.

5.9 Notice of Default. At the time of Borrower's first knowledge or notice, furnish the Lender with written notice or the occurrence of any event or the existence of any condition which constitutes or upon written notice or lapse of time or both would constitute an Event of Default under the terms of this Loan Agreement or other Loan Documents or an event of default or default under any other loan documents for any other loan to the Borrower, the Bank, or any other Subsidiary.

5.10 Notice of Litigation. Borrower shall notify Lender of any actions, suits or proceedings instituted by any person against the Borrower, the Bank or other Subsidiary claiming money damages or other monetary liability in an amount of One Hundred Thousand Dollars ($100,000.00) or more, said notice to be given within ten days of the first notice to Borrower or other party of the institution of such action, suit or proceeding and to specify the amount of damages being claimed or other relief being sought, the nature of the claim, the person instituting the action, suit or proceeding, and any other significant features of the claim.

5.11 Perfection of Security Interest. The Borrower or other Subsidiary shall perform such acts as may be necessary, in the reasonable judgment of Lender, now or in the future, to perfect or continue perfection of the security interests granted to Lender, or otherwise provided for, under any and all Loan Documents.

5.12 Dividends to Borrower from the Bank. Borrower shall cause the Bank and any other Subsidiary to pay dividends or otherwise make such cash contributions at such times and in such amounts, as is necessary to enable Borrower to meet all of its obligations under the Loan Documents on a timely basis, including the payment, when due, of each installment of interest and the payment of principal on the Loan to the extent permitted by law including applicable

bank regulatory agency rules and regulations. Without limiting the generality of the foregoing, should any prepayment, accelerated payment or other payment ever be due with respect to the Loan, Borrower shall cause the Bank and other Subsidiary to pay dividends or otherwise make such additional distributions to the Borrower as necessary to enable the Borrower to make such prepayment, accelerated payment or other payment, to the extent permitted by law including applicable bank regulatory agency rules and regulations.

5.13 Capital Ratio/Equity Capital Adequacy.

(a) Borrower and Bank and any Subsidiary shall maintain at all times a "Well Capitalized" rating as required by any applicable regulatory authority as such requirement may be revised from time to time.

(b) Bank and any Subsidiary shall maintain as of each Covenant Compliance Date a Tier 1 Leverage Ratio of not less than Nine Percent (9%).

5.14 "Adjusted" Texas Ratio. As of each Covenant Compliance Date Bank and any Subsidiary shall maintain an "Adjusted" Texas Ratio of not more than 30%.

5.15 Return on Average Assets. Bank and any Subsidiary shall maintain a return on Average Assets, calculated on a rolling four (4) quarter basis, of at least 0.70% as of each Covenant Compliance Date. For purposes of the foregoing covenant, non-recurring expenses in connection with the Acquisition may be added back to the Bank's net income for a period of up to four (4) quarters following the closing of the Acquisition.

5.16 Loan Loss Reserves. With respect to the Bank and any Subsidiary, maintain at all times loan loss reserves in amounts deemed adequate by all federal and state regulatory authorities.

5.17 Loan to Value Ratio. Borrower shall maintain as of each Covenant Compliance Date a Loan-to-Value Ratio of not more than 50%.

5.18 Indemnification. Borrower and Bank shall indemnify the Lender, and hold it harmless of and from any and all loss, cost, damage or expense, of every kind and nature, including reasonable attorneys' fees, which the Lender could or might incur by reason of any violation of any Environmental Laws by Borrower or Bank or by any predecessors or successors to title to any property of the Borrower or Bank.

5.19 Compliance Certificate. Furnish Lender a Certificate of Compliance duly certified by the Chief Executive Officer or Chief Financial Officer of Borrower within forty-five (45) days after the end of each calendar quarter stating that Borrower and each Bank Subsidiary and the Borrower and all Subsidiaries, as applicable, are in compliance with all terms, covenants and conditions of this Loan Agreement and all related Loan Documents, including, but not limited to, Sections 5.1 — 5A7 of this Agreement. Such Certificate of Compliance shall be as set forth in Exhibit H and otherwise be in form and substance satisfactory to Lender.

6. NEGATIVE COVENANTS.

Borrower covenants and agrees with Lender that Borrower shall comply and cause the Bank and other Subsidiaries to comply with the following negative covenants unless the prior written consent of Lender shall be obtained, so long as any indebtedness remains outstanding under the Loan Documents:

6.1 Indebtedness. Neither Borrower nor the Bank shall create, incur, assume or suffer to exist, contingently or otherwise, any indebtedness, except for the following indebtedness:

(a) The indebtedness of Borrower under the Loan;

(b) Indebtedness owed by the Borrower to the Bank or any other Subsidiary;

(c) Debt for operating expenses or otherwise incurred by the Bank or any other Subsidiary in the ordinary course of business;

(d) Indebtedness as set forth in **Exhibit G**; and

(e) Obligations (contingent or otherwise) existing or arising under any Interest Rate Swap approved in advance by Lender.

6.2 Mortgages, Liens, Etc. Neither Borrower nor the Bank shall create, assume or suffer to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets, now or hereafter owned, except for:

(a) Liens in favor of Lender securing payment of the Loan; and

(b) Permitted Encumbrances.

6.3 Guaranties. Guarantee or otherwise in any way become or be responsible for the indebtedness or obligations of any other Person, by any means whatsoever, whether by agreement to purchase the indebtedness of any other Person or agreement for the furnishing of funds to any other Person through the purchase of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging the indebtedness of any other Person, or otherwise, except for the endorsement of negotiable instruments by the Borrower or Bank in the ordinary course of business for collection.

6.4 Merger, Dissolution, Acquisition of Assets. Except for the Acquisition, Borrower shall not enter into, or permit the Bank or any other Subsidiary to enter into, any transaction of merger or consolidation, or any reorganization, reclassification of stock, readjustment or change in capital structure; or acquire, or permit any Subsidiary to acquire, all of the stock, or other ownership interest, property or assets of any other person, corporation, partnership or other entity.

6.5 Subsidiaries. Except pursuant to the Acquisition, Borrower shall not create, establish or acquire Subsidiaries or acquire or own stock or any other interest in any bank other than the Bank, or permit the creation, establishment or acquisition of any such Subsidiaries by any other Subsidiary.

6.6 Sale of Stock, Merger, or Asset Disposition.

(a) Borrower shall not sell, transfer, pledge, assign, or otherwise dispose of, or otherwise encumber, any of the Borrower's stock of the Bank or the Borrower's or the Bank's or any other Subsidiary's common Capital Stock in any Subsidiary nor permit the Bank or any other Subsidiary to issue additional shares of stock or rights, options or securities convertible into Capital Stock of the Bank or any other Subsidiary, except in connection with the Acquisition as contemplated by the Acquisition Agreement.

(b) The Borrower will not, nor will it permit any of its Subsidiaries to, make any Asset Disposition except in the ordinary course of business.

6.7 Dividends, Redemptions and Other Payments. Borrower shall not declare or pay any dividends on the stock of Borrower or redeem any stock of Borrower if an Event of Default has occurred and is continuing under this Agreement or allow the payment of such a dividend that would create an Event of Default. The payment of any dividend or the redemption of any stock not otherwise prohibited shall in all respects comply with the rules and regulations of the Federal Reserve Board.

6.8 Capital Expenditures. Borrower shall not make or become committed to make, or permit any Subsidiary to make or to become committed to make, directly or indirectly, during any calendar year, capital expenditures which for Borrower and the Subsidiary exceed amounts deemed acceptable to applicable regulatory authorities.

6.9 Relocation. The Borrower shall not cause or permit Borrower or any Subsidiary to relocate their principal office, principal banking office, principal registered office or approved charter location without the written consent of Lender.

6.10 Transactions with Affiliates. The Borrower shall not, nor will it permit any of its Subsidiaries to, enter into or permit to exist any transaction or series of transactions with any officer, director, shareholder, Subsidiary or Affiliate of such person or entity other than (a) normal compensation and reimbursement of expenses of officers and directors and (b) except as otherwise specifically limited in this Agreement, other transactions which satisfy the applicable requirements under Section 23A of the Federal Reserve Act, 12 USC §371c and Section 23B of the Federal Reserve Act, 12 USC §37 1 c-1. For purposes of this Agreement, the term affiliates shall have the same meaning as set forth in applicable bank regulations.

6.11 Change in Management. Neither the Borrower nor the Bank shall make any change in its senior executive management personnel (CEO, President, CFO, or other "c-level" or equivalent officers); provided, however, that if any of the foregoing officers cease to hold the applicable office described above, the same shall not be an Event of Default provided that the Borrower or the Bank, as the case may be, replaces such individual with another officer reasonably qualified and acceptable to all applicable Bank Regulatory Authorities within one hundred eighty (180) days of such change.

6.12 Charter or By-Law Amendments. Neither Borrower, Bank nor any other Subsidiary shall adopt, amend or enter into, as applicable, any charter, articles of incorporation, bylaws (or any amendments thereto) or other provisions or agreements that would affect in any way the rights, obligations and/or preferences of the Collateral.

6.13 No Defaults. Borrower shall not permit or suffer the occurrence of any event nor allow any Subsidiary or other Affiliate to knowingly permit or suffer the occurrence of any event which constitutes an event of default under any indenture or loan agreement or otherwise with respect to any indebtedness of the Borrower, the Bank, or any other Subsidiary.

7. DEFAULT AND REMEDIES.

7.1 Events of Default. Subject to Section 7.2 hereof, any one or more of the following events shall constitute an Event of Default under the terms of this Agreement and the other Loan Documents:

(a) Defaults in the prompt payment as and when due of the principal of or interest on the Loan or any fees due under this Loan Agreement within ten (10) days of the date when due, or in the prompt performance or payment when due of any other obligations of the Borrower to the Lender, whether now existing or hereafter created or arising, direct or indirect, absolute or contingent.

(b) Default in compliance with or in the performance or observance of any term, covenant, obligation, condition, or agreement in this Agreement or any other Loan Document.

(c) If any representation, warranty or any other statement made or deemed to be made by the Borrower herein, in any other Loan Document, or in any writing, certificate, or report or statement at any time furnished to Lender pursuant to or in connection with this Agreement shall be false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

(d) Borrower, the Bank or any other Subsidiary shall fail to pay when due and before the expiration of any grace period, any debt for borrowed money which it is primarily obligated to pay as borrower, or in any other capacity, whether such debt shall have become due because of acceleration of maturity or otherwise, other than debt created by this Agreement.

(e) An event occurs which constitutes an event of default as defined in the Note or any other Loan Document; or an event occurs which constitutes an event of default (following the expiration of applicable grace, notice or cure periods) under any present or future loan agreement between Lender and Borrower for any other loan.

(f) The Borrower, the Bank, or any other Subsidiary shall

(i) (0 be unable or admits in writing its inability to pay its debts as they become due; or

(ii) (ii) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act as now or in the future amended, or file a pleading asking such relief, or have or suffer to be filed an involuntary petition in bankruptcy against it which is not contested and discharged within sixty (60) days; or

(iii) make an assignment for the benefit of creditors generally; or

(iv) consent to the appointment of a trustee, custodian, or receiver for all or a major portion of its property; or

(v) be adjudicated a bankrupt or insolvent under any federal or state law; or

(vi) suffer the entry of a court order under any federal or state law appointing a receiver, custodian, or trustee for all or a major part of its property or ordering the winding up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Act, as now or in the future amended; or

(vii) suffer the entry of a final judgment for the payment of money in excess of $100,000.00 and the same shall not be discharged or provision made for its discharge within 45 days from the date of entry thereof or an appeal or other appropriate proceeding for review thereof shall not be taken within said period and a stay of execution pending such appeal shall not be obtained; or

(viii) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property.

(g) The issuance of any Supervisory Action against the Borrower, the Bank or other Subsidiaries or the Borrower's, the Bank's or the other Subsidiaries' directors, whether temporary or permanent, by or at the request of any bank regulatory agency; provided, however, that notwithstanding anything to the contrary in this Agreement (including without limitation Section 5.9 hereof), Borrower shall not be required to disclose the existence of any Supervisory Action to the extent that such disclosure is prohibited by applicable law or regulation; but further provided that (i) Section 5.9 of this Agreement shall nevertheless require Borrower to disclose to Lender the maximum amount of information legally permissible to be disclosed regarding any such Supervisory Action and (ii) such Supervisory Action may, even if confidential, constitute an Event of Default hereunder if Lender becomes aware of such Supervisory Action through other channels without the violation of applicable law or regulation;

(h) There shall occur any change in the equity ownership of the Bank, or any change in the equity ownership of the Borrower such that a "change in control" of Borrower under applicable law or regulation shall have occurred; or

(i) The failure of the Borrower, the Bank, or any other Subsidiary, or the Borrower's, the Bank's, or any other Subsidiary's directors to comply with the terms of any memorandum of understanding or letter agreement with any bank regulatory agency, including but not limited to any applicable state bank regulatory agency, Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System and such failure has not been fully corrected within thirty (30) business days of the Borrower's or the Bank's awareness of its failure to comply.

7.2 Cure Provisions. If any Event of Default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach in the same provision of the Note within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to product compliance as soon as reasonably practical.

7.3 Remedies on Default. Subject to Section 7.2 hereof, upon the occurrence of an Event of Default, Lender may (i) terminate all obligations of Lender to Borrower, the Bank, or any other Subsidiary including, without limitation, all obligations to lend money to Borrower under this Agreement, (ii) declare the Note immediately due and payable, without presentment, demand, protest, notice of intent to accelerate and notice of acceleration of the maturity date of this Note, or any other notice of any kind, all of which are expressly waived, (iii) declare immediately due and payable from Borrower the expenses set forth in Section 8.14 hereof, and (iv) pursue any remedy available to it under this Agreement, the Note, the Pledge Agreement or any other Loan Document, or available at law or in equity, concurrently or subsequently, in such order as the Lender may elect, all of which remedies shall be cumulative.

7.4 Liens; Setoff by Lender. Borrower hereby grants to Lender a continuing lien for all indebtedness of Borrower, the Bank, or the other Subsidiaries to Lender upon any and all of its monies, securities and other property and the proceeds thereof, now or hereafter held or received by or in transit to Lender from or for Borrower, and also upon any and all deposits (general or special, matured or unmatured) and credits of Borrower against Lender at any time existing. Subject to Section 7,2 hereof, upon the occurrence of any Event of Default as specified above, Lender is hereby authorized at any time and from time to time, without notice to Borrower, the Bank, or the other Subsidiaries, to set off, appropriate, and apply any and all items hereinabove referred to against any or all indebtedness of Borrower to Lender, whether under this Agreement, or otherwise, whether now existing or hereafter arising. Lender shall give written notice to Borrower of such setoff appropriation or application after such setoff, appropriation or application occurs.

8. MISCELLANEOUS.

8.1 No Waiver. No delay or failure on the part of Lender or on the part of any holder of the Note in the exercise of any right, power or privilege granted under this Agreement, or under any other Loan Document, or available at law or in equity, shall impair any such right, power or privilege or be construed as a waiver of any Event of Default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against Lender unless made in writing and signed by Lender, and then only to the extent expressly specified therein.

8.2 Notices. All notices and communications provided for hereunder shall be in writing, delivered by hand or sent by first-class, registered or certified mail, postage prepaid, or express courier to the following addresses:

(1)	If to Lender:	First Tennessee Bank National Association 165 Madison Avenue, 11th Floor Memphis, Tennessee 38103 Attention: Correspondent Banking
(2)	If to Borrower:	Southern States Bancshares, Inc. 615 Quintard Avenue Anniston, Alabama 36201 Attention: Stephen W. Whatley, Chairman and Chief Executive Officer

Any party hereto may change its address for notice purposes by notice to the other parties in the manner provided herein. Notice shall be deemed given when hand delivered or first class, certified or registered mail, postage prepaid, or when delivered by express courier.

8.3 Governing Law. This Agreement and all other Loan Documents shall be governed by and interpreted in accordance with the laws of the State of Tennessee except with respect to interest which shall be governed by and construed in accordance with applicable Federal laws in effect from time to time.

8.4 Survival of Representations and Warranties. All representations, warranties and covenants contained herein or made by or furnished on behalf of Borrower, the Bank, or the other Subsidiaries in connection herewith shall survive the execution and delivery of this Agreement and all other Loan Documents and the extension or funding of the loan hereunder.

8.5 Descriptive Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

8.6 Severability. If any part of any provision contained in this Agreement or in any other Loan Document shall be invalid or unenforceable under applicable law, said part shall be ineffective to the extent of such invalidity only, without in any way affecting the remaining parts of said provision or the remaining provisions.

8.7 Time is of the Essence. Time is of the essence in interpreting and performing this Agreement and all other Loan Documents.

8.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument.

8.9 Payment of Costs. Borrower shall pay, promptly following demand by Lender, all reasonable costs, expenses, taxes and fees incurred by Lender in connection with the preparation, execution and delivery of this Agreement and all other Loan Documents and the recording and filing and rerecording and refiling thereof, including, without limitation, the reasonable costs and professional fees of counsel for Lender, any and all transfer, mortgage or other taxes and all recording costs that may be payable. In the future, Borrower shall pay promptly following written demand by the Lender, all such costs and expenses determined to be payable, in connection therewith.

8.10 Successors and Assigns. This Agreement shall bind and inure to the benefit of Borrower and Lender, and their respective successors and assigns; provided, however, Borrower, the Bank, and the other Subsidiaries shall not have any right to assign their rights or obligations hereunder to any person. Notwithstanding anything in this Agreement to the contrary, Lender shall have the right, but shall not be obligated, to sell participation in the loan made pursuant hereto to other banks, financial institutions and investors.

8.11 Amendments; No Implied Waiver. This Agreement may be amended or modified, and Borrower, the Bank, and the other Subsidiaries may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if Borrower shall obtain the prior written consent of Lender to that specific amendment, modification, action or omission to act, and no course of dealing between Borrower, the Bank, or the other Subsidiaries and Lender shall operate as a waiver of any right, power or privilege granted to Lender under this Agreement or under any other Loan Document, or available to Lender at law or in equity.

8.12 Rights Cumulative. All rights, powers and privileges granted hereunder shall be cumulative to and shall not be exclusive of any other rights, powers and privileges granted by any other Loan Document or available at law or in equity.

8.13 Indemnity. Borrower agrees to protect, indemnify and save harmless Lender, and all directors, officers, employees and agents of Lender, from and against any and all (i) claims, demands and causes of action of any nature whatsoever brought by any Person not a party to this Agreement and arising from or related or incident to this Agreement or any other Loan Document, including, without limitation, any liability under federal or state securities laws arising out of Lender's disposition of all or part of the Collateral, (ii) costs and expenses incident to the defense of such claims, demands and causes of action, including, without limitation, reasonable attorneys' fees, and (iii) liabilities, judgments, settlements, penalties and assessments arising from such claims, demands and causes of action; provided, however, that Borrower does not agree to indemnify Lender against Lender's own willful misconduct. The indemnity contained in this section shall survive the termination of this Agreement.

8.14 Expenses. Borrower agrees to promptly reimburse Lender for (i) all costs and expenses of collection of the Note, including reasonable attorneys' fees, and (ii) all expenses incurred by Lender in enforcing this Agreement or any other Loan Document or of acting on behalf of Borrower, the Bank or the other Subsidiaries in accordance with the terms of this Agreement or to maintain or preserve the value of the Collateral, or Lender's interest therein pursuant to the Pledge Agreement, or any other Loan Document. Such sums shall include interest at the maximum rate allowed by law accruing from the date Lender requests such reimbursement.

8.15 Usury. It is the intent of the parties hereto not to violate any federal or state law, rule or regulation pertaining either to usury or to the contracting for or charging or collecting of interest, and Borrower, the Bank, and the other Subsidiaries, and Lender agree that, should any provision of this Agreement, or of the Note, or of any other Loan Document or any act performed hereunder or thereunder, violate any such law, rule or regulation, then the excess of interest contracted for or charged or collected over the maximum lawful rate of interest shall be applied to the outstanding principal indebtedness due to Lender by Borrower under this Agreement, and if the principal indebtedness has been paid in full, any remaining excess shall forthwith be paid to Borrower.

8.16 Jurisdiction and Venue. Borrower, the Bank, and the other Subsidiaries, and Lender agree, without power of revocation, that any civil suit or action brought against them as a result of , or which relates to, any of their obligations under this Agreement or under any other Loan Document may be brought against them, jointly or singly, in the United States District Court for the Western District of Tennessee, and Borrower, the Bank, the other Subsidiaries, and Lender irrevocably submit to the jurisdiction of such court and irrevocably waive, to the fullest extent permitted by law, any objections that they may now or hereafter have to the laying of the venue of such civil suit or action and any claim that such civil suit or action has been brought in an inconvenient forum, and Borrower, the Bank, and the other Subsidiaries, and Lender agree that final judgment in any such civil suit or action shall be conclusive and binding upon them and shall be enforceable against them by suit upon such judgment in any court of competent jurisdiction.

8.17 Construction. Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be more strictly construed against the party who itself or through its agents prepared the same, it being agreed that Borrower, Lender and their respective agents have participated in the preparation hereof.

8.18 Holidays. In any case where the date for any action required to be performed under this Agreement or under any other Loan Document shall be, in the city where the performance is to be made, a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized by law to close, then such performance may be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized by law to close.

8.19 Entire Agreement. This Agreement and the other Loan Documents executed and delivered contemporaneously herewith, together with the exhibits attached hereto and thereto, constitute the entire understanding of the parties with respect to the subject matter hereof, and any other prior or contemporaneous agreements, whether written or oral, with respect thereto are expressly superseded hereby. The execution of this Agreement and the other Loan Documents by Borrower, the Bank, and the other Subsidiaries was not based upon any facts or materials provided by Lender, nor was Borrower, the Bank, and the other Subsidiaries induced to execute this Agreement or any other Loan Document by any representation, statement or analysis made by Lender. In the event that the provisions of this Loan Agreement shall conflict with provisions of any of the other Loan Documents, the provisions of this Agreement shall control. This written Loan Agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

8.20 Consent. Borrower hereby represents and warrants that to the best of Borrower's knowledge there is no consent from any lender or creditor needed to prevent Borrower, the Bank, or the other Subsidiaries from being in default by Borrower executing the Note or Borrower, the Bank, and the other Subsidiaries executing, this Loan Agreement or any other loan document associated with this Loan.

8.21 Waiver Of Right To Trial By Jury. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

8.22 Further Assurances. Borrower agrees to furnish a current financial statement upon the request of Lender from time to time, and further agrees to execute and deliver all other instruments and take such other actions as Lender may from time to time reasonably request in order to carry out the provisions and intent hereof.

8.23 Execution by Bank. The undersigned Bank is joining this Agreement for the sole purpose of acknowledging the pledge of its Capital Stock pursuant to the Pledge Agreement.

8.24 Non-Control. In no event shall the Lender's rights hereunder be deemed to indicate that the Lender is in control of the business, management or properties of the Borrower or the Bank or has power over the daily management functions and operating decisions made by the Borrower and the Bank, all such rights and powers being hereby expressly reserved to the Borrower and the Bank.

8.25 Assignments and Participations. Lender may sell or offer to sell the Loan or interests therein to one or more assignees or participants. Borrower shall execute, acknowledge and deliver any and all instruments reasonably requested by Lender in connection therewith, and to the extent, if any, specified in any such assignment or participation, such assignee(s) or participant(s) shall have the same rights and benefits with respect to the Loan Documents as such Person(s) would have if such Person(s) were Lender hereunder. Lender may disseminate any

information it now has or hereafter obtains pertaining to the Loan, including any security for the Loan, Borrower, Bank, any other Subsidiary, any of Borrower's, Bank's, or any other Subsidiary's principals, or any guarantor, if any, to any actual or prospective assignee or participant, to Lender's affiliates, to any regulatory body having jurisdiction over Lender, to any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Lender and the Loan, or to any other party as necessary or appropriate in Lender's reasonable judgment.

8.26 Electronic Transmission of Data. Lender and Borrower agree that certain data related to the Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the internet to the parties, the parties' affiliates, agents and representatives, and other Persons involved with the subject matter of this Agreement. Borrower acknowledges and agrees that (a) there are risks associated with the use of electronic transmission and that Lender does not control the method of transmittal or service providers, (b) Lender has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such transmission, and (c) Borrower and Bank will release, hold harmless and indemnify Lender from any claim, damage or loss, including that arising in whole or part from Lender's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data.

8.27 USA PATRIOT Act. The Lender hereby notifies the Borrower and any guarantor that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower and any guarantors, which information includes the name and address of the Borrower and any guarantors and other information that will allow Lender to identify the Borrower and any guarantors in accordance with the PATRIOT Act.

8.28 No Inference of Extension Past Maturity Date. Notwithstanding any other provision herein, the terms, conditions, and requirements provided for herein that would, by their express terms, be applicable to time periods after the Maturity Date of the Note, are not to be interpreted as an inference that the Lender has agreed to any extension, automatic or otherwise, to the extension of the Maturity Date. The Lender has not agreed and is under no obligation to extend the Maturity Date of the Note.

WITNESS the hand and seal of the parties hereto through their duly authorized officers as of the date first above written.

LENDER:

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ K. Churche Hunt
Printed Name: K. Churche Hunt
Title: SVP

BORROWER:

SOUTHERN STATES BANCSHARES, INC.

By: /s/ Stephen W. Whatley
Printed Name: Stephen W. Whatley
Title: Chairman and CEO

The undersigned Bank executes this Loan Agreement for the sole purpose of acknowledging the pledge of its Capital Stock under the Pledge Agreement

BANK:

SOUTHERN STATES BANK

By: /s/ Stephen W. Whatley
Printed Name: Stephen W. Whatley
Title: Chairman and CEO

LIST OF EXHIBITS

EXHIBIT A	NOTE
EXHIBIT B	BORROWER'S COUNSEL'S OPINION
EXHIBIT C	ACTIONS, SUITS, OR OTHER PROCEEDINGS PENDING OR THREATENED AGAINST OR AFFECTING BORROWER OR ANY SUBSIDIARY
EXHIBIT D	SUBSIDIARIES OF BORROWER
EXHIBIT E	LIENS
EXHIBIT F	OPTIONS, WARRANTS OR OTHER RIGHTS AGREEMENTS OR COMMITMENTS (INCLUDING CONVERSION RIGHTS AND PREEMPTIVE RIGHTS) OBLIGATING BORROWER OR ANY SUBSIDIARY TO ISSUE, SELL, PURCHASE OR REDEEM SHARES OR SECURITIES CONVERTIBLE TO SHARES
EXHIBIT G	INDEBTEDNESS NOT AUTHORIZED IN SECTION 6.1
EXHIBIT H	COMPLIANCE CERTIFICATE
APPENDIX A	DEFINITIONS
SCHEDULE 1.5	WIRE INSTRUCTIONS
SCHEDULE 4.6	SUPERVISORY ACTION(S)

Exhibit A

REVOLVING CREDIT NOTE

$25,000,000.00 Memphis, Tennessee
August 20, 2019

ON OR BEFORE August 31, 2020 (the "Termination Date"), the undersigned, **SOUTHERN STATES BANCSHARES, INC.**, an Alabama corporation ("Maker"), promises to pay to the order of **FIRST TENNESSEE BANK NATIONAL ASSOCIATION**, a national banking association having a place of business in Memphis, Tennessee ("Bank"), the principal sum of TWENTY-FIVE MILLION DOLLARS ($25,000,000.00), value received, together with interest from date until maturity, upon disbursed and unpaid principal balances, at the rate hereinafter specified, said interest being payable quarterly, on the last day of each quarter hereafter, commencing on September 30, 2019 (and each December 31, March 31, June 30 and September 30 thereafter), with the final installment of interest being due and payable concurrently on the same date that the principal balance is due hereunder.

The "Termination Date" may be extended one or more times pursuant to the provisions of that certain Loan Agreement, dated of even date, among the Maker, the Bank and certain guarantors therein mentioned and described, as said agreement may be amended or modified (the "Loan Agreement"); and, if so extended, such extended date shall thereupon constitute the Termination Date. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

The interest rate on the Note is subject to change from time to time based on changes in an independent index (the "Index") which is the LIBOR Rate (as hereinafter defined), adjusted and determined as of the opening of business on the first (1st) day of the month in which this Note is dated (the "Initial Pricing Date") and on the last day of each calendar quarter hereafter (the "Interest Rate Change Date"); provided that if the Index is less than zero percent (0%) per annum, the Index shall be deemed to be zero percent (0%). The "LIBOR Rate" shall mean the London Interbank Offered Rate of interest for an interest period of three (3) months, as reported in The Wall Street Journal published on each Interest Rate Change Date. Each change in the Index (subject to the floor in the Index as herein provided) which results from a change in the LIBOR Rate shall become effective, without notice to the Maker, on each Interest Rate Change Date following any change in the LIBOR Rate; provided, however, that if The Wall Street Journal is not published on such date, the LIBOR Rate shall be determined by reference to The Wall Street Journal last published immediately preceding such date. The Index is not necessarily the lowest rate charged by the Bank on its loans. The Bank will tell the Maker the current Index rate upon Maker's request. The interest rate change will not occur more often than each Interest Rate Change Date. The Maker understands that the Bank may make loans based on other rates as well. The Index currently is 2.1495% percent (__%) per annum. The interest rate to be applied to the unpaid principal balance of this Note (the "Contract Rate") will be at a rate of two and 25/100 percent (2.25%) (the "Margin") over the Index (subject to the floor as provided herein), resulting in an initial rate of 4.3995% percent (__%) per annum. NOTICE:

Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

Notwithstanding the foregoing, if at any time the Bank determines (which determination shall be conclusive absent manifest error):

(A) that:

(i) by reason of circumstances affecting the London interbank eurodollar market, the LIBOR Rate cannot be determined, or

(ii)(x) United States dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and interest period set forth above or (y) the LIBOR Rate for such interest period set forth above does not adequately and fairly reflect the cost to Bank of funding such loan and in either event, such circumstances are unlikely to be temporary;

or

(B) that the circumstances set forth in (A) above have not arisen, but the supervisor for the administrator of the LIBOR Rate or a Governmental Authority (hereinafter defined) has made a public statement identifying a specific date after which the LIBOR Rate shall no longer be used for determining interest rates for loans or that the LIBOR Rate is no longer representative,

then, in either event, reasonably promptly thereafter the Bank shall notify the Borrower of such event and shall designate an alternate rate of interest to the LIBOR Rate to be used as the Index that gives due consideration to any evolving or then-existing convention for similar U.S. dollar denominated credit facilities for such alternative benchmarks and adjustments (such rate being referred to as the "LIBOR Replacement Rate") and the Bank shall promptly provide written notice amending this Note and any other relevant Loan Documents (the "Amendment") to reflect such alternate rate of interest and such other related changes to this Note (including without limitation changes with respect to the applicable Margin) as may be necessary or appropriate in the opinion of the Bank to effect the provisions of this paragraph and to achieve a final all-in interest rate substantially similar as of the Effective Date of the Amendment to that in effect prior to the occurrence of the event set forth above (collectively, "LIBOR Replacement Rate Conforming Changes"). The Amendment shall become effective upon the date specified in the notice, unless, prior to the passage of such time, the Borrower has delivered written notice to Lender that it does not accept the Amendment. No replacement of LIBOR with a LIBOR Replacement Rate pursuant to this paragraph shall occur prior to the effective date for such Amendment.

The LIBOR Replacement Rate shall specify that in no event shall such LIBOR Replacement Rate be less than the floor in the Index as provided above. Such LIBOR Replacement Rate and LIBOR Replacement Rate Conforming Changes shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Bank, such LIBOR Replacement Rate and LIBOR Replacement Rate Conforming Changes shall be applied as otherwise reasonably determined by Bank. For the avoidance of doubt, the parties hereto agree that if a LIBOR Replacement Rate and related LIBOR Replacement Rate Conforming Changes are determined and if the Bank has not provided the Amendment or no Amendment has become effective, the
provisions of the following paragraph shall automatically apply until a LIBOR Replacement Rate and related LIBOR Replacement Rate Conforming Changes are determined and an Amendment to this Note is so provided.

Notwithstanding any other provisions herein, if, at any time, any Change in Law (as hereafter defined) shall make it unlawful for the Bank to make or maintain a LIBOR Rate loan as contemplated by this Note, or if the circumstances described in the two paragraphs above have occurred and no Amendment as contemplated thereby has become effective, the principal outstanding hereunder shall, if required by law and/or if the Bank so directs, be converted on the date required to make the loan evidenced by this Note legal or on the date directed by Bank, as the case may be, to a loan accruing interest at the lesser of (a) the Maximum Rate or (b) (i) the base commercial rate of interest ("Base Rate") established from time to time by the Bank plus the applicable Margin. Each change in the Base Rate shall become effective, without notice to the Maker, on the same date that the Base Rate changes. The Maker hereby agrees promptly to pay the Bank, upon demand, any costs incurred by the Bank in making any conversion in accordance with this paragraph, including any interest or fees payable by the Bank to lenders of funds obtained by Bank in order to maintain its LIBOR Rate loans.

The Maker hereby indemnifies the Bank and holds the Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of (i) a default by the Maker in payment of the principal amount of or interest on the loan evidenced hereby, including any such loss or expense arising from interest or fees payable by the Bank to lenders of funds obtained by it in order to make or maintain its LIBOR Rate loans; or (ii) a Change in Law that results in the imposition on the Bank of reserve requirements in connection with LIBOR Rate loans made by the Bank. The Maker will make any payments under this indemnity to Bank, upon demand. The Maker further agrees to enter into a modification of this Note, at the request of the Bank, to bring this Note into compliance with any Change in Law.

"Change in Law" shall mean the adoption of any law, rule, regulation, policy, guideline or directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof, in all cases by Governmental Authority having jurisdiction over the Bank, in each case after the date hereof.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising regulatory function of or pertaining to government.

The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

In the event that the foregoing provisions should be construed by a court of competent jurisdiction not to constitute a valid, enforceable designation of a rate of interest or method of determining same, the indebtedness hereby evidenced shall bear interest at the lesser of (a) ten percent (10%) per annum or (b) the maximum effective variable contract rate which may be charged by the Bank under applicable law from time to time in effect (the "Maximum Rate").

Notwithstanding the foregoing, upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Bank, at its option, may charge, and the Maker agrees to pay, interest on disbursed and unpaid principal balances at the default rate (the "Default Rate") per annum equal to the lesser of (a) the Maximum Rate or (b) (i) the Contract Rate plus (ii) four percent (4%).

Any amounts not paid when due hereunder (whether by acceleration or otherwise) shall bear interest after maturity at the Default Rate.

For any payment which is not made within ten (10) days of the due date for such payment, the Maker shall pay a late fee. The late fee shall equal five percent (5%) of the unpaid portion of the past-due payment.

This Note is secured by the Security Documents and may now or hereafter be secured by other mortgages, trust deeds, assignments, security agreements, or other instruments of pledge or hypothecation.

All installments of interest, and the principal hereof, are payable at the office of First Tennessee Bank National Association, 165 Madison Avenue, Memphis, Tennessee 38103, or at such other place as the holder may designate in writing, in lawful money of the United States of America, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment.

If the Maker shall fail to make payment of any installment of principal or interest, within ten (10) days of its due date, or upon any default in the terms and provisions of any of the Security Documents, or upon any default in any other mortgage, trust deed, security agreement, or other instrument of pledge or hypothecation which now or hereafter secures the payment of the indebtedness evidenced hereby, or upon the occurrence of any Event of Default under the Loan Agreement, or upon the death or dissolution of the Maker (or if the Maker is a partnership, the death or dissolution of any general partner thereof), or upon any default in the payment or performance of any other indebtedness, liability or obligation now or hereafter owed by the Maker to the holder hereof, if any such default is not cured within any cure period applicable thereto, then and in any such event, the entire unpaid principal balance of the indebtedness evidenced hereby, together with all interest then accrued, shall, at the absolute option of the holder hereof, at once become due and payable, without demand or notice, the same being expressly waived and Bank may exercise any right, power or remedy permitted by law or equity, or as set forth herein or in the Loan Agreement or any other Loan Document.

If this Note is placed in the hands of an attorney for collection, by suit or otherwise, or to protect the security for its payment, or to enforce its collection, or to represent the rights of the Bank in connection with any loan documentation executed in connection herewith, or to defend successfully against any claim, cause of action or suit brought by the Maker against the Bank, the Maker shall pay on demand all costs of collection and litigation (including court costs), together with a reasonable attorney's fee. These include, but are not limited to, the Bank's reasonable attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction) and appeals.

The Bank and the Maker hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Bank or Maker against the other.

To the extent permitted by applicable law, the Bank reserves a right of setoff in all the Maker's accounts with the Bank (whether checking, savings, or some other account). This includes all accounts the Maker may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. The Maker authorizes the Bank, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at the Bank's option, to administratively freeze all such accounts to allow the Bank to protect the Bank's charge and setoff rights provided in this paragraph.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each business entity that opens an account. What this means to Maker: When Maker opens an account, the Bank will ask for Federal Tax Identification Number, physical street address, full legal name of the Maker and other information that will allow the Bank to identify Maker. The Bank may also ask Maker to provide copies of certain documents that will aid in confirming this information.

The Maker and any endorsers or guarantors hereof waive protest, demand, presentment, and notice of dishonor, and agree that this Note may be extended, in whole or in part, without limit as to the number of such extensions or the period or periods thereof, without notice to them and without affecting their liability thereon. Maker agrees that borrowers, endorsers, guarantors and sureties may be added or released without notice and without affecting Maker's liability hereunder. The liability of Maker shall not be affected by the failure of Bank to perfect or otherwise obtain or maintain the priority or validity of any security interest in any collateral. The liability of Maker shall be absolute and unconditional and without regard to the liability of any other party hereto.

It is the intention of the Bank and the Maker to comply strictly with applicable usury laws; and, accordingly, in no event and upon no contingency shall the holder hereof ever be entitled to receive, collect, or apply as interest any interest, fees, charges or other payments equivalent to interest, in excess of the maximum effective contract rate which the Bank may lawfully charge under applicable statutes and laws from time to time in effect; and in the event that the holder hereof ever receives, collects, or applies as interest any such excess, such amount which, but for this provision, would be excessive interest, shall be applied to the reduction of the principal amount of the indebtedness hereby evidenced; and if the principal amount of the

indebtedness evidenced hereby, all lawful interest thereon and all lawful fees and charges in connection therewith, are paid in full, any remaining excess shall forthwith be paid to the Maker, or other party lawfully entitled thereto. All interest paid or agreed to be paid by the Maker shall, to the maximum extent permitted under applicable law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. Any provision hereof, or of any other agreement between the holder hereof and the Maker, that operates to bind, obligate, or compel the Maker to pay interest in excess of such maximum effective contract rate shall be construed to require the payment of the maximum rate only. The provisions of this paragraph shall be given precedence over any other provision contained herein or in any other agreement between the holder hereof and the Maker that is in conflict with the provisions of this paragraph.

This Note shall be governed and construed according to the statutes and laws of the State of Tennessee from time to time in effect, except to the extent that Section 85 of Title 12 of the United States Code (or other applicable federal statute) may permit the charging of a higher rate of interest than applicable state law, in which event such applicable federal statute, as amended and supplemented from time to time shall govern and control the maximum rate of interest permitted to be charged hereunder; it being intended that, as to the maximum rate of interest which may be charged, received, and collected hereunder, those applicable statutes and laws, whether state or federal, from time to time in effect, which permit the charging of a higher rate of interest, shall govern and control; provided, always, however, that in no event and under no circumstances shall the Maker be liable for the payment of interest in excess of the maximum.

The principal amount of this Note may be prepaid in whole or in part at any time, and from time to time without penalty or premium, provided, however, that if an Interest Rate Swap has been entered into in connection with this Note, any full or partial prepayments of principal amounts due under this Note may require termination or adjustment of the Interest Rate Swap and may result in a payment due from Maker per the terms and conditions of the Interest Rate Swap.

This Note evidences a revolving line of credit. Advances under this Note may be requested either orally or in writing by the Maker or by an authorized person. The Bank may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to the Bank are to be directed to the Bank at the Bank’s address. The Maker agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person, or (b) credited to any of the Maker’s accounts with the Bank. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by the Bank’s internal records, including daily computer print-outs. The Bank will have no obligation to advance funds under this Note if: (a) the Maker or any guarantor is in default under the terms of this Note or any agreement that the Maker or any guarantor has with the Bank, including any agreement made in connection with the signing of this Note; (b) the Maker or any guarantor ceases doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor’s guarantee of this Note or any other loan with the Bank; or (d) the Maker has applied funds provided pursuant to this Note for purposes other than those authorized by the Bank.

Bank is hereby authorized to disclose any financial or other information about Maker to any regulatory body or agency having jurisdiction over Bank and to any present, future or prospective participant or successor in interest in any loan or other financial accommodation made by Bank to Maker. The information provided may include, without limitation, amounts, terms, balances, payment history, return item history and any financial or other information about Maker. However, subject to applicable law, Bank shall use reasonable efforts to protect the confidentiality of the terms and conditions of the Loan in all other respects.

The invalidity or unenforceability of any one or more provisions of this Note shall not render any other provision invalid or unenforceable. In lieu of any invalid or unenforceable provision, there shall be added automatically a valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible.

The covenants, conditions, waivers, releases and agreements contained in this Note shall bind, and the benefits thereof shall inure to, the parties hereto and their respective heirs, executors, administrators, successors and assigns; provided, however, that this Note cannot be assigned by Maker without the prior written consent of Bank, and any such assignment or attempted assignment by Maker without consent shall be void and of no effect with respect to Bank.

Bank may from time to time sell or assign, in whole or in part, or grant participations in, the Loan, this Note and/or the obligations evidenced thereby. The holder of any such sale, assignment or participation, if the applicable agreement between Bank and such holder so provides, shall be: (a) entitled to all of the rights, obligations and benefits of Bank; and (b) deemed to hold and may exercise the rights of setoff or banker's lien with respect to any and all obligations of such holder to Maker, in each case as fully as though Maker were directly indebted to such holder. Bank may in its discretion give notice to Maker of such sale, assignment or participation; however, the failure to give such notice shall not affect any of Bank's or such holder's rights hereunder.

Maker irrevocably appoints each and every member and/or officer of Maker as its attorneys upon whom may be served, by certified mail at the address set forth in the Loan Agreement, or such other address as may be directed by Maker, in writing, any notice, process or pleading in any action or proceeding against it arising out of or in connection with this Note or any other Loan Document; and Maker hereby consents that any action or proceeding against it be commenced and maintained in any state or federal court sitting in Memphis, Shelby County, Tennessee, by service of process on any such owner, partner and/or officer; and Maker agrees that such courts of the state shall have jurisdiction with respect to the subject matter hereof and the person of Maker and all collateral securing the obligations of Maker. Maker agrees not to assert any defense to any action or proceeding initiated by Bank based upon improper venue or inconvenient forum.

SOUTHERN STATES BANCSHARES, INC.

By: _____

Title: _____

APPENDIX A

DEFINITIONS

"Adjusted Texas Ratio" shall mean a fraction, expressed as a percentage, where the numerator is Non-Performing Assets, and where the denominator is the sum of Bank's Tier 1 Capital plus the entire balance of Bank's loan loss reserve, all determined on a basis satisfactory to Lender.

"Affiliate" shall have the same meaning assigned to it in applicable bank regulations.

"Asset Disposition" shall mean the disposition (including the sale, lease or transfer) of any or all of the assets (including without limitation any common or preferred stock of the Bank or any other Subsidiary) of the Borrower or any of its Subsidiaries whether by sale, lease, transfer or otherwise.

"Average Assets" shall mean the year-to-date average of total assets of Bank.

"Bank Regulatory Authority" shall mean the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and all other relevant bank regulatory authorities (including, without limitation, relevant state bank regulatory authorities).

"Call Report" shall mean the Bank's Quarterly Report of Condition and Income.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock or equity, whether now outstanding or issued after the date hereof, including all common stock, preferred stock, partnership interests and limited liability company member interests.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Entity or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Entity; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, regulations, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Collateral" shall mean 3,187,711 shares of the common stock of the Bank.

"Covenant Compliance Date" shall mean the last day of each fiscal quarter of the Borrower or the Bank, as the case may be.

"Environmental Laws" shall mean all federal, state, and local laws, including statutes, regulations, ordinances, codes, rules, and other governmental restrictions and requirements, relating to the discharge of air pollutants, water pollutants, or process waste water or otherwise relating to the environment or hazardous substances or the treatment, processing, storage, disposal, release, transport, or other handling thereof, including, but not limited to, the federal Solid Waste Disposal Act, the federal Clean Air Act, the federal Clean Water Act, the federal Resource Conservation and Recovery Act, the federal Hazardous Materials Transportation Act, the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the federal Toxic Substances Control Act, regulations of the Nuclear Regulatory Agency, and regulations of any state department of natural resources or state environmental protection agency, in each case as now or at any time hereafter in effect.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as interpreted by the rules and regulations thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means an entity which is under common control with the Borrower within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group which includes the Borrower and which is treated as a single employer under Sections 414(b) or (c) of the Code.

"ERISA Event" means (i) with respect to any Plan, the occurrence of a Reportable Event or the substantial cessation of operations (within the meaning of Section 4062(e) of ERISA); (ii) the withdrawal by the Borrower, the Bank, or any other Subsidiary or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or the termination of a Multiple Employer Plan; (iii) the distribution of a notice of intent to terminate or the actual termination of a Plan pursuant to Section 4041(a)(2) or 4041A of ERISA; (iv) the institution of proceedings to terminate or the actual termination of a Plan by the PBGC under Section 4042 of ERISA; (v) any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any plan; (vi) the complete or partial withdrawal of the Borrower or any of its Subsidiaries or any ERISA Affiliate from a Multiemployer Plan; (vii) the conditions for imposition of a lien under Section 302(f) of ERISA exist with respect to any Plan; or (viii) the adoption of an amendment to any Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA.

"Event of Default" shall have the meaning assigned to such term in Section 7.1 of this Agreement.

"GAAP" shall mean generally accepted accounting principles applied on a consistent basis, maintained throughout the period involved.

"Governmental Entity" means the United States, any State, and/or any political subdivision, department, agency or instrumentality of any of the foregoing.

"Interest Rate Swap" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement, together with any related schedule and confirmation, as amended, supplemented, superseded or replaced from time to time.

"Lien(s)" means any charge, claim, equitable interest, lien, encumbrance, pledge, security interest, mortgage, encroachment, easement or restriction of any kind, including, without limitation, those liens identified on Exhibit E attached hereto.

"Loan Documents" shall mean the Note, the Agreement, the Pledge Agreement, a Certificate regarding the Acquisition Agreement and the closing of the transactions thereunder, stock certificates issued to Borrower evidencing the shares pledged pursuant to the Pledge Agreement, stock powers with respect to such shares pledged as Collateral and any and all other documents, instruments or agreements evidencing, securing, guaranteeing or otherwise related to or delivered in connection with the Loan.

"Loan-to-Value Ratio" shall mean the ratio that (a) the then-outstanding balance of the Loan at the time of measurement bears to (b) the Bank's tangible common equity tier 1 capital at the time of measurement.

"Local Authorities" means individually and collectively the state and local governmental authorities which govern the business and operations owned or conducted by the Borrower or its Subsidiaries.

"Maturity Date" shall mean August 31, 2020.

"Multiple Employer Plan" shall mean a Plan which is a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA.

"Net Income" shall mean the net income after taxes including the Borrower's equity in undistributed earnings of its Subsidiaries as determined under GAAP.

"Net Worth" shall mean the shareholders' equity, net worth or surplus as determined under GAAP.

"Non-Performing Assets" shall mean the sum of (1) all Non-Performing Loans and (2) Other Real Estate Owned listed in Call Reports and other such assets acquired through foreclosure or other realization upon collateral or rearrangement or satisfaction of Indebtedness.

"Non-Performing Loans" shall mean the sum of (1) all loans classified internally or by a Bank Regulatory Authority as non-accrual plus (2) loans past due by 90 days or more plus (3) loans for which the obligee has reduced the agreed interest rate, reduced the principal or interest obligation, extend the maturity, applied interest payments to reduce principal, capitalized interest, or otherwise renegotiated the terms of the obligation based upon the actual or asserted inability of the obligor(s) of such loans to perform their obligations pursuant to the agreements with the obligee prior to such modification or renegotiation; provided, however, that (a) loans for which the Borrower or the Bank has taken additional collateral satisfactory to it and therefore is prepared to make additional loan advances or any other loans which have been restructured and are performing in a manner satisfactory to the Borrower and (b) any portion of a Non-Performing Loan that is guaranteed by the United States government or an agency thereof in a manner acceptable to Lender shall not be included in the definition of Non-Performing Loans (but any un-guaranteed portion of a Non-Performing Loan covered by item (b) above shall be included as a Non-Performing Loan).

"Note" shall have the meaning assigned to such term in Section 1.2 of this Agreement, together with any and all renewals, modifications, extensions and replacements thereof.

"Patriot Act" means the USA PATRIOT Act (Title 111 of Pub. L. 107-56 (signed into law October 26, 2001)), as amended.

"Permitted Encumbrances" shall mean and include: (a) liens for taxes, assessments or similar governmental charges not in default or being contested in good faith by appropriate proceedings; (b) workmen's, vendors', mechanics' and materialmen's liens and other liens imposed by law incurred in the ordinary course of business, and easements and encumbrances which are not substantial in character or amount and do not materially detract from the value or interfere with the intended use of the properties subject thereto and affected thereby; (c) liens in respect of pledges or deposits under social security laws, workmen's compensation laws, unemployment insurance or similar legislation and in respect of pledges or deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases or statutory operations; and (d) such other liens and encumbrances to which Lender shall consent in writing, if any.

"Person" means an individual, partnership, corporation, limited liability company, trust, unincorporated organization, association, joint venture or a government or agency or political subdivision thereof, joint stock company, or non-incorporated organization, or any other entity of any kind whatsoever.

"Plan" means any employee benefit plan (as defined in Section 3(3) of ERISA) which is covered by ERISA and with respect to which the Borrower, the Bank, or any other Subsidiary or any ERISA affiliate is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" within the meaning of Section 3(5) of ERISA.

"Pledge Agreement" shall mean that certain Pledge and Security Agreement executed by Borrower for the benefit of Lender dated of even date herewith pledging the Collateral.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the notice requirement has been waived by regulation.
"Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treasury.goviresource-center/sanctions/Programs/Pages/Programs.aspx, or as otherwise published from time to time.

"Sanctioned Person" means (a) a Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default. aspx, or as otherwise published from time to time, or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by the U.S. Department of Treasury's Office of Foreign Assets Control.

"Subsidiaries" or individually "Subsidiary" shall mean any partnership, corporation, limited liability company, trust, unincorporated organization, association, joint venture, or other entity other than Borrower in an unbroken chain of entities beginning with the Borrower with each of the entities or the Bank other than the last entity in the unbroken chain owning fifty percent (50%) or more of the total combined voting power of all classes of stock or other form of equity in one of the other entities or the Bank and are more specifically listed in Exhibit D attached hereto.

"Supervisory Action" shall mean and include the issuance by or at the behest of any bank regulatory authority of a letter agreement, memorandum of understanding (regardless of whether consented or agreed to by the party to whom it is addressed), cease and desist order, injunction, directive, restraining order, formal agreement, notice of charges, or civil money penalties, against Borrower, the Bank, or any other Subsidiary or the directors or officers of any of them, whether temporary or permanent.

"Tier 1 Capital" shall have the meaning included in Appendix A to Title 12, Code of Federal Regulations, Part 225, Capital Adequacy Guidelines for Bank Holding Companies.

"Tier 1 Leverage Ratio" shall have the meaning and be calculated as set forth in Appendix D to Title 12, Code of Federal Regulations, Part 225, Capital Adequacy Guidelines for Bank Holding Companies.

"United States" means the government of the United States of America or any department,

SOUTHERN STATES BANCSHARES

2017 INCENTIVE STOCK COMPENSATION PLAN

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2017 INCENTIVE STOCK COMPENSATION PLAN

This 2017 Incentive Stock Compensation Plan was adopted by the shareholders of Southern States Bancshares, Inc. on May 16, 2018. This Plan is restated in the form below to include the original plan that was re-adopted on May 16, 2018 and all amendments approved by shareholders, and an amendment by the Board on June , 2021.

ARTICLE I.
PURPOSE, SCOPE AND ADMINISTRATION OF THE PLAN

Section 1.01. Purpose. The purpose of the Plan is to promote the long-term success of the Company by providing financial incentives to eligible persons who are in positions to make significant contributions toward such success. The Plan is designed to attract individuals of outstanding ability to employment with the Company, to encourage such persons to acquire a proprietary interest in the Company, and to render superior performance for the Company.

Section 1.02. Definitions. Unless the context clearly indicates otherwise, for purposes of the Plan the following terms have the respective meanings set forth below:

(a) “Board of Directors” means the Board of Directors of the Company.

(b) “Code” means the Internal Revenue Code of 1986, as amended.

(c) “Committee” means the Compensation Committee of the Board of Directors of the Company (or any successor committee thereto), which committee shall be composed of not less than two members of the Board of Directors, or in the absence of such Committee, the full Board of Directors. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act or the applicable the rules of the NASDAQ or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, as applicable (but giving effect to any applicable exemption or exception), it is intended that each member of the Committee shall, at the time such member takes any action with respect to an award under the Plan, be (i) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act, and (ii) an “independent director” under the rules of the NASDAQ or any other securities exchange or inter-dealer quotation service on which the Common Stock is listed or quoted, or a person meeting any similar requirement under any successor rule or regulation. However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any award granted or action taken by the Committee that is otherwise validly granted or taken under the Plan.

(d) “Common Stock” means the common stock of the Company, par value $5.00 per share, or such other class of shares or other securities to which the provisions of the Plan may be applicable by reason of the operation of Section 4.01.

(e) “Company” means Southern States Bancshares, Inc., an Alabama corporation, and its majority owned subsidiaries (including Southern States Bank) including subsidiaries which become such after the date of adoption of the Plan.

(f) “Disability” means that the Grantee (1) has established to the satisfaction of the Committee that the Grantee is disabled as defined by any applicable policy of the Company or standard determined by the Committee, and (2) has satisfied any requirement imposed by the Committee in regard to evidence of such disability.

(g) “Fair Market Value” of a share of Common Stock on any particular date means the average between the bid and ask prices quoted on such date by the National Daily Quotation Service, or on the National Association of Securities Dealers Automated Quotation (the “NASDAQ”) System, or a registered securities exchange, if listed thereon. In the event that both bid and ask prices are not so quoted, then the Fair Market Value shall be the bid price determined by the National Association of Securities Dealers, Inc. (the “NASD”) local quotations committee as most recently published in a daily newspaper of general circulation in Calhoun County, Alabama. In the event that no such bid price is published, then Fair Market Value shall be the fair market value as determined by the Board of Directors. In order to satisfy the exemption from Code Section 409A as set forth in Proposed Treasury Regulation § 1.409A-1(b)(5), then, notwithstanding any provision in this Plan to the contrary, in the event the Fair Market Value of a share of Common Stock is not established by an established securities market, any such determinations of Fair Market Value with respect to a Non-Qualified Stock Option shall be based on a reasonable valuation method so as to ensure that the Option price per share of Common Stock is not less than 100% of the Fair Market Value on the Grant Date.

(h) “Grant Date,” as used with respect to a particular Option or Restricted Stock Award, means the date as of which such Option, right, or award is granted by the Committee pursuant to the Plan.

(i) “Grantee” means the person to whom an Option or Restricted Stock Award is granted by the Committee pursuant to the Plan.

(j) “Incentive Stock Option” means an Option that qualifies as an incentive stock option as described in Section 422(b) of the Code.

(k) “Non-Qualified Stock Option” or “NQSO” means any Option granted under this Plan, other than an Incentive Stock Option.

(l) “Option” means an option granted by the Committee pursuant to Article II of the Plan to purchase shares of Common Stock, which shall be designated at the time of grant as either an Incentive Stock Option or a Non-Qualified Stock Option, as provided in Section 2.01.

(m) “Option Agreement” means the agreement between the Company and a Grantee under which the Grantee is granted an Option pursuant to the Plan.

(n) “Option Period” means the period fixed by the Committee during which an Option may be exercised, provided that no Option shall, under any circumstances, be exercisable more than ten years after the Grant Date.

(o) “Plan” means the Southern States Bancshares 2017 Incentive Stock Compensation Plan as set forth herein and as amended from time to time.

(p) “Purchase Shares” means that number of shares of Company common stock to which a grantee of a Restricted Stock Award is permitted to purchase under the Plan.

(q) “Restricted Stock Agreement” means the agreement between the Company and a Grantee under which the Grantee is granted a Restricted Stock Award pursuant to the Plan.

(r) “Restricted Stock Award” means an award of Common Stock which is granted by the Committee pursuant to the Plan and which is restricted against sale or other transfer in a manner and for a specified period of time determined by the Committee.

(s) “Restriction Period,” as used with respect to any Restricted Stock Award granted under the Plan, means the period beginning on the Grant Date and ending at such time as the Committee, in its sole discretion, shall determine and during which the shares of Restricted Stock are subject to forfeiture, provided that after the period is determined by the Committee, it may, in its sole discretion, lengthen the period by as much as one calendar month or shorten it to any extent.

(t) “Retirement” means the Grantee’s termination of employment in a manner which qualifies the Grantee to receive immediately payable retirement benefits under any retirement plan hereafter adopted by the Company, or which in the absence of any such retirement plan, is determined by the Committee to constitute retirement.

Section 1.03. Shares Available Under the Plan.

(a) The number of shares of Common Stock with respect to which Options may be granted shall be 975,000 shares of Common Stock, subject to adjustment in accordance with the remaining provisions of this Section and the provisions of Section 4.01.

(b) In the event that any Option expires or otherwise terminates prior to being fully exercised, the Committee may, without decreasing the number of shares authorized in this Section 1.03, grant new Options hereunder to any eligible Grantee for the shares with respect to such terminated Options.

(c) Any shares of Common Stock to be delivered by the Company upon the exercise of Options may, at the discretion of the Board of Directors, be issued from the Company’s authorized but unissued shares of Common Stock or be transferred from any available treasury stock.

Section 1.04. Administration of the Plan.

(a) Except as provided in Section 1.04(c), the Plan shall be administered by the Committee which shall have the authority to:

(i) Determine those persons to whom, and the times at which, Options shall be granted and the number of shares of Common Stock to be subject to each such Option, taking into consideration (A) the nature of the services rendered by the particular person; (B) the person's potential contribution to the long term success of the Company; and (C) such other factors as the Committee in its discretion shall deem relevant;

(ii) Interpret and construe the provisions of the Plan and to establish rules and regulations relating to it;

(iii) Prescribe the terms and conditions of the Option Agreements for the grant of Options (which need not be identical) in accordance and consistent with the requirements of the Plan, including allowing adjustments to the duration of the Option Period related to such agreements; and

(iv) Make all other determinations necessary or advisable to administer the Plan in a proper and effective manner.

(b) All decisions and determinations of the Committee in the administration of the Plan and in response to questions or in connection with other matters concerning the Plan or any Option shall (whether or not so stated in the particular instance in the Plan) be final, conclusive, and binding on all persons, including, without limitation, the Company, the shareholders and directors of the Company, and any persons having any interest in any Options which may be granted under the Plan.

(c) In all cases in which the Committee is authorized or directed pursuant to the Plan to take action, such action may be taken by the Board of Directors as a whole. It is the intention of the Plan that the Committee may be appointed by the Board of Directors for convenience and efficiency of administration.

Section 1.05. Eligibility for Awards. The Committee shall designate, from time to time, the employees of the Company who are to be granted Options. All salaried employees of the Company are eligible to participate.

Section 1.06. Effective Date of Plan. Subject to the receipt of all required regulatory approvals, the Plan shall become effective upon its adoption by the Board of Directors, provided that any grant of Options under the Plan prior to approval of the Plan by the shareholders of the Company is subject to such shareholder approval within twelve months of adoption of the Plan by the Board of Directors.

ARTICLE II.
STOCK OPTIONS

Section 2.01. Grant of Options.

(a) The Committee may, from time to time and subject to the provisions of the Plan, grant Options to employees under appropriate Option Agreements to purchase shares of Common Stock.

(b) The Committee may designate any Option which satisfies the requirements of Section 2.03 of the Plan as an Incentive Stock Option and may designate any Option granted hereunder as a Non-Qualified Stock Option, or the Committee may designate a portion of an Option as an Incentive Stock Option (so long as that portion satisfies the requirements of Section 2.03) and the remaining portion as a Non-Qualified Stock Option. Any portion of an Option that is not designated as an Incentive Stock Option shall be a Non-Qualified Stock Option. A Non-Qualified Stock Option must satisfy the requirements of Section 2.02 of the Plan, but shall not be subject to the requirements of Section 2.03.

Section 2.02. Option Requirements.

(a) An Option shall be evidenced by an Option Agreement specifying the number of shares of Common Stock that may be purchased upon its exercise and containing such terms and conditions not inconsistent with the Plan and based on such factors as the Committee shall determine, in its sole discretion, to be applicable to that particular Option.

(b) An Option shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee and stated in the Option Agreement; provided, however, that an Option shall become immediately exercisable upon the death of Grantee, upon employment with the Company ceasing because of Disability or upon a Change of Control. If the Committee provides that any Option is exercisable only in installments or provides other vesting requirements, the Committee may waive such provisions at any time, in whole or in part, based on such factors as the Committee shall, in its sole discretion, determine. Unless otherwise explicitly set forth in the Option Agreement, any Option which is not exercisable as of the date of the Grantee's termination of employment with the Company shall terminate as of such date and be of no further force and effect.

(c) An Option shall expire by its terms at the expiration of the Option Period and shall not be exercisable thereafter.

(d) The Committee may specify in the Option Agreement the basis for the expiration or termination of the Option prior to the expiration of the Option Period.

(e) The Option price per share of Common Stock shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Grant Date.

(f) An Option shall not be transferable other than by testamentary disposition or the laws of descent and distribution. During the Grantee's lifetime except for limited estate planning or pursuant to a domestic order as permitted by Rule 701 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, or a successor provision, an Option shall be exercisable only by the Grantee, or in the event of the Grantee's Disability and the Option remains exercisable, by his or her duly appointed guardian or other legal representative.

(g) An Option, to the extent that it has not previously been exercised, shall terminate upon the earliest to occur of (i) the expiration of the applicable Option Period as set forth in the

Option Agreement granting such Option; (ii) the expiration of three months after the Grantee's Retirement; (iii) the expiration of one year after the Grantee ceases to be an employee of the Company due to Disability; (iv) the expiration of one year after the Grantee ceases to be an employee of the Company due to the death of the Grantee; or (v) three months after the date on which a Grantee ceases to be an employee of the Company for any reason other than Retirement, Disability, or death, unless the Option Agreement provides for earlier termination.

(h) A person electing to exercise an Option shall give written notice of such election to the Company in such form as the Committee may require, accompanied by payment in cash or in such other manner as may be approved by the Committee in an amount equal to the full purchase price of the shares of Common Stock for which the election is made. As determined by the Committee, in its sole discretion, whether before or after the Grant Date, payment in full or in part may be made in the form of unrestricted Common Stock already owned by the Grantee or, except in the case of Incentive Stock Options, in the form of a withholding of sufficient shares of Common Stock otherwise issuable upon the exercise of the Option to constitute payment of the purchase price based, in each case, on the Fair Market Value of the Common Stock on the date the Option is exercised; provided that an election to make such payment in Common Stock or to have shares so withheld, in addition to being subject to the approval of the Committee, shall be irrevocable.

Further, upon written request and authorization of the Grantee and to the extent permitted by applicable law, the Committee may allow arrangements whereby an Option may be exercised and the exercise price (together with any tax withholding obligations of the Grantee) paid pursuant to arrangements with brokerage firms permitted under Regulation T of the Board of Governors of the Federal Reserve System (or successor regulations or statutes). In no event, however, may such transaction or arrangement occur if a violation by the Grantee of applicable state or federal securities laws would result therefrom.

(i) All NQSOs granted pursuant to this Plan shall satisfy the exemption from Code Section 409A set forth in Proposed Treasury Regulation § 1.409A-1(b)(5).

Section 2.03. Incentive Stock Option Requirements.

(a) An Option designated by the Committee as an Incentive Stock Option is intended to qualify as an "incentive stock option" within the meaning of Section 422(b) of the Code and shall satisfy, in addition to the conditions of Section 2.02 of the Plan, the conditions set forth in this Section.

(b) An Incentive Stock Option shall not be granted to an individual who, on the Grant Date, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company, unless the Committee provides in the Option Agreement with any such individual that the option price per share of Common Stock will not be less than 110% of the Fair Market Value of a share of Common Stock on the Grant Date and that the Option Period will not extend beyond five years from the Grant Date.

(c) The aggregate Fair Market Value, determined on the Grant Date, of the shares of Common Stock as to which Incentive Stock Options are exercisable for the first time by any Grantee

with respect to the Plan and incentive stock options (within the meaning of Section 422(b) of the Code) under any other plan of the Company or any parent or subsidiary thereof, in any calendar year shall not exceed $100,000. To the extent that the aggregate Fair Market Value of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company exceeds $100,000 (within the meaning of Section 422 of the Code), such excess Incentive Stock Options shall be treated as Options which do not constitute Incentive Stock Options. The Board of Directors shall determine, in accordance with applicable provisions of the Code, United States Treasury Department regulations, and other administrative pronouncements, which of an Optionee's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Optionee of such determination as soon as practicable after such determination.

ARTICLE III.
CHANGE OF CONTROL PROVISIONS

Section 3.01. Change of Control. The following provisions shall apply in the event of a "Change of Control," as defined in this Article III:

(a) In the event of a "Change of Control," as defined in Section 3.01(b) below, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agency or as otherwise determined by the Committee in writing at or after the grant of awards hereunder, but prior to the occurrence of such Change of Control:

(i) any Options awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested; and

(ii) the value of all outstanding Options shall, to the extent determined by the Committee, be cashed out on the basis of the "Change of Control Price" (as defined in Section 3.01(c) below) as of the date the Change of Control occurs or such other date as the Committee may determine prior to the Change of Control.

(b) For purposes of this Article III, a "Change of Control" means the happening of any of the following:

(i) when any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company, any subsidiary of the Company, or any Company employee benefit plan, including its trustee), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities;

(ii) the occurrence of any transaction or event relating to the Company required to be described pursuant to the requirements of Item 6(e) of Schedule 14A of Regulation 14A of the Securities and Exchange Commission under the Exchange Act;

(iii) when, during any period of two (2) consecutive years during the existence of the Plan, the individuals who, at the beginning of such period, constitute the Board of Directors cease, for any reason other than death, to constitute at least a majority thereof, unless each director who was not a director at the beginning of such period was elected by, or on the recommendation of, at least two-thirds (2/3) of the directors at the beginning of such period; or

(iv) the occurrence of a transaction requiring stockholder approval for the acquisition of the Company by an entity other than the Company or a subsidiary of the Company through purchase of assets, or by merger, or otherwise.

(c) For purposes of this Article III, "Change of Control Price" means the highest price per share paid or offered in any transaction reported on the New York Stock Exchange, or the National Association of Securities Dealers Automated Quotation Systems, Inc. or paid or offered in any transaction related to a Change of Control of the Company at any time during the preceding sixty (60) day period as determined by the Committee, except that, in the case of Options, such price shall be based only on transactions reported for the date on which the Committee decides to cash out such Options.

(d) Nothing in this Article III shall be deemed to permit or authorize any payment or benefit that is in violation of any applicable regulatory requirements, including but not limited to 12 CFR Part 359.

ARTICLE IV.
GENERAL PROVISIONS

Section 4.01. Adjustment Provisions.

(a) In the event of (i) any dividend payable in shares of Common Stock; (ii) any recapitalization, reclassification, split-up, or consolidation of, or other change in, the Common Stock; or (iii) an exchange of the outstanding shares of Common Stock, in connection with a merger, consolidation, or other reorganization of or involving the Company or a sale by the Company of all or a portion of its assets, for a different number or class of shares of stock or other securities of the Company or for shares of the stock or other securities of any other corporation (whether issued to the Company or to its shareholders); the number of shares of Common Stock available under the Plan pursuant to Section 1.03 shall be adjusted to appropriately reflect the occurrence of the event specified in clauses (i), (ii) or (iii) above and the Committee shall, in such manner as it shall determine in its sole discretion, appropriately adjust the number and class of shares or other securities which shall be subject to Options and/or the purchase price per share which must be paid thereafter upon exercise of any Option. Any such adjustments made by the Committee shall be final, conclusive, and binding upon all persons, including, without limitation, the Company, the shareholders, and directors of the Company and any persons having any interest in any Options which may be granted under the Plan.

(b) Except as provided in paragraph (a) immediately above, issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class shall not affect the Options.

Section 4.02. Additional Conditions.

(a) Any shares of Common Stock issued or transferred under any provision of the Plan may be issued or transferred subject to such conditions, in addition to those specifically provided in the Plan, as the Committee or the Company may impose.

(b) If, prior to the time a Grantee has exercised all Options, the Committee or the Corporate Secretary of the Company receives from the Company notice of suspected dishonesty of the Grantee, or of suspected conduct by the Grantee which causes or reasonably may be expected to cause substantial damage to the Company or one or more of its subsidiaries, each Option, to the extent not previously exercised, shall terminate immediately and neither the Grantee nor any one claiming under him shall have any rights thereto.

Section 4.03. No Rights as Shareholder or to Employment. No Grantee or any other person authorized to purchase Common Stock upon exercise of an Option shall have any interest in or shareholder rights with respect to any shares of Common Stock which are subject to any Option until such shares have been issued and delivered to the Grantee or any such person pursuant to the exercise of such Option. Furthermore, the Plan shall not confer upon any Grantee any rights of employment with the Company, including without limitation, any right to continue in the employ of the Company, or affect the right of the Company to terminate the employment of a Grantee at any time, with or without cause.

Section 4.04. General Restrictions. Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or federal law; (ii) the consent or approval of any government regulatory body; or (iii) an agreement by the recipient of an award with respect to the disposition of shares of Common Stock, is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of shares of Common Stock thereunder, such award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval, or agreement shall have been effected or obtained free of any conditions not acceptable to the Committee. A Grantee shall agree, as a condition of receiving any award under the Plan, to execute any documents, make any representations, agree to restrictions on stock transferability, and take any actions which in the opinion of legal counsel to the Company are required by any applicable law, ruling, or regulation. The Company is in no event obligated to register any such shares, to comply with any exemption from registration requirements, or to take any other action which may be required in order to permit, or to remedy or remove any prohibition or limitation on, the issuance or sale of such shares to any Grantee or other authorized person.

Section 4.05. Rights Unaffected.

(a) The existence of the Options shall not affect:

(i) the right or power of the Company or its shareholders to make adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business;

(ii) any issue of bonds, debentures, preferred or prior preference stocks affecting the Common Stock or the rights thereof;

(iii) the dissolution or liquidation of the Company, or sale or transfer of any part of its assets or business; or

(iv) any other corporate act, whether of a similar character or otherwise.

(b) As a condition of grant, exercise, or lapse of restrictions on any Option the Company may, in its sole discretion, withhold or require the Grantee to pay or reimburse the Company for any taxes which the Company determines are required to be withheld (including, without limitation, any required FICA or AMT payments), in connection with the grant of or lapse of restrictions on the grant of or any exercise of an Option. Whenever payment or withholding of such taxes is required, the Grantee may satisfy the obligation, in whole or in part, by electing to deliver to the Company shares of Common Stock already owned by the Grantee or electing to have the Company withhold shares of Common Stock which would otherwise be delivered to the Grantee, in each case having a value equal to the amount required to be withheld, and provided that such shares may be surrendered only at the minimum statutory rate. For these purposes, the value of the shares to be withheld is the Fair Market Value on the date that the amount of tax to be withheld is to be determined (the "Tax Date").

(c) An election by a Grantee to deliver shares of Common Stock already owned by the Grantee or to have shares withheld for purposes of Section 2.02(h) of the Plan (an "Election") must meet the following requirements in order to be effective:

(i) the Election must be made prior to the Tax Date;

(ii) the Election is irrevocable; and

(iii) the Election may be disapproved by the Committee in its sole discretion.

Section 4.06. Choice of Law. The validity, interpretation, and administration of the Plan, the Option Agreement, and of any rules, regulations, determinations, or decisions made thereunder, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of the State of Alabama. Without limiting the generality of the foregoing, the period within which any action in connection with the Plan must be commenced shall be governed by the laws of the State of Alabama, without regard to the place where the act or omission complained of took place, the residence of any party to such action or the place where the action may be brought or maintained.

Section 4.07. Amendment, Suspension, and Termination of Plan.

(a) The Plan may be terminated, suspended, or amended, from time to time, by the Board of Directors in such respects as it shall deem advisable; provided, that no such termination, suspension or amendment shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any applicable rules or requirements of any securities exchange or inter-dealer quotation service on which the shares of Common Stock may be listed or quoted).

(b) Notwithstanding any other provision herein contained, no Incentive Stock Options shall be granted on or after the tenth anniversary of the approval of the Plan by the Board of Directors and the Plan shall terminate and all Options previously granted shall terminate, in the event and on the date of liquidation or dissolution of the Company.

(c) Whether before or after termination of the Plan, the Board of Directors has full authority in accordance with Section 4.07(a) to amend the Plan, effective for Options which remain outstanding under the Plan.

Section 4.08. Loans. The Company may at any time, consistent with applicable regulations, including Regulation O and any Company policy restricting or prohibiting loans to executive officers, lend to a Grantee any funds required in connection with any aspect of the Plan, including without limitation the exercise price and any taxes that must be paid or withheld.

Section 4.09. Regulatory Capital Requirements. All Options granted under this Plan are subject to the requirement that, notwithstanding any other provision of the Plan or the Option Agreement, the Company's primary bank regulator shall at any time have the right to require the Grantee to exercise the Option or to forfeit the Option if not exercised if the Company's capital falls below minimum capital required as determined by the Company's primary bank regulator.

Section 4.10. Disclosures. A copy of this Plan shall be given to any Grantee. Any security issued pursuant to this Plan that is not registered under the Securities Act of 1933 or the Alabama Securities Act shall be deemed restricted within the meaning of Securities and Exchange Commission Rule 144, and certificates respecting such shares shall be marked with an appropriate legend indicating applicable restrictions on resale.

Section 4.11. Savings Clause. The Plan shall be administered, operated, and interpreted such that all stock Options granted hereunder are not considered deferred compensation subject to Section 409A of the Code and the Committee shall have discretion to modify or amend any Option granted hereunder and any Stock Option Agreement (and may do so retroactively); provided that any such modification or amendment is necessary to cause such stock option to be exempt from Section 409A of the Code and is not materially prejudicial to the Company and the affected Grantee.

ARTICLE V.
RESTRICTED STOCK AWARDS

Section 5.01. Grant of Awards. The Committee may, from time to time, subject to the provisions of the Plan, grant Restricted Stock Awards to eligible persons under appropriate Restricted Stock Agreements. Shares of Common Stock available for Options are also available as Restricted Stock Awards and Purchase Shares under the Plan.

Section 5.02. Award Requirements.

(a) An award shall be evidenced by a Restricted Stock Agreement specifying the number of shares of Common Stock that are awarded and containing such terms and conditions not inconsistent with the Plan as the Committee shall determine to be applicable to that particular award, which agreement shall contain in substance at least the following terms and conditions:

(i) Shares awarded pursuant to Restricted Stock Awards shall be subject to such conditions, terms, and restrictions and for such Restriction Period or periods as may be determined by the Committee.

(ii) Shares awarded, and the right to vote such shares and to receive dividends thereon, may not be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered, except as herein provided for use in paying the purchase price required to exercise Options under Section 2.02(h) or otherwise, during the Restriction Period applicable to such shares; provided, that the Grantee awarded Restricted Stock shall have the right to execute a proxy to vote the Restricted Stock. Notwithstanding the foregoing and except as otherwise provided in the Plan or applicable Restricted Stock Agreement, a Grantee awarded Restricted Stock shall have all the other rights of a stockholder, including the right to receive dividends and the right to vote such shares.

(iii) Each certificate issued in respect of Common Stock awarded to a Grantee shall be deposited with the Company or its designee, or in the Committee's discretion, delivered to the Grantee, and shall bear an appropriate legend noting the existence of restrictions upon the transfer of such Common Stock.

(iv) The Restricted Stock Agreement shall specify the terms and conditions upon which any restrictions upon shares awarded under the Plan shall lapse, as determined by the Committee. Upon lapse of such restrictions, certificates representing shares of Common Stock free of any restrictive legend, other than as may be required under Article IV of the Plan, shall be issued and delivered to the Grantee or his legal representative.

(b) If a Grantee's employment terminates during a Restriction Period as a result of death of the Grantee, all restrictions upon shares awarded under the Plan shall lapse and the certificates representing shares awarded as a Restricted Stock Award, free of any restrictive legend other than as may be required under Article V of the Plan, shall be issued and delivered to the Grantee's legal representative. If a Grantee's employment terminates during a Restriction Period as a result of Retirement or Disability, the Committee shall, in its sole discretion, determine the extent to which restrictions shall be deemed to have lapsed, which may include the determination that all restrictions shall have lapsed, but in no event shall the Committee determine that the restrictions have lapsed to a lesser extent than is determined by multiplying the amount of the Restricted Stock Award by a fraction, the numerator of which is the full number of calendar months such Grantee was employed during the Restriction Period and the denominator of which is the total number of full calendar months in the Restriction Period. If a Grantee's employment terminates for any reason other than as described in the preceding two sentences, the Grantee shall be deemed not to have satisfied the restrictions associated with the Restricted Stock Award unless the Committee determines otherwise in its sole discretion (in which event the extent to which restrictions will be deemed to have lapsed shall not exceed the amount determined pursuant to the formula set forth in the preceding sentence).

Section 5.03. Purchase Shares. A Grantee to whom a Restricted Stock Award is granted shall have the right to purchase from the Company at Fair Market Value on the date of purchase that number of shares of common stock equal to the number of shares made the subject of a Restricted Stock Award. The Grantee shall have 30 days from the Grant Date to purchase the shares. Other procedures for the purchase of Purchase Shares may be determined by the Committee.

Section 5.04. **Administration and Interpretation of Plan**. This Amendment shall be administered as provided in Section 1.04 of the Plan, and references to the "Company," "Options," the "Committee" and other terms shall include the Company and the Board as the context otherwise requires. Shares available for Options under the Plan shall also be available for Restricted Stock Awards and the related Purchase Shares.

Exhibit 10.3

FORM OF RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement") is made and entered into as of , 20 , by and between Southern States Bancshares, Inc., an Alabama corporation (the "Company") and (the "Grantee").

W I T N E S S E T H:

WHEREAS, pursuant to the terms of the Company's 2007 Incentive Stock Compensation Plan as amended effective May 15, 2013 (the "Plan"), the Company may make awards of restricted stock; and

WHEREAS, the Company wishes to award Restricted Stock to Grantee;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations of the parties contained herein and in the Plan, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Award of Restricted Stock**.

(a) Pursuant to the terms of the Plan, the Company hereby awards to the Grantee, effective as of the date hereof (the "Award Date"), shares of common stock, subject to the terms, conditions and restrictions described in this Agreement and in the Plan (the "Restricted Stock"). All capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Plan.

(b) Pursuant to Section 5.03 of the Plan, Grantee shall have the right no later than 30 days from the date of this Agreement to purchase from the Company an additional number of shares of common stock equal to the number of shares of Restricted Stock granted under Section 1(a) hereof, upon the terms and conditions set forth in Section 5.03 of the Plan.

2. **Restrictions and Conditions**. The Grantee hereby accepts the Award subject to all terms, provisions and restrictions of the Plan, including Section 5.02 of the Plan, and this Agreement.

3. **Title to Restricted Stock; Vesting**. Title to the shares of Restricted Stock subject to this Agreement shall vest in the Grantee, and the conditions and restrictions set forth in Section 2 shall lapse, in approximate equal amounts over five years commencing on the first anniversary of the date of this Agreement and each anniversary date thereafter. Dividends, if any, when paid, shall be paid on all shares of Restricted Stock notwithstanding the foregoing vesting requirement.

4. **No Right to Continued Employment**. Nothing contained in this Agreement shall confer upon Grantee any right with respect to continuance of employment by the Company.

5. **Payment of Taxes**. Grantee shall, no later than the date as of which the value of any portion of the Restricted Stock first becomes includable in the Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Company, regarding payment of, any federal, state or local income, FICA or other taxes of any kind required by law to be withheld with respect to the Restricted Stock. The obligations of the Company under this Agreement shall be conditioned on such payment or arrangements, and the Company and, where applicable, its affiliates shall, to the extent permitted by law, have the right to deduct such taxes from the payment of any kind otherwise due to the Grantee. However, notwithstanding the foregoing, the Company may, but shall not be obligated to, pay to Grantee an amount up to 100 percent of Grantee's tax liability.

6. **Grantee Bound By Plan**. Grantee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof, including the terms and provisions adopted after the award of the Restricted Stock but prior to the vesting thereof. The Grantee acknowledges that the Company may amend the Plan in the future to add Grantees or to change the percentages as to which Restricted Stock may be awarded in the future.

7. **Counterparts**. This Agreement may be executed in two counterparts each of which shall constitute one and the same instrument.

8. **Governing Law**. This Agreement shall be governed by the laws of the State of Alabama.

9. **Amendment**. This Agreement may not be amended except in writing, signed by the parties hereto.

10. **Entire Agreement**. This Agreement, together with the Plan, contains the entire agreement and understanding of the parties hereto with respect to the matters covered hereby.

11. **Securities Law.** The Grantee hereby acknowledges that the shares of Restricted Stock have not been issued pursuant to a registration statement under the Securities Act of 1933 or any applicable state law; that such shares may not be sold or transferred absent an applicable exemption from registration; and that the certificate representing such shares will bear a legend stating the foregoing restrictions substantially as follows:

The grant of shares represented by this certificate has not been registered under federal or state securities laws and the shares represented by such certificate may not be sold or otherwise transferred without registration under such laws or an exemption therefrom.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SOUTHERN STATES BANCSHARES, INC.

By: _____
Stephen W. Whatley
Chairman of the Board

_____
Grantee

Exhibit 10.4

FORM OF STOCK OPTION AGREEMENT
Pursuant to Southern States Bancshares, Inc.
2017 Stock Compensation Plan

This Stock Option Agreement is made as of , 20 (the "Effective Date"), by and between Southern States Bancshares, Inc., an Alabama corporation (the "Company"), and ("Grantee").

Recitals

A. The Company has determined that it is in the best interests of the Company and its shareholders to encourage ownership in the Company by eligible persons associated with the Company thereby providing additional incentive for them to continue in the service to the Company or its Affiliates.

B. An Option is granted by the Board to Grantee pursuant, and subject to, the Southern States Bancshares, Inc. 2017 Stock Compensation Plan (the "Plan") on the terms and conditions provided in this Agreement.

Agreement

1. Shares Optioned; Option Price; Time of Exercise.

(a) Effective as of the Effective Date, the Company grants to Grantee, subject to the terms and provisions set forth in this Agreement and in the Plan, an Option to purchase all or any part of the number of shares set forth in Exhibit "A," attached hereto and incorporated herein by reference, of the Common Stock of the Company at the purchase price per share set forth as the Exercise Price in Exhibit "A."

(b) The Option shall not be considered granted (as of the Effective Date) or become exercisable unless and until Grantee delivers to the Company a fully executed counterpart of this Agreement. Thereafter, the Option shall be exercisable in accordance with the Exercise Schedule set forth on Exhibit "A," subject to any termination, acceleration, or change in such Exercise Schedule set forth in this Agreement or the Plan.

(c) Neither the Option nor any other rights granted under this Agreement may be exercised after the Expiration Date set forth on Exhibit "A" and, before that time, the Option may be terminated as provided in paragraph 2 of this Agreement. If Grantee does not purchase the full number of shares to which he or she is entitled in any one year, he or she may purchase such shares in the next year specified in the Exercise Schedule, in addition to the shares which he or she is otherwise entitled to purchase in the next year.

2. Termination of Service. An Option, to the extent that it has not previously been exercised, shall terminate upon the earliest to occur of (a) the expiration of the applicable Option Period as set forth in the Option Agreement granting such Option; (b) the expiration of 90 days after the Grantee's Retirement; (c) the expiration of one year after the Grantee ceases to be an employee of the Company due to Disability; (d) the expiration of one year after the Grantee ceases to be an employee of the Company due to the death of the Grantee; or (e) three months after the date on which a Grantee ceases to be an employee of the Company for any reason other than Retirement, Disability or death, unless the Option Agreement provides for earlier termination.

3. Miscellaneous.

(a) Designation of Beneficiary. The Grantee shall have the right to appoint any individual or legal entity in writing substantially similar in form to that of Exhibit "B," attached hereto and incorporated herein by reference (a "Designation Form"), as his beneficiary to receive any Option (to the extent not previously terminated or forfeited) under this Agreement upon the Grantee's death. In the event of death, such Options may be exercised by such beneficiary. Such designation under this Agreement may be revoked by the Grantee at any time and a new beneficiary may be designated by the Grantee by execution and submission to the Board of a revised Designation Form. In order to be effective, a Designation Form must be completed by the Grantee and received by the Board, or its designee, prior to the date of the Grantee's death. In the absence of such designation, the Grantee's beneficiary and the person with the authority to exercise any Option shall be the legal representative of the Grantee's estate.

(b) Incapacity of Grantee or Beneficiary. If any person entitled to a distribution under this Agreement is deemed by the Board to be incapable of making an election hereunder or of personally receiving and giving a valid receipt for such distribution hereunder, then, unless and until an election or claim therefore shall have been made by a duly appointed guardian or other legal representative of such person, the Board may provide for such election or distribution or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such distribution shall be a distribution for the account of such person and a complete discharge of any liability of the Board, the Company, and the Plan therefore.

(c) Incorporation of the Plan. The terms and provisions of the Plan are hereby incorporated in this Agreement. Unless otherwise specifically stated or defined herein, or unless the context requires a different definition, capitalized terms used in this Agreement shall have the meanings assigned to them in the Plan, and further, the terms and provisions of the Plan shall control in the event of any inconsistency between the Plan and this Agreement.

(d) Governing Law. This Agreement shall be governed by the laws of the State of Alabama and all applicable federal laws.

(e) Counterparts. This Agreement may be executed in one or more counterparts, which shall together constitute a valid and binding agreement.

(f) Successors or Assigns of the Company. The terms of this Agreement shall be binding upon and shall inure to the benefit of any successor of the Company and the executors, administrators, heirs, successors, and assigns of the Grantee.

(g) Notices. If the Option is an Incentive Stock Option, by exercising his or her option the Grantee agrees to notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of the Option that occurs within two years after the date of the Option grant or within one year after such shares of Common Stock are transferred upon exercise of the Option. Any notice to be given hereunder shall be in writing and shall be addressed to the Company at its offices located at 615 Quintard Avenue, Anniston, Alabama, 36201, and any notice to be given to Grantee shall be addressed to the address designated below the signature appearing hereinafter, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall have been deemed duly given upon three days of sending such notice enclosed in a properly sealed envelope, properly addressed pursuant to the provisions of this paragraph, registered or certified and deposited (with the proper postage and registration or certificate fee prepaid) in the United States mail.

(h) Securities Laws. By exercising an Option, the Grantee agrees that the Company (or a representative of the underwriters) may, in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act of 1933 (the "1933 Act"), require that the Grantee not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by the Grantee, for a period of time specified by the underwriter(s) (not to exceed 180 days) following the effective date of the registration statement of the Company filed under the 1933 Act. The Grantee further agrees to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) which are consistent with the foregoing or which are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to such Common Stock until the end of such period.

(i) Stock Certificates.

(i) Securities represented by this certificate (the "Securities") have been (A) acquired for investment; (B) issued and sold in reliance upon the exemption from registration under the Securities Act of Alabama and other states (the "Acts"); and (C) issued and sold in reliance upon an exemption from registration under the 1933 Act.

(ii) The Securities cannot be offered for sale, sold, or transferred other than pursuant to (A) an effective registration under the Acts or in a transaction which is

otherwise in compliance with the Acts; (B) an effective registration under the 1933 Act or in a transaction which is otherwise in compliance with the 1933 Act; and (C) evidence satisfactory to the issuer of compliance with the applicable securities laws of any other jurisdiction.

(iii) The issuer shall be entitled to require the holder of this certificate to provide the issuer with an opinion of counsel satisfactory to it with respect to compliance with the above laws, except that an opinion shall not be required if holder provides the Company's counsel with (A) a seller's representation letter confirming compliance with Rule 144, including Rule 144(k), and showing that the selling broker has satisfied its obligations to make reasonable inquiries under Rule 144(g)(3); (B) a broker's representation letter in customary form confirming that the ale will be undertaken in a manner consistent with paragraphs (f) and (g) of Rule 144; and (C) a copy of Form 144. The Company shall have the reasonable right to approve the forms of (A) through (C) of this paragraph 3(i)(iii). A seller's representation letter form will depend on whether the seller is an affiliate of the Company and whether the stock has been held for more than two years.

IN WITNESS WHEREOF, this Agreement has been executed by the Company and the Grantee as of the date and year first written above.

SOUTHERN STATES BANCSHARES, INC.

By: _____
Stephen W. Whatley
Its Chairman, President and CEO

Acknowledgement

The Grantee acknowledges receipt of a copy of the Plan, a copy of which is annexed hereto, and represents that he or she is familiar with the terms and provisions thereof. The Grantee hereby accepts this Option subject to all the terms and provisions of the Plan. The Grantee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board and, where applicable, the Committee, upon any questions arising under the Plan. As a condition to the issuance of shares of Common Stock of the Company under this Option, the Grantee authorizes the Company to withhold in accordance with applicable law from any regular cash compensation payable to him or her any taxes required to be withheld by the Company under federal, state, or local law as a result of his or her exercise of this Option.

Dated: _____

_____

Grantee

Name and Address:

_____

_____

_____

EXHIBIT "A"

SOUTHERN STATES BANCSHARES, INC.
2017 STOCK COMPENSATION PLAN

Notice of Stock Option Grant

You have been granted the following option ("Option") to purchase Common Stock of Southern States Bancshares, Inc. (the "Company"):

Name of Grantee:	_____
Total Number of Shares Granted:	_____
Type of Option:	☐ Incentive Stock Option ("ISO") ☐ Nonstatutory Stock Option ("Non-ISO")

To the extent an ISO does not qualify as such pursuant to applicable provisions of the Plan and Code Section 422(c), it shall be a Non-Qualified Stock Option ("NQSO"). To qualify for the favorable federal income tax treatment for ISOs, the Grantee must not dispose of shares obtained from exercise of an Option until at least two years after the date of grant and one year after the date of exercise of the Option. If these holding periods are not met, the sale or other disposition of shares will be a disqualifying disposition pursuant to Code Section 422(c).

Exercise Price Per Share:	$
Date of Grant:	,
Exercise Schedule:	The right of the Grantee to exercise and acquire the number of shares subject to this Option shall vest in equal installments over a period of years, commencing on the first anniversary of the Date of Grant. Upon termination of Grantee's employment by the Company without cause, all options immediately vest.
Expiration Date:	,

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Company's 2017 Incentive Stock Compensation Plan and the Stock Option Agreement, both of which are attached hereto and made a part hereof.

GRANTEE:	**SOUTHERN STATES BANCSHARES, INC.**
_____	By: _____
[name]	Stephen W. Whatley Its Chairman, President and CEO
_____	_____
Date	Date

EXHIBIT "B"

DESIGNATION OF BENEFICIARY
for the
STOCK OPTION AGREEMENT
Pursuant to Southern States Bancshares, Inc.
2017 Stock Compensation Plan

Name of Grantee: _____

Date of Stock Option Agreement: _____

If my Continuous Service with the Company terminates by reason of my death, or if I shall die after I have terminated my service with the Company, but, prior to the expiration of the Option (as provided in the Agreement), then all rights to the Option granted under the Agreement that I hereby hold upon my death, to the extent not previously terminated or forfeited, shall be transferred to my primary beneficiary designated below, or to my secondary beneficiary designated below if my primary beneficiary is unable to accept transfer, in the manner provided for in the Plan and the Agreement.

Primary Beneficiary: _____

Relationship: _____

Address: _____

Phone: _____

Secondary Beneficiary: _____

Relationship: _____

Address: _____

Phone: _____

_____
Grantee Signature

_____
Date

EMPLOYMENT AGREEMENT
For STEPHEN W. WHATLEY

This Employment Agreement (the "Agreement") is made as of this 24th day of March 2010 (the "Effective Date"), by and between Southern States Bank, an Alabama banking corporation (the "Employer"), and **Stephen W. Whatley** (the "Executive").

WITNESSETH:

WHEREAS, the Employer desires to continue the services of and employ the Executive, and the Executive desires to continue to provide services to the Employer, pursuant to the terms and conditions of this Agreement; and

WHEREAS, this Agreement is intended to comply with the requirements of Internal Revenue Code Section 409A and the Capital Purchase Program ("CPP"). Accordingly, the intent of the parties hereto is that the Agreement shall be operated and interpreted consistent with the requirements of Section 409A and the CPP, if applicable.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the Employer and the Executive agree as follows:

1. Employment. Upon the terms and subject to the conditions contained in this Agreement, the Executive agrees to provide full-time services for the Employer during the term of this Agreement, and the Executive hereby accepts such employment. Executive agrees to devote his best efforts to the business of the Employer, and shall perform his duties in a diligent, trustworthy, and business-like manner, all for the purpose of advancing the business of the Employer. Notwithstanding the above, the Executive may engage in other business interests or investments which do not materially prevent the Executive from performing his contemplated services hereunder on behalf of the Employer and which do not conflict with any duty or obligation Executive owes to the Employer under this Agreement. The Executive is currently serving as a director of the Employer. The Employer shall nominate the Executive for election as a director at such times as necessary so that the Executive will, if elected by stockholders, remain a director of the Employer throughout the term of this Agreement. The Executive hereby consents to serving as a director and to being named as a director of the Employer. The board of directors of the Employer shall undertake every lawful effort to ensure that the Executive continues throughout the term of employment to be elected or reelected as a director of the Employer.

2. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) "Change in Control" shall mean: a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as such change is defined under the default definition in Treasury Regulation §1.409A-3(i)(5) or any subsequently applicable Treasury Regulation.

(b) "Cause" shall mean (a) fraud; (b) embezzlement; (c) conviction of or plea of nolo contendere by the Executive of any felony; (d) a material breach of, or the willful failure or refusal by the Executive to perform and discharge the Executive's duties, responsibilities and obligations under

this Agreement; (e) any act of moral turpitude or willful misconduct by the Executive intended to result in personal enrichment of the Executive at the expense of the Employer, or any of its affiliates or which has a material adverse impact on the business or reputation of the Employer or any of its affiliates (such determination to be made by the Board in its reasonable judgment); (f) intentional material damage to the property or business of the Employer; (g) gross negligence; or (h) the ineligibility of the Executive to perform his duties because of a ruling, directive or other action by any agency of the United States or any state of the United States having regulatory authority over the Employer; but in each case only if (1) the Executive has been provided with written notice of any assertion that there is a basis for termination for cause which notice shall specify in reasonable detail specific facts regarding any such assertion, (2) such written notice is provided to the Executive a reasonable time (and in any event no less than three business days) before the Board meets to consider any possible termination for cause, (3) at or prior to the meeting of the Board to consider the matters described in the written notice, an opportunity is provided to the Executive and his counsel to be heard before the Board with respect to the matters described in the written notice, (4) any resolution or other Board action held with respect to any deliberation regarding or decision to terminate the Executive for cause is duly adopted by a vote of at least two-thirds of the entire Board (excluding the Executive) at a meeting of the Board duly called and held, and (5) the Executive is promptly provided with a copy of the resolution or other corporate action taken with respect to such termination. No act or failure to act by the Executive shall be considered willful unless done or omitted to be done by him not in good faith and without reasonable belief that his action or omission was in the best interests of the Employer. The unwillingness of the Executive to accept any or all of a material change in the nature or scope of his position, authorities or duties, a reduction in his total compensation or benefits, a relocation that he deems unreasonable in light of his personal circumstances, or other action by or request of the Employer in respect of his position, authority, or responsibility that he reasonably deems to be contrary to this Agreement, may not be considered by the Board to be a failure to perform or misconduct by the Executive.

(c) “Code” shall mean the Internal Revenue Code of 1986, as amended, or anysuccessor statute, rule or regulation of similar effect.

(d) “Confidential Information” shall mean all business and other information relating to the business of the Employer, including without limitation, technical or nontechnical data, programs, methods, techniques, processes, financial data, financial plans, product plans, and lists of actual or potential customers, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Such information and compilations of information shall be contractually subject to protection under this Agreement whether or not such information constitutes a trade secret and is separately protectable at law or in equity as a trade secret. Confidential Information does not include confidential business information, which does not constitute a trade secret under applicable law two years after any expiration or termination of this Agreement.

(e) “Disability” or “Disabled” means the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer.

(f) “Good Reason” shall mean (i) without the Executive’s express written consent, a material diminution in authority, duties or responsibilities; (ii) any reduction by the Employer in the

Executive's Base Salary; (iii) any failure of the Employer to obtain the assumption of, or the agreement to perform, this Agreement by any successor as contemplated in Section 13 hereof; (iv) the Employer materially breaches this Agreement; or (v) the Employer requiring the Executive to be permanently assigned to a location other than the current or future headquarters of the Employer, except for required travel on the Employer business to an extent substantially consistent with the Executive's present business travel obligations and as described under Section 3, or, in the event the Executive consents to any relocation, the failure by the Employer to pay (or reimburse the Executive) for all reasonable moving expenses incurred by the Executive relating to a change of the Executive's principal residence in connection with such relocation and to indemnify the Executive against any loss realized on the sale of the Executive's principal residence in connection with any such change of residence. Good Reason shall be deemed to occur only when Executive provides notice to the Employer of his judgment that a Good Reason event has occurred within 90 days of such occurrence, and the Employer will have at least 30 days during which it may remedy the condition.

(g) "Net Amount At Risk" shall mean the difference in the Death Benefit payable by the insurance carrier and the Cash Value of the policy(ies) owned by the Bank on the Executive's life.

(h) "Person" shall mean any individual, corporation, limited liability Employer, bank, partnership, joint venture, association, joint-stock Employer, trust, unincorporated organization or other entity.

(i) "Specified Employee" means an employee who at the time of Termination of Employment is a key employee of the Employer, if any stock of the Employer is publicly traded on an established securities market or otherwise. For purposes of this Agreement, an employee is a key employee if the employee meets the requirements of Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the regulations there under and disregarding section 416(i)(5)) at any time during the 12-month period ending on December 31 (the "identification period"). If the employee is a key employee during an identification period, the employee is treated as a key employee for purposes of this Agreement during the twelve (12) month period that begins on the first day of April following the close of the identification period.

(j) "Termination of Employment" with the Employer means that the Executive shall have ceased to be employed by the Employer for reasons other than death, excepting a leave of absence approved by the Employer. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Executive reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding twenty-four (24) month period (or the full period of services to the Employer if the Executive has been providing services to the Employer less than twenty-four (24) months).

(k) "Voluntary Termination" shall mean the termination by Executive of Executive's employment, which is not the result of Good Reason.

3. Duties. During the term hereof, the Executive shall hold the title of President and Chief Executive Officer of the Employer, and shall report directly to the Board. The Executive shall have such duties and authority as are typical of the Chief Executive Officer of an Employer such as the Employer, including, without limitation, those specific in the Employer's bylaws. The Executive shall also promote, by entertainment or otherwise, as and to the extent permitted by law, the business of the Employer The Executive's duties may, from time to time, be changed or modified at the discretion of the Board; provided however, except with his written consent, Executive shall not be assigned to any position of lower professional status.

4. Employment Term. Unless earlier terminated as provided herein, the Employer agrees to employ Executive, and the Executive hereby accepts employment hereunder, for an initial term of two (2) years commencing on the Effective Date, subject to the terms of this Agreement. Thereafter, the term of this Agreement will automatically renew each day after the Effective Date for one additional day so that the term of the Agreement shall always be two (2) years unless notified of intent not to renew by either party.

5. Compensation and Benefits. In consideration of Executive's services and covenants hereunder, Employer shall pay to Executive the compensation and benefits described below (which compensation shall be paid in accordance with the normal compensation practices of the Employer and shall be subject to such deductions and withholdings as are required by law or policies of the Employer in effect from time to time, provided that his salary pursuant to Section 5(a) below shall be payable not less frequently than monthly):

(a) Base Salary. As of the Effective Date of this Agreement, the Employer agrees to pay the Executive during the term of this Agreement an initial Base Salary at the rate of $250,000 per annum, payable in accordance with Employer's normal payroll practices with such payroll deductions and withholdings as are required by law. The Executive's Base Salary shall be reviewed no less frequently than annually and may be increased (but not reduced) at the discretion of the Board (or a committee thereof) and, as so increased, shall constitute the Executive's "Base Salary" hereunder.

(b) Annual Incentive Payment. During the term of this Agreement, provided that Executive is a full-time employee of the Employer on the final day of the Employer's fiscal year, in addition to other compensation to be paid under this Section 5, the Executive shall be eligible to participate in any applicable discretionary bonus or performance-based annual incentive plan for the then completed fiscal year of the Employer (the "Annual Incentive Payment"). The amount actually awarded and paid to the Executive each fiscal year will be determined by the Board and may be based on specific performance criteria to be identified and provided in writing in advance to Executive under a separate communication. The total amount of the Annual Incentive Payment to be paid hereunder shall be calculated by the Employer and paid to the Executive within 75 days of the end of the Employer's fiscal year to which the Annual Incentive Payment applies. The Employer's calculation of the Annual Incentive Payment amount shall be conclusive and binding absent fraud or manifest and material error.

(c) Equity Incentives. The Executive will be eligible to participate in any and all equity incentive programs of the Bank. Subject to regulatory and shareholder approval of the Bank's Stock Option Plan, the Bank will grant the Executive incentive stock options to purchase up to 50,000 shares of the Bank's common stock at an exercise price of $10.00 per share. Such options will vest ratably over three (3) years beginning on the first anniversary of the Effective Date. All options will expire no later than ten (10) years after the date of grant and will otherwise be subject to such terms and conditions as the Board may approve in its discretion pursuant to the Stock Option Plan, as reflected in a Stock Option Agreement to be entered into between the Bank and the Executive.

(d) Vacation. The Executive shall be entitled to paid vacation as specified in the Employer's then current vacation policy, as amended from time to time if greater, but in no event less than twenty (20) business days.

(e) Reimbursement of Expenses. The Employer shall reimburse the Executive in accordance with Employer's expense reimbursement policies for all reasonable, ordinary and necessary

business expenses incurred by the Executive in the course of his duties conducted on behalf of the Employer. In addition, the Employer shall pay for the use of a car and for the Executive's annual dues at a local country club, and expenses related to the Executive's use of such country club for matters related to the business of the Employer. The Employer shall also reimburse Executive's reasonable expenses for continuing education courses necessary to maintain any certifications or licenses Executive may hold.

(f) Other Employee Benefits. The Executive shall be entitled to participate in any employee benefit plans now existing or established hereafter generally available to employees of the Employer or senior officers of the Employer, and to all normal perquisites provided to senior officers of the Employer, provided Executive is otherwise qualified to participate in such plans or programs. Based on the Executive's benefits participation level, the Employer will pay certain established amounts on behalf of the Executive. As part of its normal course of business, the Employer may amend or terminate employee benefits.

(g) Benefits Not in Lieu of Compensation. No benefit or perquisite provided to the Executive shall be deemed to be in lieu of Base Salary, bonus, or other compensation, provided that the reporting of any benefits shall be consistent with the Code.

(h) Insurance. The Employer shall maintain or cause to be maintained director and officer liability insurance covering the Executive throughout the term of this Agreement.

(i) Life Insurance. The Bank shall make available to the Executive, through the Bank's group term life insurance policy coverage on the Executive's life in an amount equal to at least one times Base Salary, but not to exceed two hundred fifty thousand dollars ($250,000). The Executive will also be entitled to receive up to fifteen hundred dollars ($1,500) to purchase additional life insurance if the Executive so elects.

6. Termination. Employment with the Employer hereunder may be terminated as follows:

(a) The Employer. The Employer shall have the right to terminate Executive's employment hereunder at any time during the term hereof for Cause, if the Executive becomes Disabled, upon the Executive's death, or without Cause.

(i) Termination for Cause. If the Employer terminates Executive'semployment under this Agreement for Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Disability or Death. If the Employer terminates Executive's employment under this Agreement pursuant to the Executive's Disability or death, the Employer's obligations hereunder, including the obligations under Sections 5(a) above, shall cease on the date of Disability or death, as appropriate. During the period of incapacity leading up to the termination of the Executive's employment under this provision, the Employer shall continue to pay the full Base Salary at the rate then in effect and all perquisites and other benefits (other than bonus) until Executive has satisfied the "elimination period" specified under any disability plan or insurance program maintained by the Employer. Furthermore, Executive shall receive any Annual Incentive Payment earned or accrued through the date of incapacity, including any unvested amounts awarded for previous years.

(iii) Termination without Cause. Subject to Section 6(c) below, if the Employer terminates Executive's employment without Cause, Executive shall be entitled to receive as severance, less applicable taxes and other deductions, a sum equal to two times the aggregate cash

compensation provided in Sections 5(a) and 5(b) (for the most recently completed calendar year) and the annualized amounts being paid for the Executive's benefits participation level under Section 5(f) at the time of termination (the "Severance Payment"). For purposes of determining compensation which is not fixed (such as a bonus), the annual amount of such unfixed compensation shall be deemed to be equal to the average of such compensation over the three year period immediately prior to the termination. Subject to Section 6(c) below, the Severance Payment shall be payable in lump sum in accordance with this Section 6(a)(iii).

Subject to Section 6(c) below, in the event of termination without Cause, (A) all rights of Executive pursuant to awards of share grants or options granted by the Employer shall be deemed to have vested and shall be released from all conditions and restrictions, except for restrictions on transfer pursuant to the Securities Act of 1933, as amended, (B) the Executive shall be deemed to be credited with service with the Employer for such remaining Term for the purposes of the Employer's benefit plans, (C) the Executive shall be deemed to have retired from the Employer and shall be entitled as of the termination date, or at such later time as he may elect (or may have previously elected) to commence receiving the total combined qualified and non-qualified retirement benefit to which he is entitled hereunder, and (D) if any provision of this Section 6(a)(iv) cannot, in whole or in part, be implemented and carried out under the terms of the applicable compensation, benefit, or other plan or arrangement of the Employer because the Executive has ceased to be an actual employee of the Employer, because the Executive has insufficient or reduced credited service based upon his actual employment by the Employer, because the plan or arrangement has been terminated or amended after the effective date of this Agreement, or because of any other reason, the Employer itself shall pay or otherwise provide the equivalent of such rights, benefits and credits for such benefits to Executive, his dependents, beneficiaries and estate. Notwithstanding the foregoing, the Employer shall be under no obligation to provide life insurance coverage or long-term disability income benefit coverage beyond the period otherwise available to employees after termination of employment under the terms and conditions of such plans or programs.

(b) By Executive. Executive shall have the right to terminate his employment hereunder if there is a Voluntary Termination or there is Good Reason.

(i) Voluntary Termination. If Executive terminates his employmenthereunder pursuant to a Voluntary Termination, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Good Reason. If Executive terminates his employment hereunder for Good Reason, Executive, subject to Section 14 below, shall be entitled to receive as severance, less applicable taxes and other deductions, the Severance Payment as defined in Section 6(a)(iii) above. Subject to Section 6(c) below, the Severance Payment shall be payable without interest in a lump sum within thirty (30) days of termination of the Executive's employment.

Subject to Section 6(c) below, in addition, in the event of termination for Good Reason, (A) all rights of Executive pursuant to awards of share grants or options granted by the Employer shall be deemed to have vested and shall be released from all conditions and restrictions, except for restrictions on transfer pursuant to the Securities Act of 1933, as amended, (B) the Executive shall be deemed to be credited with service with the Employer for such remaining Term for the purposes of the Employer's benefit plans, (C) the Executive shall be deemed to have retired from the Employer and shall be entitled as of the termination date, or at such later time as he may elect (or may have previously elected) to commence receiving the total combined qualified and non-qualified retirement benefit to which he is entitled hereunder, and (D) if any provision of this Section 6(b) cannot, in whole or in part, be implemented and carried out under the terms of the applicable compensation, benefit, or other plan or

arrangement of the Employer because the Executive has ceased to be an actual employee of the Employer, because the Executive has insufficient or reduced credited service based upon his actual employment by the Employer, because the plan or arrangement has been terminated or amended after the effective date of this Agreement, or because of any other reason, the Employer itself shall pay or otherwise provide the equivalent of such rights, benefits and credits for such benefits to Executive, his dependents, beneficiaries and estate.

(c) Payment of Severance.

(i) Any severance and other benefit due hereunder shall be paid in lump sum to the Executive within thirty (30) days following the Termination of Employment. Any severance and other benefit earned hereunder shall be in lieu of any other claim for compensation whether under this Agreement, or under any wage continuation law or at common law or otherwise, and any and all claims to severance or similar payments or benefits which the Executive may otherwise have or make.

(ii) Notwithstanding anything contained herein to the contrary, in the event of a violation or breach by Executive of any of the provisions of Sections 8 or 9, below, the Employer, in addition to, and not in limitation of, any other rights, remedies, or damages available to the Employer at law or in equity, shall be entitled to suspend, cease, and terminate the Employer's obligations to make the Severance Payment, and any other benefits, reimbursements, or rights of the Executive arising under this Agreement, and to recover from the Executive the Severance Payment, if any, previously paid to the Executive. In addition, in the event that any legal challenge to the validity or enforceability of any provision in Section 8 or 9 is asserted by or on behalf of the Executive, the Executive shall immediately forfeit the Executive's right to the Severance Payment and all other benefits, reimbursements, and rights of Executive arising under this Agreement. These remedies shall be in addition to, and not in limitation of, any injunctive relief or other rights, remedies, or damages, to which the Employer is or may be entitled as a result of this Agreement. (iii) Notwithstanding anything to the contrary herein, if the Executive is

(iii) suspended or temporarily prohibited from participating in the conduct of the Employer's affairs by a notice served under section 8(e)(3) or (g)(1) of Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(3) and (g)(1), the Employer's obligations under this Agreement shall be suspended as of the date of service unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Employer may in its discretion (i) pay the Executive all or part of the compensation withheld while the obligations under this Agreement were suspended and (ii) reinstate (in whole or in part) any of such obligations which were suspended. Notwithstanding anything to the contrary herein, if the Executive is removed or permanently prohibited from participating in the conduct of the Employer's affairs by an order issued under section 8 (e)(4) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(4) or (g)(1), all obligations of the Executive under this Agreement shall terminate as of the effective date of the order, but any vested rights of the parties hereto shall not be affected. Notwithstanding anything to the contrary herein, if the Employer is in default (as defined in section 3(x)(1) of the Federal Deposit Insurance Act), all obligations under this Agreement shall terminate as of the date of default, but this Section shall not affect any vested rights of the parties hereto. Any payments made to the Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. Section 1828(k) and any regulations promulgated there under.

7. Change in Control Benefit. Notwithstanding anything to the contrary in Section 6, if a Change in Control of the Employer occurs, and the Executive's employment is terminated during the period beginning one (1) year prior to and ending two (2) years following a Change in Control for any reason other than Cause, Death or Disability, the Employer shall pay to the Executive a benefit as defined in Section 7(a) below in lieu of any other payment or benefit whatsoever.

(a) Amount. The benefit payable to Executive under this Section 7 shall be an amount that is one (1) dollar less than that amount which would constitute an "excess parachute payment" as defined in Section 280G of the Code, as subsequently amended. For purposes of calculating the limitations imposed by 280G, the Bank shall aggregate all payments due to the Executive under this and other Agreements, including immediate vesting of unvested stock options, restricted stock or any other deferred awards or benefits, excluding qualified benefit plans.

(b) Payment. The amount due under the above Subsection (a) shall be paid in a lump sum within thirty (30) days of termination of employment or, if later, the Change in Control.

8. Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. "Trade Secret" means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive's employment (regardless of whether this Agreement terminates or expires). "Confidential Business Information" shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer's financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy.

9. Delivery of Documents upon Termination. At the Employer's request, the Executive shall deliver to the Employer or its designee at the termination of the Executive's employment all correspondence, memoranda, notes, records, drawings, sketches, plans, customer lists, product compositions, and other documents and all copies thereof, made, composed or received by the Executive, solely or jointly with others, that are in the Executive's possession, custody, or control at termination and that are related in any manner to the past, present, or anticipated business of the Employer.

10. Remedies. The Executive acknowledges that a remedy at law for any breach or attempted breach of the Executive's obligations under Sections 8 and 9 may be inadequate, agrees that the Employer may be entitled to specific performance and injunctive and other equitable remedies in case of any such breach or attempted breach and further agrees to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. The Employer shall have the right to offset against amounts to be paid to the Executive pursuant to the terms hereof any amounts from time to time owing by the Executive to the Employer. The termination of the Agreement shall not be deemed to be a waiver by the Employer of any breach by the Executive of this Agreement or any other obligation owed the Employer, and notwithstanding such a termination, the Executive shall be liable for all damages attributable to such a breach.

11. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration pursuant to the Alabama law in Anniston, Alabama. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

12. Indemnification. The Executive shall be protected against any and all legal actions when he is either a party, witness or a participant in any legal action brought against the Employer or the Executive or a board member. He will be protected through any programs that cover the outside directors or other executives of the Employer.

13. Miscellaneous Provisions.

(a) Successors of the Employer. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Employer, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession had taken place. Failure of the Employer to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Employer in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive terminated his employment for Good Reason (or, solely at the Executive's option, compensation from the Employer in the same amount and on the same terms as the Executive would be entitled under Section 7 above), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. As used in this Agreement, "Employer" as hereinbefore defined shall include any successor to its business and/or assets as previously mentioned which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) Executive's Heirs, etc. The Executive may not assign the Executive's rights or delegate the Executive's duties or obligations hereunder without the written consent of the Employer. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder as if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's designee or, if there be no such designee, to the Executive's estate.

(c) Notices. Any notice, request, approval, consent, demand or other communication shall be effective upon the first to occur of the following: (i) upon receipt by the party to whom such notice, request, approval, consent, demand or other communication is being given; or (ii) three (3) business days after being duly deposited in the United States mail, registered or certified, return receipt requested, and addressed as follows:

Executive: **Stephen W. Whatley**
21 Edgefield Way
Anniston, AL 36207

Employer: Southern States Bank
615 Quintard Avenue
Anniston, AL 36201

The parties hereto may change their respective addresses by notice in writing given to the other party to this Agreement.

(d) Amendment or Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer as may be specifically designated by the Board (which shall not include the Executive). No waiver by either party hereto at any time of any breach by the other party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

(e) Invalid Provisions. Should any portion of this Agreement be adjudged or held to be invalid, unenforceable or void, such holding shall not have the effect of invalidating or voiding the remainder of this Agreement and the parties hereby agree that the portion so held invalid, unenforceable or void shall if possible, be deemed amended or reduced in scope, or otherwise be stricken from this Agreement to the extent required for the purposes of validity and enforcement thereof.

(f) Survival of the Executive's Obligations. The Executive's obligations under this Agreement shall survive regardless of whether the Executive's employment by the Employer is terminated, voluntarily or involuntarily, by the Employer or the Executive, with or without Cause.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(h) Governing Law. This Agreement and any action or proceeding related to it shall be governed by and construed under the laws of the State of Alabama.

(i) Captions and Gender. The use of Captions and Section headings herein is for purposes of convenience only and shall not effect the interpretation or substance of any provisions contained herein. Similarly, the use of the masculine gender with respect to pronouns in this Agreement is for purposes of convenience and includes either sex who may be a signatory.

(j) Effect on Prior Agreements. This Agreement, and any attachments, represent the entire understanding between the parties hereto and supersedes in all respects any other prior Agreement or understanding between the Employer and the Executive regarding the Executive's employment.

14. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code and regulations promulgated there under (together, "Section 409A"), and shall, to the extent practicable, be construed in accordance therewith. If any amount payable pursuant to this Agreement constitutes a "deferral of compensation" subject to Section 409A and if, at the date of the Executive's "separation from service," as such term is defined in Section 409A, from the Employer (his "Separation from Service"), the Executive is a "specified employee", within the meaning of Section 409A, of the Employer as determined by the Employer from time to time, then each such payment that would otherwise be payable to the Executive within the six (6) month period following the Executive's Separation from Service shall be delayed and paid to the Executive without interest on the first business day of the seventh month following the Executive's Separation from Service. For the avoidance of doubt, for purposes of this Agreement, any amount which would not be considered a "deferral of compensation" within the meaning of Section 409A by reason of Treas. Reg. Sections 1.409A-1(b)(4) or 1.409A1(b)(9)

shall not be considered a deferral of compensation for which payment shall be delayed in accordance with the preceding sentence. For purposes of this Agreement, each payment to which the Executive may be entitled pursuant to this Agreement, including each of the severance payments, shall be considered a separate payment within the meaning of Treas. Reg. Section 1.409A-2(b)(2). Notwithstanding the foregoing, to the extent that this Agreement or any payment or benefit hereunder shall be deemed not to comply with Section 409A, then neither the Employer, nor any of its principals, employees, designees or agents, shall be liable to the Executive or to any other person to the extent such failure to comply results from any actions, decisions or determinations made in good faith.

15. Compensation Modification. Notwithstanding anything herein to the contrary, during the time the United States Department of Treasury ("Treasury") owns any debt or equity securities of the Employer acquired pursuant to the Capital Purchase Program ("CPP"), the terms of this Section 15 hereby amend and shall override any contrary or inconsistent terms contained in this Agreement and any and all other employment, compensation and benefit agreements, plans and policies with respect to the Executive that are in existence on the date hereof and that hereafter are adopted (the "Compensation Arrangements"). This Section 15 shall be construed in a manner that is consistent with Section 111(b) of the Economic Stabilization Act of 2008 ("EESA") and regulations issued there under. The Employer and Executive further agree that the Employer shall not adopt any new benefit plan with respect to Executive that does not comply with Section 111(b) of EESA as implemented by any guidance or regulation there under that has been issued and is in effect as of the date the Employer issues preferred stock and warrants to the Treasury. The Executive acknowledges that the Employer's Compensation Committee has the sole and absolute discretion to modify or revoke any bonus or incentive compensation arrangement that would encourage the Executive to take unnecessary and excessive risks that would threaten the value of the Employer.

(a) Recovery of Incentive Compensation. In the event Executive receives compensation that was based on financial statements or performance metric criteria that are determined to be materially inaccurate, Executive shall repay the Employer upon demand the amount of the bonus or incentive compensation received by Executive in excess of the amount that would have been paid to Executive had the inaccurate statements or criteria been accurate.

(b) Golden Parachute Limit. In the event of Executive's termination of employment that is either involuntary or in connection with the Employer's bankruptcy, liquidation or receivership, severance payments to the Executive shall be limited to the extent that the payment would otherwise constitute a "golden parachute" as defined under section 111(b)(2)(C) of the EESA.

(c) Waiver. Executive hereby voluntarily waives any claim against the Employer for any changes to the Compensation Arrangements that are made or contemplated in this Section 15. This waiver includes all claims Executive may have under the laws of the United States or any state related to the requirements imposed by the EESA, including, without limitation, a claim for any compensation or other payments Executive would otherwise receive.

(d) Modification - Waivers. No provisions of this Section 15 may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and on behalf of the Employer by such officer as may be specifically designated by the Board of Directors of the Employer. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Section 15 to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party, which are not set forth expressly in this Agreement.

IN WITNESS WHEREOF, the Executive and a duly authorized Employer officer have signed this Employment Agreement to be effective as of the Effective Date.

EXECUTIVE

/s/ Stephen W. Whatley
Stephen W. Whatley

SOUTHERN STATES BANK

/s/ Jay Pumroy
Jay Pumroy
Chairman of the Board

SOUTHERN STATES BANK
AMENDMENT TO EMPLOYMENT AGREEMENT
For STEPHEN W. WHATLEY

This Amendment to Employment Agreement ("Amendment") is hereby dated this 21st day of September, 2016 (the "Effective Date") by and between Southern States Bank, an Alabama banking corporation (the "Employer"), and Stephen W. Whatley (the "Executive").

WHEREAS, the Employer and Executive has entered into an Employment Agreement (the "Agreement") effective March 24, 2010;

WHEREAS, the Employer and Executive desire to amend the Agreement as provided in this Amendment;

NOW THEREFORE, in consideration of the promises, covenants and agreements contained herein, the Employer and Executive agree as follows:

1. Section 6(a)(iii) is hereby deleted and replaced in its entirety by the following:

(iii) Termination without Cause. Subject to Section 6(c) below, if the Employer terminates Executive's employment without Cause, Executive shall be entitled to receive as severance, less applicable taxes and other deductions, a sum equal to one (1) times the aggregate cash compensation provided in Sections 5(a) and 5(b) (for the most recently completed calendar year) and the annualized amounts being paid for the Executive's benefits participation level under Section 5(f) at the time of termination (the "Severance Payment"). For purposes of determining compensation which is not fixed (such as a bonus), the annual amount of such unfixed compensation shall be deemed to be equal to the average of such compensation over the three year period immediately prior to the termination. Subject to Section 6(c) below, the Severance Payment shall be payable in lump sum in accordance with this Section 6(a)(iii).

Subject to Section 6(c) below, in the event of termination without Cause, (A) all rights of Executive pursuant to awards of share grants or options granted by the Employer shall be deemed to have vested and shall be released from all conditions and restrictions, except for restrictions on transfer pursuant to the Securities Act of 1933, as amended, (B) the Executive shall be deemed to be credited with service with the Employer for such remaining Term for the purposes of the Employer's benefit plans, (C) the Executive shall be deemed to have retired from the Employer and shall be entitled as of the termination date, or at such later time as he may elect (or may have previously elected) to commence receiving the total combined qualified and non-qualified retirement benefit to which he is entitled hereunder, and (D) if any provision of this Section 6(a)(iv) cannot, in whole or in part, be implemented and carried out under the terms of the applicable compensation, benefit, or other plan or arrangement of the Employer because the Executive has ceased to be an actual employee of the Employer, because the Executive has insufficient or reduced credited service based upon his actual employment by the Employer, because the plan or arrangement has been terminated or amended after the effective date of this Agreement, or because of any other reason, the Employer itself shall pay or otherwise provide

the equivalent of such rights, benefits and credits for such benefits to Executive, his dependents, beneficiaries and estate. Notwithstanding the foregoing, the Employer shall be under no obligation to provide life insurance coverage or long-term disability income benefit coverage beyond the period otherwise available to employees after termination of employment under the terms and conditions of such plans or programs.

2. Section 7(a) is hereby deleted and replaced in its entirety by the following:

(a) Amount. The benefit payable to Executive under this Section 7 shall be an amount equal to one (1) times the Executive's highest Annual Compensation with the Employer during the preceding three-year period, including the year of the change in control, which amount shall be paid in twelve (12) equal monthly payments beginning on the first day of the month following the Executive's Termination of Employment. For purposes of this Agreement, "Annual Compensation" shall mean the Executive's annual base salary and cash bonus payments (measured on the Company's 12-month fiscal year period), excluding reimbursements and amounts attributable to stock options and other non-cash compensation.

IN WITNESS WHEREOF, the Executive and a duly authorized Employer officer have signed this Agreement to be effective as of the Effective Date.

EXECUTIVE	SOUTHERN STATES BANK
/s/ Stephen W. Whatley	/s/ Jay Pumroy

Exhibit 10.7

SOUTHERN STATES BANK

CONFIDENTIALITY, NON-COMPETITION AGREEMENT AND NON-SOLICITATION AGREEMENT

This Confidentiality, Non-Competition, and Non-Solicitation Agreement (this "Agreement") is made as 21st day of September, 2016, between Southern States Bank, a bank formed under the laws of the State of Alabama (the "B n ") and Stephen W. Whatley ("Executive").

WHEREAS, Executive is an employee of the Bank, who has been employed to provide guidance, leadership, and direction in the growth, management, and development of the Bank and has learned trade secrets, confidential procedures and information, and technical and sensitive plans of the Bank,

WHEREAS, the Bank desires to restrict, after the Executive's Termination of Employment with the Bank, the Executive's availability to other Banks or entities that compete with the Bank,

NOW THEREFORE, in consideration of these premises, the mutual promises and undertakings set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Bank hereby agree as follows.

1. Administration of this Agreement.

(a) Administrator duties. This Agreement shall be administered by the Bank's board of directors or by such committee or person as the board shall appoint (the "Administrator"). The Executive may not be a member of the Administrator, except that if Executive is a member of the board of directors and the board serves as the Administrator, Executive shall recuse himself from any matter related to this Agreement. The Administrator shall have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Agreement and (ii) decide or resolve any and all questions that may arise, including interpretations of this Agreement.

(b) Agents. In the administration of this Agreement the Administrator may employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel, who may be counsel to the Bank.

(c) Binding effect of decisions. The decision or action of the Administrator concerning any question arising out of the administration, interpretation, and application of this Agreement and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in this Agreement.

(d) Indemnity of Administrator. The Bank shall indemnify and hold harmless the members of the Administrator against any and all claims, losses, damages, expenses, or liabilities arising from any action or failure to act with respect to this Agreement, except in the case of willful misconduct by the Administrator or any of its members. No individual shall be

liable while acting as Administrator for any action or determination made in good faith regarding this Agreement, and any such individual shall be entitled to indemnification and reimbursement in the manner provided in the Bank's Charter and Bylaws and under applicable law.

(e) Information. To enable the Administrator to perform its functions, the Bank shall supply full and timely information to the Administrator on all matters relating to the date and circumstances of the Termination of Employment of the Executive and such other pertinent information as the Administrator may reasonably require.

(f) Action by the Administrator. In addition to acting at a meeting in accordance with applicable laws, any action of the Administrator concerning this Agreement may be taken by a written instrument signed by the Administrator (including, if the Bank's board of directors or a board committee serves as the Administrator, by written consent in accordance with law and the Charter and Bylaws of the Bank, and any such action so taken by written consent shall be effective as if it had been taken by a majority of the members at a meeting duly called and held).

2. Definitions

(a) Affiliate shall mean the Bank and any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Bank.

(b) Cause shall mean (i) the Executive's commission of a felony (other than through vicarious liability or through a motor vehicle offense); (ii) the Executive's material disloyalty or dishonesty to the Company; (iii) the commission by the Executive of an act of fraud, embezzlement or misappropriation of funds; (iv) a material breach by the Executive of any material provision of this Agreement or any other agreement to which the Executive and the Company are party, which breach is not cured within thirty (30) days after delivery to the Executive by the Company of written notice of such breach; or (v) the Executive's refusal to carry out a lawful written directive from the Board which is within Executive's normal Company duties. Any determination of Cause will be made by a majority of the Board voting on such determination.

(c) Change in Control shall mean (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act")) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose the Company or its Affiliates or any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions of which the Board does not approve; (ii) a merger or consolidation of the Company, whether or not approved by the Board, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation outstanding immediately after such merger or consolidation; or (iii) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets. For purposes of this Agreement, "Change in Control" shall be interpreted in a manner, and limited to the extent necessary, so that it will not cause adverse tax consequences for either party with respect to Section 409A of the

Internal Revenue Code of 1986, as amended (the "Code"), and the treasury regulations issued thereunder or any guidance issued by the IRS concerning the interpretation or applicability of Section 409A of the Code.

(d) Code shall mean the Internal Revenue Code of 1986, as amended, or any successor statute, rule or regulation of similar effect.

(e) Confidential Information shall mean all business and other information relating to the business of the Bank, including without limitation, technical or nontechnical data, programs, methods, techniques, processes, financial data, financial plans, product plans, and lists of actual or potential customers, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Such information and compilations of information shall be contractually subject to protection under this Agreement whether or not such information constitutes a trade secret and is separately protectable at law or in equity as a trade secret. Confidential Information does not include confidential business information, which does not constitute a trade secret under applicable law one year after any expiration or termination of this Agreement.

(f) Customer shall mean any individual, joint venturer, entity of any sort, or other business partner of the Bank with, for, or to whom the Bank has provided financial products or services during the final two years of the Executive's employment with the Bank, or any individual, joint venturer, entity of any sort, or business partner whom the Bank has identified as a prospective customer of financial products or services within the final year of the Executive's employment with the Bank.

(g) Disability or Disabled means the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Bank.

(h) Financial products or services shall mean any product or service that a financial institution or a financial holding Bank could offer by engaging in any activity that is financial in nature or incidental to such a financial activity under Section 4(k) of the Bank Holding Bank Act of 1956 and that is offered by the Bank, or an affiliate on the date of the Executive's employment termination, including but not limited to banking activities and activities that are closely related and a proper incident to banking, or other products or services of the type in which the Executive was involved during the Executive's employment with the Bank.

(i) Person shall mean any individual, corporation, limited liability Bank, bank, partnership, joint venture, association, joint-stock Bank, trust, unincorporated organization or other entity.

(j) Specified Employee means an employee who at the time of Termination of Employment is a key employee of the Bank, if any stock of the Bank is publicly traded on an established securities market or otherwise. For purposes of this Agreement, an employee is a

key employee if the employee meets the requirements of Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the regulations thereunder and disregarding Section 416(i)(5)) at any time during the 12-month period ending on December 31 (the "identification period"). If the employee is a key employee during an identification period, the employee is treated as a key employee for purposes of this Agreement during the twelve (12) month period that begins on the first day of April following the close of the identification period.

(k) Termination of Employment with the Bank means that the Executive shall have ceased to be employed by the Bank for reasons other than death, excepting a leave of absence approved by the Bank. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Bank and the Executive reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding twenty-four (24) month period (or the full period of services to the Bank if the Executive has been providing services to the Bank less than twenty-four (24) months).

(l) Voluntary Termination shall mean the termination by Executive of Executive's employment, which is not the result of Good Reason, as defined in Executive's employment agreement.

3. Term

The term of this Agreement shall commence upon the date this Agreement is executed by all parties and will continue for one (1) year. The term of this Agreement will automatically renew each day after the Effective Date for one additional day so that the term of the Agreement shall always be one (1) year unless (i) terminated by the Employer and replaced by a mutually agreed upon arrangement; or (ii) the Board provides written notice of non-renewal to Executive; or, (iii) Executive provides written notice of non-renewal to Bank. Each party shall negotiate in good faith the terms and conditions for any renewal of the Term or any Renewal Term of this Agreement.

4. Covenants against competition, solicitation, or disclosure of confidential information.

(a) Competition. In recognition of the considerations described in this Agreement, the Executive shall not, either separately, jointly, or in association with others, directly or indirectly, as an agent, employee, owner, partner, stockholder, or otherwise, compete with the Bank or establish, engage in, or become interested in any business, trade, or occupation that competes with the Bank in the financial products or services industry in any county in any of the States of the United States in which the Bank's business is currently being conducted or is being conducted when the Executive's Termination of Employment occurs. The Bank and the Executive acknowledge that during the term of the Executive's employment the Executive has acquired special and confidential knowledge regarding the operations of the Bank. Furthermore, although not a term or condition of this Agreement, the Bank and the Executive acknowledge that the Executive's services have been used and are being used by the Bank in executive, managerial, and supervisory capacities throughout the areas in which the Bank conduct business. Executive acknowledges that the non-compete restrictions contained herein are reasonable and fair in scope and necessary to protect the legitimate business interests of the Bank.

(b) Solicitation. In recognition of the considerations described in this Agreement, the Executive shall not (i) directly or indirectly solicit or attempt to solicit any customer of the Bank to accept or purchase financial products or services of the same nature, kind or variety currently being provided to the customer by the Bank or being provided to the customer by the Bank when the Executive's Termination of Employment occurs, (ii) directly or indirectly influence or attempt to influence any customer, joint venturer, or other business partner of the Bank or the Bank to alter that person or entity's business relationship with the Bank in any way, and (iii) accept the financial products or services business of any customer or provide financial products or services to any customer on behalf of anyone other than the Bank. In addition, the Executive shall not solicit or attempt to solicit and shall not encourage or induce in any way any employee, joint venturer, or business partner of the Bank to terminate an employment or contractual relationship with the Bank, and shall not hire any person employed by Bank during the two-year period immediately before the Executive's employment termination or any person employed by the Bank during the term of this covenant.

(c) Disclosure of confidential information. In recognition of the considerations described in this Agreement, the Executive shall not reveal to any person, firm, or corporation any confidential information of any nature concerning the Bank or the business of the Bank, or affiliates. The covenant in this Section 4(c) does not prohibit disclosure required by an order of a court having jurisdiction or a subpoena from an appropriate governmental agency or disclosure made by the Executive in the ordinary course of business and within the scope of the Executive's authority.

(d) Duration; no impact on existing obligations under law or contract. The covenants in this Section 4 shall apply throughout the twelve (12) month period immediately following the executive's Termination of Employment whether or not the Bank has engaged the services of the Executive pursuant to an agreement to provide consulting services upon the Executive's Termination of Employment with the Bank. The twelve (12) month durational period referenced herein shall be tolled and shall not run during any such time that the Executive is in breach of this Agreement and/or in violation of any of the covenants contained herein, and once tolled hereunder shall not begin to run again until such time as all such breach and/or violations have ceased. The Executive acknowledges and agrees that nothing in this Agreement is intended to or shall have any impact on the Executive's obligations as an officer or employee of the Bank to refrain from competing against, soliciting customers, officers, or employees of, or disclosing confidential information of the Bank while the Executive is serving as an officer or employee of the Bank or thereafter, whether the Executive's obligations arise under applicable law or under an employment agreement or otherwise.

(e) Remedies. The Executive acknowledges and agrees that remedies at law for the Executive's breach of the covenants contained herein are inadequate and that for violation of the covenants contained herein, in addition to any and all legal and equitable remedies that may be available, the covenants may be enforced by an injunction in a suit in equity without the necessity of proving actual damage, and that a temporary injunction may be granted immediately upon the commencement of any such suit, and without notice. The parties hereto intend that the covenants contained in this Section 4 shall be deemed to be a series of separate covenants, one for each county of each state in which the Bank does business. If in any judicial proceeding a court refuses to enforce any or all of the separate covenants, the unenforceable covenants shall be deemed eliminated from the provisions hereof for the purposes of that proceeding to the extent necessary to permit the remaining separate covenants

to be enforced. Furthermore, if in any judicial proceeding a court refuses to enforce any covenant because of the covenant's duration or geographic scope, the covenant shall be construed to have only the maximum duration or geographic scope permitted by law.

(f) Forfeiture of payments under this Agreement. If the Executive breaches any of the covenants in this Section 4, the Executive's right to any of the payments specified in Section 5 after the date of the breach shall be forever forfeited and the right of the Executive's designated beneficiary or estate to any payments under this Agreement shall likewise be forever forfeited. This forfeiture is in addition to and not instead of any injunctive or other relief that may be available to the Bank. The Executive further acknowledges and agrees that any breach of any of the covenants in this Section 4 shall be deemed a material breach by the Executive of this Agreement.

5. Non-compete Payment.

(a) Payment. In consideration of the Executive's covenant not to compete as described in Section 4 hereto and subject to the limitations outlined in Section 22, upon the Executive's Termination of Employment for any reason other than a Termination of Employment for Cause, subject to the limitations specified in Section 22, the Bank shall pay to the Executive an amount equal to two (2) times the Executive's highest Annual Compensation with the Company during the preceding three-year period, including the year of such termination (the "Non-Compete Payment"), which amount shall be paid in twelve (12) equal monthly payments beginning on the first day of the month following the Executive's Termination of Employment. For purposes of this Agreement, "Annual Compensation" shall mean the Executive's annual base salary and cash bonus payments (measured on the Company's 12-month fiscal year period), excluding reimbursements and amounts attributable to stock options and other non-cash compensation.

(b) Potential six-month delay under Section 409A. If, when Termination of Employment occurs, the Executive is a specified employee within the meaning of Section 409A of the Internal Revenue Code of 1984 (the "Code"), and if the non-competition payment under this Section 5 would be considered deferred compensation under Section 409A of the Code, and finally if an exemption from the six-month delay requirement of Section 409A(a)(2)(B)(i) of the Code is not available, the Executive's non-competition payments for the first six months following Termination of Employment shall be paid to the Executive in a single lump sum on the first day of the seventh month after the month in which the Executive's Termination of Employment occurs.

(c) Death and Disability. Notwithstanding anything herein to the contrary, no amounts are payable under this Agreement in the event of the Executive's Termination of Employment as a result of death or disability. Further, all payments under this Agreement shall cease upon Executive's death.

6. Claims Procedure.

A person or beneficiary who has not received benefits under this Agreement that he or she believes should be paid shall make a claim for such benefits by submitting to the Administrator a written claim for the benefits. The claim must state with particularity the determination desired by the claimant. All determinations and decisions made by the Administrator regarding claims for benefits under this Agreement will be final, conclusive and binding on all persons, including the Bank, the Executive and his or her estate and beneficiaries.

7. Return of Records and Property

Upon the Employee's Termination of Employment for any reason, or at any time upon the Bank's request, the Employee shall promptly deliver to the Bank all Bank and Affiliate records and all Bank and Affiliate property in the Employee's possession or the Employee's control, including without limitation manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, printouts, computer disks, computer tapes, source codes, data, tables or calculations, and all copies thereof; documents that in whole or in part contain any Confidential Information of the Bank or its Affiliates and all copies thereof; and keys, access cards, access codes, passwords, credit cards, personal or laptop computers, telephones, PDAs, smart phones, and other electronic equipment belonging to the Bank or an Affiliate.

8. Remedies.

Employee agrees that if Employee fails to fulfill Employee's obligations under this Agreement, including, without limitation, the Non-Competition and Non-Solicitation obligations set forth in paragraph 4, the damages to the Bank or any of its Affiliates would be very difficult or impossible to determine. Therefore, in addition to any other rights or remedies available to the Bank at law, in equity or by statute, Employee hereby consents to the specific enforcement by the Bank of this Agreement through an injunction or restraining order issued by an appropriate court, without the necessity of proving actual damages, and Employee hereby waives as a defense to any equitable action the allegation that the Bank has an adequate remedy at law. The provisions of this paragraph shall not diminish the right of the Bank to claim and recover damages or to obtain any equitable remedy in addition to injunctive relief to which the Bank may otherwise be entitled. The Employee understands and agrees that the Employee will also be responsible for all costs and attorney's fees incurred by the Bank in enforcing any of the provisions of this Agreement including, but not limited to, expert witness fees and deposition costs.

9. Payments and Funding.

Any payment under this Agreement shall be independent of and in addition to those under any other plan, program, or agreement that may be in effect between the parties hereto or any other compensation payable to the Executive by the Bank.

10. Assignment of Rights; Spendthrift Clause.

None of the Executive, the Executive's estate, or the Executive's beneficiary shall have any right to sell, assign, transfer, pledge, attach, encumber, or otherwise convey the right to receive any payment hereunder. To the extent permitted by law, benefits payable under this Agreement shall not be subject to the claim of any creditor of the Executive, the Executive's estate, or the Executive's designated beneficiary or subject to any legal process by any creditor of the Executive, the Executive's estate, or the Executive's designated beneficiary.

11. Binding Effect.

This Agreement shall bind the Executive, the Bank, and their beneficiaries, survivors, executors, successors and assigns, administrators, and transferees.

12. Successors; Binding Agreement

By an assumption agreement in form and substance satisfactory to the Executive, the Bank shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Bank to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Bank would be required to perform this Agreement had no succession occurred.

13. Amendment of Agreement.

This Agreement may not be altered or amended except by a written agreement signed by the Bank and by the Executive. However, if the Bank determines to its reasonable satisfaction that an alteration or amendment of this Agreement is necessary or advisable so that the Agreement complies with the Code or any other applicable tax law, then upon written notice to Executive the Bank may unilaterally amend this Agreement in such manner and to such an extent as the Bank reasonably considers necessary or advisable to ensure compliance with the Code or other applicable tax law. Nothing in this Section 13 shall be deemed to limit the Bank's right to terminate this Agreement at any time and without stated cause.

14. Interpretation.

Caption headings and subheadings herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Words used in the singular in this Agreement shall include the plural and words used in the masculine shall include the feminine.

15. Severability.

If any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held invalid, and each such other provision shall continue in full force and effect to the full extent consistent with law. If any provision of this Agreement is held invalid in part, such invalidity shall not affect the remainder of the provision not held invalid, and the remainder of such provision together with all other provisions of this Agreement shall continue in full force and effect to the full extent consistent with law.

16. Governing Law, Venue, and Waiver of Right to Jury Trial.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Alabama, except to the extent preempted by the laws of the United States of America. The Executive and the Bank agree that the exclusive venue for resolution of any disputes regarding or arising out of this Agreement or the Executive's employment with the Bank or the Bank shall be the state and federal courts located in Calhoun County, Alabama. The Executive and the Bank further agree to waive any right to a jury trial with respect to any disputes regarding or arising out of this Agreement or the Executive's employment with the Bank or the Bank. The Executive and the Bank each acknowledge and agree that this selection of venue and waiver of the right to a jury trial is knowingly, freely, and voluntarily given, is made after opportunity to consult with counsel of their choosing about this Agreement and its provisions, and is in the best interests of each party hereto.

17. Entire Agreement.

This Agreement constitutes the entire agreement between the Bank and the Executive concerning the subject matter. No rights are granted to the Executive under this Agreement other than those specifically set forth.

18. No Guarantee of Employment.

This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an employee of the Bank nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an employee or interfere with the Executive's right to terminate employment at any time.

19. Tax Withholding.

If taxes are required by the Code or other applicable tax law to be withheld by the Bank from payments under this Agreement, the Bank shall withhold any taxes that are required to be withheld.

20. Notices.

All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed, certified or registered mail, return receipt requested, with postage prepaid, to the following addresses or to such other address as either party may designate by like notice. If to the Bank, notice shall be given to the board of directors, Sutton Bank, 3 South Main Street, Attica, OH or to such other or additional person or persons as the Bank shall have designated to the Executive in writing. If to the Executive, notice shall be given to the Executive at the Executive's address appearing on the Bank's records, or to such other or additional person or persons as the Executive shall have designated to the Bank in writing.

21. Compliance with Code Section 409A.

The Bank and the Executive intend that their exercise of authority or discretion under this Agreement shall comply with Section 409A of the Code. Notwithstanding anything herein to the contrary in this Agreement, to the extent that any benefit under this Agreement that is nonqualified deferred compensation (within the meaning of Section 409A of the Code) is payable upon Executive's Termination of Employment, such payment(s) shall be made only upon Executive's "Separation from Service" pursuant to the default definition in Treasury Regulation Section 1.409A-1(h).

22. General Limitations.

(a) Removal. Despite any contrary provision of this Agreement, if the Executive is removed from office or permanently prohibited from participating in the Bank's affairs by an order issued under Section 8(e) (4) or (g) (1) of the Federal Deposit Insurance Act, 12 U.S.C. 1818(e) (4) or (g) **(1),** all obligations of the Bank under this Agreement shall terminate as of the effective date of the order.

(b) Default. Despite any contrary provision of this Agreement, if the Bank is in "default" or "in danger of default", as those terms are defined in of Section 3(x) of the Federal Deposit Insurance Act, 12 U.S.C. 1813(x), all obligations under this Agreement shall terminate.

(c) FDIC Open-Bank Assistance. All obligations under this Agreement shall be terminated, except to the extent determined that continuation of the contract is necessary for the continued operation of the Bank, at the time the Federal Deposit Insurance Corporation enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13(c) of the Federal Deposit Insurance Act. 12 U.S.C. 1823(c).

(d) EESA Limitations. Notwithstanding anything herein to the contrary, the terms of this Agreement shall be construed subject to the limitations of the Emergency Economic Stabilization Act of 2008 ("EESA"). It is expressly understood that this Agreement will be enforced in a manner which is consistent with Section 111 of EESA, as amended, and rules and regulations currently issued and to be issued thereunder. Until such time that the United States Treasury ceases to own any debt or equity or equity securities of the Bank acquired pursuant to the Capital Purchase Program, the Bank and Executive agree that all payments under this Agreement shall be limited to the extent necessary to comply with Section 111 of EESA, as amended.

IN WITNESS WHEREOF, the Executive and a duly authorized officer of the Bank have executed this Non-Competition Agreement as of the date first written above.

EXECUTIVE	**SOUTHERN STATES BANK**
/s/ Stephen W. Whatley	/s/ Jay Pumroy
9/21/16	9/21/16
Date	Date

Exhibit 10.8

EMPLOYMENT AGREEMENT

THIS AGREEMENT made and entered into on the 5th day of February, 2007, by and between NAB, LLC, an Alabama Limited Liability Company (the "Bank"), and Mark Chambers (hereinafter "EMPLOYEE").

WITNESSETH:

WHEREAS, the Board of Directors of the Bank believes that it is in the best interest of the Bank to arrange terms of employment for EMPLOYEE so as to reasonably induce EMPLOYEE to remain in his capacities with the Bank for the term hereof; and

WHEREAS, EMPLOYEE is willing to provide services to the Bank in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

1. EMPLOYMENT. For the Term of Employment, as hereinafter defined, the Bank agrees to employ EMPLOYEE as its President of the Lee County, Alabama offices, and EMPLOYEE agrees to accept such employment and to perform such duties and functions as the Board of Directors of the Bank may assign to EMPLOYEE from time to time, but only administrative and managerial functions commensurate with EMPLOYEE's past experience and performance level. EMPLOYEE agrees to devote his full business time, attention, skill and efforts to the business of the Bank, and shall perform his duties in a trustworthy and businesslike manner, all for the purpose of advancing the interests of the Bank.

2. TERM OF EMPLOYMENT. The "Term of Employment" referred to in Section 1 hereof and hereinafter shall be deemed to have commenced as of the date first above mentioned and shall continue for a period of three (3) years, unless sooner terminated pursuant to this Agreement, and shall include any extension of the period of employment in accordance with this paragraph. The period of employment shall automatically be extended without further action by the parties for an additional three (3) full years, on each anniversary hereof during the Term of Employment, unless (i) either party shall have served written notice upon the other of its intention that this Agreement shall not be extended at least six (6) months before the anniversary date on which this Agreement would have been automatically extended for an additional three (3) years, or (ii) the EMPLOYEE's employment hereunder shall have been terminated pursuant to Section 4 hereof.

3. COMPENSATION.

3.1 Base Salary. During the Term of Employment, EMPLOYEE shall be paid an annual base salary (hereinafter "Base Salary") of One Hundred Fifty Thousand and No/100 $150,000.00 Dollars, which shall be paid in equal installments in accordance with the Bank's normal pay practices, but not less frequently than monthly. EMPLOYEE's salary shall be reviewed by the Board of Directors of the Bank annually and EMPLOYEE shall be entitled to receive annually an increase (but in no event a decrease) in such amount, if any, as may be determined by the Board of Directors of the Bank.

3.2 Management Incentives and Discretionary Bonuses. During the Term of Employment, the EMPLOYEE shall be entitled, in an equitable manner based on the terms of any bonus and incentive plans that have been approved or may, from time to time, be approved by the Board of Directors, with all other key management personnel of the Bank, to such incentives and discretionary bonuses as may be authorized, declared and paid by the Board of Directors to the Bank's key management employees. The incentive compensation shall be based on meeting or exceeding the attainment of certain criteria to be established by the Board of Directors. In determining whether to grant incentive compensation, the Board of Directors shall consider factors such as the Bank's profitability, its asset quality, its compliance with laws and regulations, and its loan quality.

No other compensation provided for in this Agreement shall be deemed a substitute for the EMPLOYEE's right to such incentives and discretionary bonuses when and as declared by the Board.

3.3 Stock Options. EMPLOYEE shall be awarded incentive stock options to purchase the number of shares equal to 50,000. The exercise price of the options shall be $10.00 per share, which the Board of Directors has determined is the fair market value of the stock on the date of grant. EMPLOYEE's options shall vest in equal installments over a three year period beginning on the first anniversary of the Bank's opening. These incentive stock options shall be the subject of a separate incentive stock option grant agreement between the Bank and EMPLOYEE (the "Grant Agreement"). In the event of a conflict between the terms of this Agreement and the Grant Agreement, the terms of the Grant Agreement shall control.

3.4 Additional Benefits. During the Term of Employment, EMPLOYEE shall be provided with such employee benefits and benefit levels, including health, life (including a minimum of One Million and No/100 ($1,000,000.00) Dollars term life insurance) and disability insurance. These benefits shall be provided and maintained at a level of not less than what is in effect at the time this Agreement is executed.

Throughout the Term of Employment, EMPLOYEE shall also be entitled to reimbursement for reasonable business expenses incurred by him in the performance of his duties hereunder.

During the EMPLOYEE's Term of Employment hereunder, EMPLOYEE shall receive four (4) weeks paid vacation during each year of employment.

4. TERMINATION.

4.1 Death or Disability. This Agreement may be terminated before the expiration of the Term of Employment upon the occurrence of any one of the following events:

(a) Upon EMPLOYEE's death, this Agreement shall terminate immediately. Any salary earned and any other amounts that may be due EMPLOYEE from Bank at the time of his death (whether pursuant to benefits plans or otherwise) shall be paid to the executor or administrator of his estate.

(b) The Bank may terminate this Agreement upon EMPLOYEE's "Total Disability." As used in this Agreement, "Total Disability" means any physical or mental disorder that renders EMPLOYEE incapable of performing his normal duties and services under this Agreement for a period of one hundred twenty (120) days in any consecutive twelve (12) month period, as determined by a licensed physician selected by mutual agreement of the Bank and the EMPLOYEE or the EMPLOYEE's legal representative. If this Agreement is terminated as a result of the EMPLOYEE's "Total Disability,"

the EMPLOYEE's compensation hereunder shall terminate and the EMPLOYEE shall be paid in accordance with such long-term disability plans of the Bank as may be in effect at that time. The EMPLOYEE's compensation, title and status shall continue during any such period of disability until the date of termination except that the Bank may provide disability insurance to cover the EMPLOYEE during any part of such disability period and the Bank's obligation for the EMPLOYEE's compensation for any such period shall be reduced by the amount of any such insurance proceeds which the EMPLOYEE receives.

4.2 For Cause. This Agreement may be terminated by the Board of Directors of the Bank for "Cause" for any of the following reasons:

(a) failure of EMPLOYEE to follow reasonable written instructions or policies of the Board of Directors of the Bank;

(b) gross negligence or willful misconduct of EMPLOYEE materially damaging to the business of the Bank;

(c) conviction of EMPLOYEE of a crime involving breach of trust, moral turpitude, theft or fraud;

(d) the failure by the EMPLOYEE to perform substantially his duties other than any failure resulting from incapacity due to physical or mental illness;

(e) willful commission of (i) acts involving dishonesty or fraud or (ii) acts causing harm to the Bank;

(f) a willful misrepresentation by the EMPLOYEE to the stockholders or the Board of Directors of the Bank which causes substantial injury to the Bank; or

(g) a request by any state or federal authority regulating the Bank that the EMPLOYEE be removed from his office as EMPLOYEE of the Bank.

For purposes of this Agreement, no act, or failure to act, on the part of the EMPLOYEE shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Bank and the stockholders of the Bank. The Bank shall notify the EMPLOYEE in writing of the specific reasons for the termination for "Cause" and the EMPLOYEE will be allowed thirty (30) days to reply in writing to the accusation before any termination for "Cause". If the Employee is terminated for "Cause," he shall receive only his salary earned and any other amounts due to him from the Bank (whether pursuant to benefit plans or otherwise) through the date of termination.

4.3 Without Cause. The Bank may immediately terminate this Agreement at any time "without Cause" by giving the EMPLOYEE written notice of the termination date. If this Agreement is terminated pursuant to this provision (i) the EMPLOYEE shall be paid severance compensation in an amount equal to his annual "Base Salary" (as defined in Section 3.1) then in effect for the balance of the duration of his three (3) year contract which shall be paid over a period of time equal to the balance of the duration of his three (3) year contract commencing from the termination date in such installments and intervals as if the EMPLOYEE had remained employed (By way of example if EMPLOYEE is due compensation under this provision after he has completed 12 months under this Agreement then the Bank would be obligated to pay EMPLOYEE 24 months of compensation at EMPLOYEE's base salary amount in effect at the time of his termination and any other amounts owing to EMPLOYEE at the time of such

termination date) and (ii) any other amounts owing to the EMPLOYEE by the Bank under this Agreement at such termination date, which amounts shall be paid within a reasonable time after such termination date. If this Agreement is terminated "without Cause," the Bank will continue all insurance benefits in effect at such termination for the EMPLOYEE and his dependents with the Bank paying the same amount of premiums on behalf of the EMPLOYEE and his dependents as when the EMPLOYEE was employed for a period of twelve (12) months from the termination date or until such time as the EMPLOYEE is employed by another employer (which shall exclude self-employment), whichever period of time is shorter. Anything in this Agreement to the contrary notwithstanding, upon a termination "without Cause" pursuant to this Section 4.3, EMPLOYEE's sole rights and remedies against the Bank arising out of any such termination of his employment hereunder are to receive the severance compensation and the other amounts and benefits as are explicitly set forth in this Section 4.3. All of the provisions of this Section 4.3 shall be subject to the provisions of Section 5 below.

5. CHANGE IN CONTROL OF THE BANK. In the event of a "Change in Control" of the Bank during the Term of Employment or any extension thereof, as defined herein, and if as a result of any such Change in Control EMPLOYEE either (i) is terminated (except "for Cause" as defined in Section 4.2 above), during both the Term of Employment or any extension thereof and the one-year period after the Change in Control becomes effective, from his employment hereunder and before he reaches age 75, or (ii) has a "Change in Duties or Salary" as defined below and resigns, during both the Term of Employment and the one-year period after the Change in Control becomes effective, as a result of such change, then EMPLOYEE shall be entitled to receive severance compensation in an amount equal to his Base Salary for the balance of the initial term of this Agreement or any extension thereof. By way of example if EMPLOYEE is due compensation under this provision after he has completed 12 months under this Agreement then the Bank would be obligated to pay EMPLOYEE 24 months of compensation at EMPLOYEE's base salary amount in effect at the time of his termination and any other amounts owing to EMPLOYEE at the time of such termination date, which shall be paid in a lump sum within 14 days following the date of termination or resignation.

For purposes of this Section 5, "Change in Control" of the Bank shall mean:

(i) any transaction, whether by merger, consolidation, asset sale, tender offer, reverse stock split or otherwise, which results in the acquisition of beneficial ownership (as such term is defined under rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) by any person or entity or any group of persons or entities acting in concert, with the exception of the Bank's Board of Directors or the Bank's shareholders, of 50% or more of the outstanding shares of common stock of the Bank;

(ii) the sale of all or substantially all of the assets of the Bank; or

(iii) the liquidation of the Bank.

For purposes of this Agreement, "Change in Duties or Salary" of EMPLOYEE shall mean any of: (i) a change in duties and responsibilities of EMPLOYEE from those duties and responsibilities of EMPLOYEE for the Bank in effect at the time a Change in Control occurs, which change results in the assignment of duties and responsibilities inferior to those duties and responsibilities of Bank at the time such Change in Control occurs; (ii) a reduction in rate of annual salary from such rate in effect at the time of Change in Control; or (iii) a change in the place of assignment of Bank from Lee County, Alabama, to any other city or geographical location that is located further than 25 miles from Lee County, Alabama.

6. NONCOMPETE AND NON-SOLICITATION COVENANTS.

6.1 Definitions. In this Agreement the following terms shall have the meanings set forth below:

(a) “Affiliate” shall be used to indicate a relationship to a specified person, firm, corporation, partnership, association or entity, and shall mean any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with such person, firm, corporation, partnership, association or entity.

(b) “Area” shall mean the geographic area within twenty-five (25) miles of Lee County, Alabama.

(c) “Competing Business” shall mean a federally insured financial institution.

6.2 Agreement Not to Compete. The EMPLOYEE hereby agrees that during his employment by the Bank, he will not be employed (except on behalf of, or with the prior written consent of, the Bank) by a Competing Business located within the Area, either directly or indirectly, on his own behalf, or in the service or on behalf of others, as a principal, partner, officer, director, manager, supervisor, administrator, consultant, employee or in any other capacity which involves the duties and responsibilities similar to those undertaken for the Bank as described in Section 1, work for, engage or participate in any such Competing Business, or control or own (other than ownership of less than five percent (5%) of the outstanding voting securities of an entity whose voting securities are traded on a national securities exchange or quoted on the National Association of Securities Dealers, Inc. Automated Quotation System), a beneficial interest in, any Competing Business.

6.3 Agreement Not to Solicit Customers. The EMPLOYEE agrees that during his employment by the Bank, he will not, without the prior written consent of the Bank, either directly or indirectly, on his own behalf or in the service or on behalf of others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate, to any Competing Business any customer or client or actively sought prospective customer or client of the Bank or any Affiliate located in the Area who was serviced by or under the supervision of the EMPLOYEE in the course of his employment.

6.4 Agreement Not to Solicit Employees. The EMPLOYEE agrees that during his employment by the Bank, he will not, either directly or indirectly, on his own behalf or in the service or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert or hire away, any person employed by the Bank or any of its Affiliates, whether or not such employee is a full-time, a part-time or a temporary employee and whether or not such employment is pursuant to a written agreement and whether or not such employment is for a determined period or is at will.

7. OWNERSHIP AND PROTECTION OF PROPRIETARY INFORMATION.

7.1 Definitions. The following capitalized terms used in this Section 7 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

"*Confidential Information*" means all information regarding the Bank, its activities, business or clients that is the subject of reasonable efforts by the Bank to maintain its confidentiality and that is not generally disclosed by practice or authority to persons not employed by the Bank, but that does not rise to the level of a Trade Secret. "Confidential Information" shall include, but is not limited to, financial plans and data concerning the Bank; management planning information; business plans; operational methods; market studies; marketing plans or strategies; product development techniques or plans; customer lists; details of customer contracts; current and anticipated customer requirements; past, current and planned research and development; business acquisition plans; and new personnel acquisition plans. "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Bank. This definition shall not limit any definition of "confidential information" or any equivalent term under state or federal law.

"*Trade Secret*" means all information, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret means any item of confidential information that constitutes a "trade secret(s)" under the common law or statutory law of the State of Alabama.

7.2 Restriction on Disclosure and Use of Confidential Information and Trade Secrets. EMPLOYEE understands and agrees that the Confidential Information and Trade Secrets constitute valuable assets of the Bank and its affiliated entities, and may not be converted to EMPLOYEE's own use. Accordingly, EMPLOYEE hereby agrees that EMPLOYEE shall not, directly or indirectly, at any time during the Term of Employment (the "Restricted Period") reveal, divulge, or disclose to any person not expressly authorized by the Bank any Confidential Information, and EMPLOYEE shall not, directly or indirectly, at any time during the Restricted Period use or make use of any Confidential Information in connection with any business activity other than that of the Bank. Throughout the term of this Agreement and at all times after the date that this Agreement terminates for any reason, EMPLOYEE shall not directly or indirectly transmit or disclose any Trade Secret of the Bank to any Person, and shall not make use of any such Trade Secret, directly or indirectly, for himself or for others, without the prior written consent of the Bank. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Bank's rights or EMPLOYEE's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices.

Anything herein to the contrary notwithstanding, EMPLOYEE shall not be restricted from disclosing or using Confidential Information or Trade Secrets that are required to be disclosed by law, court order or other legal process; provided, however, that in the event disclosure is required by law, EMPLOYEE shall provide the Bank with prompt notice of such requirement so that the Bank may seek an appropriate protective order prior to any such required disclosure by EMPLOYEE.

7.3 Return of Property. Upon request by the Bank, and in any event upon termination of the employment of the EMPLOYEE with the Bank for any reason, the EMPLOYEE will promptly deliver to the Bank all property belonging to the Bank, including, without limitation, all Confidential Information and all Trade Secrets (and all physical embodiments thereof) then in his custody, control or possession.

7.4 Termination. The EMPLOYEE shall maintain and observe the obligations of confidentiality contained in this Agreement with respect to Proprietary Information during the term of his employment with the Bank and at all times following the termination of such employment for any reason whatsoever.

8. INJUNCTIVE RELIEF. The EMPLOYEE agrees that the covenants and agreements contained in Sections 6 and 7 of this Agreement, and the subsections of these Sections, are of the essence of this Agreement; that each of such covenants is reasonable and necessary to protect and preserve the interests and properties of the Bank and the business of the Bank; that the Bank is engaged in the business of the Bank throughout the Area; that irreparable loss and damage will be suffered by the Bank should the EMPLOYEE breach any of such covenants and agreements; and that, in addition to other remedies available to it, the Bank shall be entitled to both temporary and permanent injunctions to prevent a breach or contemplated breach by the EMPLOYEE of any of such covenants or agreements.

9. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto regarding employment of EMPLOYEE, and supersedes and replaces any prior agreement between the parties.

10. ASSIGNMENT. Neither of the parties hereto may assign this Agreement without the prior written consent of the other party hereto.

11. SEVERABILITY. Each section and subsection of this Agreement constitutes a separate and distinct understanding, covenant and provision hereof. In the event that any provision of this Agreement shall finally be determined to be unlawful, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect.

12. GOVERNING LAW. This Agreement shall in all respects be interpreted, construed and governed by and in accordance with the laws of the State of Alabama.

13. RIGHTS OF THIRD PARTIES. Nothing herein expressed or implied is intended to or shall be construed to confer upon or give to any person, firm or other entity, other than the parties hereto and their permitted assigns, any rights or remedies under or by reason of this Agreement.

14. AMENDMENT. This Agreement may not be amended orally but only by an instrument in writing duly executed by the parties hereto.

15. NOTICES. Any notice or other document or communication permitted or required to be given to EMPLOYEE pursuant to the terms hereof shall be deemed given if personally delivered to EMPLOYEE or sent to him postage prepaid, by registered or certified mail, at 342 Oakridge Dr., Auburn, AL 36832, or at any such other address as EMPLOYEE shall have notified the Bank in writing. Any notice or other document or other communication permitted or required to be given to the Bank pursuant to the terms hereof shall be deemed given if personally delivered or sent to the Bank, postage prepaid, by registered or certified mail, at P. O. Box 8370, Anniston, AL 36202, or at such otheraddress as the Bank shall have notified EMPLOYEE in writing.

16. WAIVER. The waiver by either party hereto of a breach of any provision of this Agreement by the other shall not operate or be construed as a waiver of any subsequent breach of the same or any other provision of this Agreement by the breaching party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

BANK:
NAB, LLC

By: /s/ Stephen W. Whatley
Its: President & CEO

EMPLOYEE:

/s/ Mark Chambers
Mark Chambers

Exhibit 10.9

SOUTHERN STATES BANK
AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is hereby made effective on the 13th day of April, 2021, and hereby amends the Employment Agreement (the "**Agreement**") entered into by and between Southern States Bank (the "**Bank**") and Mark Chambers ("**Employee**") on the February 5th, 2007.

WHEREAS, the Bank and the Employee previously entered into the Agreement to arrange terms of employment so as to reasonable induce Employee to continue to provide services to the Bank; and

WHEREAS, the Bank and the Employee now desire to amend certain terms of the Agreement for the benefit of both the Bank and the Employee.

NOW THEREFORE, for and in consideration of the mutual premises and covenants of the Agreement, the parties hereto agree to the following amendments:

Section 5 is hereby deleted in its entirety and replaced with the following:

5. CHANGE IN CONTROL OF THE BANK. In the event of a "Change in Control" of the Bank during the Term of Employment or any extension thereof, as defined herein, and if as a result of any such Change in Control Employee either (i) is terminated (except "for Cause" as defined in Section 4.2 above), during both the Term of Employment or any extension thereof and the one-year period after the Change in Control becomes effective, from his employment hereunder and before he reaches age 75, or (ii) has a "Change in Duties or Salary" as defined below and resigns, during both the Term of Employment and the one-year period after the Change in Control becomes effective, as a result of such change, then Employee shall be entitled to receive severance compensation in an amount equal to two (2) times i) his Cash Compensation for the most recently completed calendar year plus ii) the annualized amounts being paid for the Executive's benefits participation level for the most recently completed calendar year. Such severance compensation shall be paid in a lump sum within 14 days following the date of termination or resignation.

For purposes of this Section 5, "Change in Control" of the Bank shall mean:

(i) any transaction, whether by merger, consolidation, asset sale, tender offer, reverse stock split or otherwise, which results in the acquisition of beneficial ownership (as such term is defined under rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) by any person or entity or any group of persons or entities acting in concert, with the exception of the Bank's Board of Directors or the Bank's shareholders, of 50% or more of the outstanding shares of common stock of the Bank;

(ii) the sale of all or substantially all of the assets of the Bank; or

(iii) the liquidation of the Bank.

For purposes of this Agreement, "Change in Duties or Salary" of EMPLOYEE shall mean any of: (i) a change in duties and responsibilities of EMPLOYEE from those duties and responsibilities of EMPLOYEE for the Bank in effect at the time a Change in Control occurs, which change results in the assignment of duties and responsibilities inferior to those duties and responsibilities of Bank at the time such Change in Control occurs; (ii) a reduction in rate of annual salary from such rate in effect at the time of Change in Control; or (iii) a change in the place of assignment of Bank from Lee County, Alabama, to any other city or geographical location that is located further than 25 miles from Lee County, Alabama.

If the amount payable pursuant to this Section 5, together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, Employee shall be given the right to select the order of any required reduction.

Section 6.2 is hereby deleted in its entirety and replaced with the following:

6.2 Agreement Not to Compete.

(a) The Employee hereby agrees that during his employment by the Bank, he will not be employed (except on behalf of, or with the prior written consent of, the Bank) by a Competing Business located within the Area, either directly or indirectly, on his own behalf, or in the service or on behalf of others, as a principal, partner, officer, director, manager, supervisor, administrator, consultant, employee or in any other capacity which involves the duties and responsibilities similar to those undertaken for the Bank as described in Section 1, work for, engage or participate in any such Competing Business, or control or own (other than ownership of less than five percent (5%) of the outstanding voting securities of an entity whose voting securities are traded on a national securities exchange or quoted on the National Association of Securities Dealers, Inc. Automated Quotation System), a beneficial interest in, any Competing Business.

(b) The Employee hereby agrees that for a period of twelve (12) months after the Employee's termination, Employee will not within a 50 mile radius of any office of Bank directly or indirectly compete or assist any person who competes, or participate in the ownership, management or operation of any partnership, corporation or other entity operating a business that competes with Bank in the business of banking. For purposes of this Agreement, the term "business of banking" shall mean and be limited to a business that accepts deposits and makes loans. In consideration of this non-compete requirement, the Bank shall provide severance compensation equal to one (1) times Cash Compensation.

IN WITNESS WHEREOF, the Executive and a duly authorized officer of the Employer have signed this Amendment to be effective as of the date first written above.

EXECUTIVE

/s/ Mark Chambers
Mark Chambers, President

SOUTHERN STATES BANK

/s/ Stephen W. Whatley
Stephen W. Whatley, Chairman and CEO

EMPLOYMENT AGREEMENT
For Lynn Joyce

This Employment Agreement (the "Agreement") is made as of this 19th day of February, 2013 (the "Effective Date"), by and between Southern States Bank, an Alabama bank corporation (the "Employer"), and Lynn Joyce (the "Executive").

WITNESSETH:

WHEREAS, the Employer desires to continue the services of and employ the Executive, and the Executive desires to continue to provide services to the Employer, pursuant to the terms and conditions of this Agreement; and

WHEREAS this Agreement is intended to comply with the requirements of Internal Revenue Code Section 409A and the Capital Purchase Program ("CPP"). Accordingly, the intent of the parties hereto is that the Agreement shall be operated and interpreted consistent with the requirements of Section 409A and the CPP, if applicable.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the Employer and the Executive agree as follows:

1. Employment. Upon the terms and subject to the conditions contained in this Agreement the Executive agrees to provide full-time services for the Employer during the term of this Agreement, and the Executive hereby accepts such employment. Executive agrees to devote his best efforts to the business of the Employer, and shall perform his duties in a diligent, trustworthy, and business-like manner, all for the purpose of advancing the business of the Employer. Notwithstanding the above, the Executive may engage in other business interests or investments which do not materially prevent the Executive from performing his contemplated services hereunder on behalf of the Employer and which do not conflict with any duty or obligation Executive owes to the Employer under this Agreement.

2. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) "Change in Control" shall mean: a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as such change is defined under the default definition in Treasury Regulation §1.409A-3(i) (5) or any subsequently applicable Treasury Regulation.

(b) "Cause" shall mean (a) fraud; (b) embezzlement; (c) conviction of or plea of nolo contendere by the Executive of any felony; (d) a material breach of, or the willful failure or refusal by the Executive to perform and discharge the Executive's duties, responsibilities and obligations under this Agreement; (e) any act of moral turpitude or willful misconduct by the Executive intended to result in personal enrichment of the Executive at the expense of the Employer, or any of its affiliates or which has a material adverse impact on the business or reputation of the Employer or any of its affiliates (such determination to be made by the Board in its reasonable judgment); (f) intentional material damage to the property or business of the Employer; (g) gross negligence; or (h) the ineligibility of the Executive to perform his duties because of a ruling, directive or other action by any agency of the United States or any state of the United States having regulatory authority over the Employer; but in each case only if (1) the

Executive has been provided with written notice of any assertion that there is a basis for termination for cause which notice shall specify in reasonable detail specific facts regarding any such assertion, (2) such written notice is provided to the Executive a reasonable time (and in any event no less than three business days) before the Board meets to consider any possible termination for cause, (3) at or prior to the meeting of the Board to consider the matters described in the written notice, an opportunity is provided to the Executive and his counsel to be heard before the Board with respect to the matters described in the written notice, (4) any resolution or other Board action held with respect to any deliberation regarding or decision to terminate the Executive for cause is duly adopted by a vote of at least two-thirds of the entire Board (excluding the Executive) at a meeting of the Board duly called and held, and (5) the Executive is promptly provided with a copy of the resolution or other corporate action taken with respect to such termination. No act or failure to act by the Executive shall be considered willful unless done or omitted to be done by him not in good faith and without reasonable belief that his action or omission was in the best interests of the Employer. The unwillingness of the Executive to accept any or all of a material change in the nature or scope of his position, authorities or duties, a reduction in his total compensation or benefits, a relocation that he deems unreasonable in light of his personal circumstances, or other action by or request of the Employer in respect of his position, authority, or responsibility that he reasonably deems to be contrary to this Agreement, may not be considered by the Board to be a failure to perform or misconduct by the Executive.

(c) “Code” shall mean the Internal Revenue Code of 1986, as amended, or any successor statute, rule or regulation of similar effect.

(d) “Confidential Information” shall mean all business and other information relating to the business of the Employer, including without limitation, technical or nontechnical data, programs, methods, techniques, processes, financial data, financial plans, product plans, and lists of actual or potential customers, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Such information and compilations of information shall be contractually subject to protection under this Agreement whether or not such information constitutes a trade secret and is separately protectable at law or in equity as a trade secret. Confidential Information does not include confidential business information, which does not constitute a trade secret under applicable law two years after any expiration or termination of this Agreement.

(e) “Disability” or “Disabled” means the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer.

(f) “Good Reason” shall mean (i) without the Executive’s express written consent, a material diminution in authority, duties or responsibilities; (ii) any reduction by the Employer in the Executive’s Base Salary; (Hi) any failure of the Employer to obtain the assumption of, or the agreement to perform, this Agreement by any successor as contemplated in Section 13 hereof; (iv) the Employer materially breaches this Agreement; or (v) the Employer requiring the Executive to be permanently assigned to a location 30 miles other than the current location or future headquarters of the Employer, except for required travel on the Employer business to an extent substantially consistent with the Executive’s present business travel obligations and as described under Section 3, or, in the event the Executive consents to any relocation, the failure by the Employer to pay (or reimburse the Executive) for

all reasonable moving expenses incurred by the Executive relating to a change of the Executive's principal residence in connection with such relocation and to indemnify the Executive against any loss realized on the sale of the Executive's principal residence in connection with any such change of residence. Good Reason shall be deemed to occur only when Executive provides notice to the Employer of his judgment that a Good Reason event has occurred within 90 days of such occurrence, and the Employer will have at least 30 days during which it may remedy the condition.

(g) "Net Amount At Risk" shall mean the difference in the Death Benefit payable by the insurance carrier and the Cash Value of the policy(cies) owned by the Bank on the Executive's life.

(h) "Person" shall mean any individual, corporation, limited liability Employer, bank, partnership, joint venture, association, joint-stock Employer, trust, unincorporated organization or other entity.

(i) "Specified Employee" means an employee who at the time of Termination of Employment is a key employee of the Employer, if any stock of the Employer is publicly traded on an established securities market or otherwise. For purposes of this Agreement, an employee is a key employee if the employee meets the requirements of Code Section 4160) (1) (A) (i), (ii), or (Hi) (applied in accordance with the regulations thereunder and disregarding section 4160) (5)) at any time during the 12-month period ending on December 31 (the "identification period"). If the employee is a key employee during an identification period, the employee is treated as a key employee for purposes of this Agreement during the twelve (12) month period that begins on the first day of April following the close of the identification period.

(j) "Termination of Employment" with the Employer means that the Executive shall have ceased to be employed by the Employer for reasons other than death, excepting a leave of absence approved by the Employer. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Executive reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding twenty-four (24) month period (or the full period of services to the Employer if the Executive has been providing services to the Employer less than twenty-four (24) months).

(k) "Voluntary Termination" shall mean the termination by Executive of Executive's employment, which is not the result of Good Reason.

3. Duties. During the term hereof, the Executive shall hold the title of Executive Vice President and Chief Financial Officer of the Employer, and shall report directly to the President and Chief Executive Officer, Southern States Bank. The Executive shall have such duties and authority as are typical of a Chief Financial Officer of an Employer such as the Employer, including, without limitation, those specific in the Employer's bylaws. The Executive shall also promote, by entertainment or otherwise, as and to the extent permitted by law, the business of the Employer. The Executive's duties may, from time to time, be changed or modified at the discretion of the Board; provided however, except with his written consent, Executive shall not be assigned to any position of lower professional status.

4. Employment Term. Unless earlier terminated as provided herein, the Employer agrees to employ Executive, and the Executive hereby accepts employment hereunder, for an initial term of one (1) year commencing on the Effective Date, subject to the terms of this Agreement. Thereafter, the term of this Agreement will automatically renew each day after the Effective Date for one additional day so that the term of the Agreement shall always be one (1) year unless notified of intent not to renew by either party.

5. Compensation and Benefits. In consideration of Executive's services and covenants hereunder, Employer shall pay to Executive the compensation and benefits described below (which compensation shall be paid in accordance with the normal compensation practices of the Employer and shall be subject to such deductions and withholdings as are required by law or policies of the Employer in effect from time to time, provided that his salary pursuant to Section 5(a) below shall be payable not less frequently than monthly):

(a) Base Salary. As of the Effective Date of this Agreement, the Employer agrees to pay the Executive during the term of this Agreement an initial Base Salary at the rate of $192,500 per annum, payable in accordance with Employer's normal payroll practices with such payroll deductions and withholdings as are required by law. The Executive's Base Salary shall be reviewed no less frequently than annually and may be increased (but not reduced) at the discretion of the Board (or a committee thereof) and, as so increased, shall constitute the Executive's "Base Salary" hereunder.

(b) Annual Incentive Payment. During the term of this Agreement, provided that Executive is a full-time employee of the Employer on the final day of the Employer's fiscal year, in addition to other compensation to be paid under this Section 5, the Executive shall be eligible to participate in any applicable discretionary bonus or performance-based annual incentive plan for the then completed fiscal year of the Employer (the "Annual Incentive Payment"). The amount actually awarded and paid to the Executive each fiscal year will be determined by the Board and/or the Chief Executive Officer and may be based on specific performance criteria to be identified and provided in writing in advance to Executive under a separate communication. The total amount of the Annual Incentive Payment to be paid hereunder shall be calculated by the Employer and paid to the Executive within 75 days of the end of the Employer's fiscal year to which the Annual Incentive Payment applies. The Employer's calculation of the Annual Incentive Payment amount shall be conclusive and binding absent fraud or manifest and material error.

(c) Equity Incentives. The Executive will be eligible to participate in any and all equity incentive programs of the Employer now existing or established hereafter generally available to employees of the Employer or senior officers of the Employer, provided Executive is otherwise qualified to participate in such programs. As part of its normal course of business, the Employer may amend or terminate existing or future equity programs.

(d) Vacation. The Executive shall be entitled to paid vacation as specified in the Employer's then current vacation policy, as amended from time to time.

(e) Reimbursement of Expenses. The Employer shall reimburse the Executive in accordance with Employer's expense reimbursement policies for all reasonable, ordinary and necessary business expenses incurred by the Executive in the course of his duties conducted on behalf of the Employer. In addition, the Employer may pay for the Executive's use of a car and for the Executive's annual dues at a local country club, and expenses related to the Executive's use of such country club for matters related to the business of the Employer. The Employer shall also reimburse Executive's reasonable expenses for continuing education courses necessary to maintain any certifications or licenses Executive may hold.

(f) Other Employee Benefits. The Executive shall be entitled to participate in any employee benefit plans now existing or established hereafter generally available to employees of the

Employer or senior officers of the Employer, and to all normal perquisites provided to senior officers of the Employer, provided Executive is otherwise qualified to participate in such plans or programs. Based on the Executive's benefits participation level, the Employer will pay certain established amounts on behalf of the Executive. As part of its normal course of business, the Employer may amend or terminate employee benefits.

(g) Benefits Not in Lieu of Compensation. No benefit or perquisite provided to the Executive shall be deemed to be in lieu of Base Salary, bonus, or other compensation, provided that the reporting of any benefits shall be consistent with the Code.

(h) Insurance. The Employer shall maintain or cause to be maintained officer liability insurance covering the Executive throughout the term of this Agreement.

(i) Life Insurance. The Bank shall make available to the Executive, through the Bank's group term life insurance policy, coverage on the Executive's life in an amount equal to at least one times Base Salary, but not to exceed two hundred fifty thousand dollars ($250,000). The Executive will also be entitled to receive up to fifteen hundred dollars ($1,500) to purchase additional life insurance if the Executive so elects.

6. Termination. Employment with the Employer hereunder may be terminated as follows:

(a) The Employer. The Employer shall have the right to terminate Executive's employment hereunder at any time during the term hereof for Cause, if the Executive becomes Disabled, upon the Executive's death, or without Cause.

(i) Termination for Cause. If the Employer terminates Executive'semployment under this Agreement for Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Disability or Death. If the Employer terminates Executive's employment under this Agreement pursuant to the Executive's Disability or death, the Employer's obligations hereunder, including the obligations under Sections 5(a) above, shall cease on the date of Disability or death, as appropriate. During the period of incapacity leading up to the termination of the Executive's employment under this provision, the Employer shall continue to pay the full Base Salary at the rate then in effect and all perquisites and other benefits (other than bonus) until Executive has satisfied the "elimination period" specified under any disability plan or insurance program maintained by the Employer. Furthermore, Executive shall receive any Annual Incentive Payment earned or accrued through the date of incapacity, including any unvested amounts awarded for previous years.

(iii) Termination without Cause. Subject to Section 6(c) below, if theEmployer terminates Executive's employment without Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(b) By Executive. Executive shall have the right to terminate his employment hereunder if there is a Voluntary Termination or there is Good Reason.

(i) Voluntary Termination. If Executive terminates his employment hereunder pursuant to a Voluntary Termination, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Good Reason. If Executive terminates his employment hereunder for Good Reason, Executive, subject to Section 14 below, shall be entitled to receive as severance, less applicable taxes and other deductions, the Severance Payment as defined in Section 6(a)(iii) above. Subject to Section 6(c) below, the Severance Payment shall be payable without interest in a lump sum within thirty (30) days of termination of employment.

(c) Payment of Severance.

(i) Any severance and other benefit due hereunder be payable without interest in a lump sum within thirty (30) days of Termination of Employment. Any severance and other benefit earned hereunder shall be in lieu of any other claim for compensation whether under this Agreement, or under any wage continuation law or at common law or otherwise, and any and all claims to severance or similar payments or benefits which the Executive may otherwise have or make.

(ii) Notwithstanding anything contained herein to the contrary, in the event of a violation or breach by Executive of any of the provisions of Sections 8 or 9, below, the Employer, in addition to, and not in limitation of, any other rights, remedies, or damages available to the Employer at law or in equity, shall be entitled to suspend, cease, and terminate the Employer's obligations to make the Severance Payment, and any other benefits, reimbursements, or rights of the Executive arising under this Agreement, and to recover from the Executive the Severance Payment, if any, previously paid to the Executive. In addition, in the event that any legal challenge to the validity or enforceability of any provision in Section 8 or 9 is asserted by or on behalf of the Executive, the Executive shall immediately forfeit the Executive's right to the Severance Payment and all other benefits, reimbursements, and rights of Executive arising under this Agreement. These remedies shall be in addition to, and not in limitation of, any injunctive relief or other rights, remedies, or damages, to which the Employer is or may be entitled as a result of this Agreement.

(iii) Notwithstanding anything to the contrary herein, if the Executive is suspended or temporarily prohibited from participating in the conduct of the Employer's affairs by a notice served under section 8(e)(3) or (g)(1) of Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(3) and (g)(1), the Employer's obligations under this Agreement shall be suspended as of the date of service unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Employer may in its discretion (i) pay the Executive all or part of the compensation withheld while the obligations under this Agreement were suspended and (ii) reinstate (in whole or in part) any of such obligations which were suspended. Notwithstanding anything to the contrary herein, if the Executive is removed or permanently prohibited from participating in the conduct of the Employer's affairs by an order issued under section 8 (e)(4) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(4) or (g)(1), all obligations of the Executive under this Agreement shall terminate as of the effective date of the order, but any vested rights of the parties hereto shall not be affected. Notwithstanding anything to the contrary herein, if the Employer is in default (as defined in section 3(x)(1) of the Federal Deposit Insurance Act), all obligations under this Agreement shall terminate as of the date of default, but this Section shall not affect any vested rights of the parties hereto. Any payments made to the Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. Section 1828(k) and any regulations promulgated there under.

7. Change in Control Benefit. Notwithstanding anything to the contrary in Section 6, if a Change in Control of the Employer occurs, and the Executive's employment is terminated during the period beginning six (6) months prior to and ending twelve months (12) following a Change in Control for any reason other than Cause, Death or Disability, the Employer shall pay to the Executive a benefit as defined in Section 7(a) below in lieu of any other payment or benefit whatsoever.

(a) Amount. The benefit payable to Executive under this Section 7 shall be an amount equal to one (1) times the Executive's Cash Compensation for the most recently completed calendar year as provided in Sections 5(a) and 5(b); and the annualized amounts be paid for the Executive's benefits participation level for the most recently completed calendar year as provided in Section 5(f) and in effect at the time of the Change in Control.

(b) Payment. The amount due under the above Subsection (a) shall be paid in a lump sum within thirty (30) days of termination of employment or, if later, the Change in Control.

(c) Excess Parachute Payment. The amount payable under this Section 7 shall be reduced if the aggregate of the amount payable per Section 7(a), together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, constitutes an "Excess Parachute Payment" as defined in Section 280G of the Code, as subsequently amended. The Employer shall reduce the payment under this Section 7 so that the payment, together with the aggregate of all other amounts due as described previously described in this paragraph, is one ($1) dollar less than that amount which would constitute an "Excess Parachute Payment".

8. Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. "Trade Secret" means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive's employment (regardless of whether this Agreement terminates or expires). "Confidential Business Information" shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer's financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy.

9. Delivery of Documents upon Termination. At the Employer's request, the Executive shall deliver to the Employer or its designee at the termination of the Executive's employment all correspondence, memoranda, notes, records, drawings, sketches, plans, customer lists, product compositions, and other documents and all copies thereof, made, composed or received by the Executive, solely or jointly with others, that are in the Executive's possession, custody, or control at termination and that are related in any manner to the past, present, or anticipated business of the Employer.

10. Remedies. The Executive acknowledges that a remedy at law for any breach or attempted breach of the Executive's obligations under Sections 8 and 9 may be inadequate, agrees that the Employer may be entitled to specific performance and injunctive and other equitable remedies in case of any such breach or attempted breach and further agrees to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. The Employer shall have the right to offset against amounts to be paid to the Executive pursuant to the terms hereof any amounts from time to time owing by the Executive to the Employer. The termination of the Agreement shall not be deemed to be a waiver by the Employer of any breach by the Executive of this Agreement or any other obligation owed the Employer, and notwithstanding such a termination, the Executive shall be liable for all damages attributable to such a breach.

11. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration pursuant to the Alabama law in Anniston, Alabama. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

12. Indemnification. The Executive shall be protected against any and all legal actions when he is either a party, witness or a participant in any legal action brought against the Employer or the Executive or a board member. He will be protected through any programs that cover the outside directors or other executives of the Employer.

13. Miscellaneous Provisions.

(a) Successors of the Employer. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Employer, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession had taken place. Failure of the Employer to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Employer in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive terminated his employment for Good Reason (or, solely at the Executive's option, compensation from the Employer in the same amount and on the same terms as the Executive would be entitled under Section 7 above), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. As used in this Agreement, "Employer" as hereinbefore defined shall include any successor to its business and/or assets as aforesaid, which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) Executive's Heirs, etc. The Executive may not assign the Executive's rights or delegate the Executive's duties or obligations hereunder without the written consent of the Employer. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder as if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's designee or, if there be no such designee, to the Executive's estate.

(c) Notices. Any notice, request, approval, consent, demand or other communication shall be effective upon the first to occur of the following: (i) upon receipt by the party to whom such notice, request, approval, consent, demand or other communication is being given; or (H) three (3) business days after being duly deposited in the United States mail, registered or certified, return receipt requested, and addressed as follows:

Executive: Lynn Joyce
3444 Water Oak Drive
Birmingham, AL 35243

Employer: Southern States Bank
615 Quintard Avenue
Anniston, Alabama 36201

The parties hereto may change their respective addresses by notice in writing given to the other party to this Agreement.

(d) Amendment or Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer as may be specifically designated by the Board (which shall not include the Executive). No waiver by either party hereto at any time of any breach by the other party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

(e) Invalid Provisions. Should any portion of this Agreement be adjudged or held to be invalid, unenforceable or void, such holding shall not have the effect of invalidating or voiding the remainder of this Agreement and the parties hereby agree that the portion so held invalid, unenforceable or void shall if possible, be deemed amended or reduced in scope, or otherwise be stricken from this Agreement to the extent required for the purposes of validity and enforcement thereof.

(f) Survival of the Executive's Obligations. The Executive's obligations under this Agreement shall survive regardless of whether the Executive's employment by the Employer is terminated, voluntarily or involuntarily, by the Employer or the Executive, with or without Cause.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(h) Governing Law. This Agreement and any action or proceeding related to it shall be governed by and construed under the laws of the State of Alabama.

(i) Captions and Gender. The use of Captions and Section headings herein is for purposes of convenience only and shall not effect the interpretation or substance of any provisions contained herein. Similarly, the use of the masculine gender with respect to pronouns in this Agreement is for purposes of convenience and includes either sex who may be a signatory.

(j) Effect on Prior Agreements. This Agreement, and any attachments, represent the entire understanding between the parties hereto and supersedes in all respects any other prior Agreement or understanding between the Employer and the Executive regarding the Executive's employment.

14. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code and regulations promulgated thereunder (together, "Section 409A"), and shall, to the extent practicable, be construed in accordance therewith. If any amount payable pursuant to this Agreement constitutes a "deferral of compensation" subject to Section 409A and if, at the date of the Executive's "separation from service," as such term is defined in Section 409A, from the Employer (his "Separation from Service"), the Executive is a "specified employee", within the meaning of Section 409A, of the Employer as determined by the Employer from time to time, then each such payment that would otherwise be payable to the Executive within the six (6) month period following the Executive's Separation from Service shall be delayed and paid to the Executive without interest on the first business day of the seventh month following the Executive's Separation from Service. For the avoidance of doubt, for purposes of this Agreement, any amount which would not be considered a "deferral of compensation" within the meaning of Section 409A by reason of Treas. Reg. Sections 1.409A-1(b)(4) or 1.409A1(b)(9) shall not be considered a deferral of compensation for which payment shall be delayed in accordance with the preceding sentence. For purposes of this Agreement, each payment to which the Executive may be entitled pursuant to this Agreement, including each of the severance payments, shall be considered a separate payment within the meaning of Treas. Reg. Section 1.409A-2(b)(2). Notwithstanding the foregoing, to the extent that this Agreement or any payment or benefit hereunder shall be deemed not to comply with Section 409A, then neither the Employer, nor any of its principals, employees, designees or agents, shall be liable to the Executive or to any other person to the extent such failure to comply results from any actions, decisions or determinations made in good faith.

15. Compensation Modification. Notwithstanding anything herein to the contrary, if at any time subsequent to execution of this Agreement and during the term of this Agreement, the United States Department of Treasury ("Treasury") should own any debt or equity securities of the Employer acquired pursuant to the Capital Purchase Program ("CPP"), the terms of this Section 15 hereby amend and shall override any contrary or inconsistent terms contained in this Agreement and any and all other employment, compensation and benefit agreements, plans and policies with respect to the Executive that are in existence on the date hereof and that hereafter are adopted (the "Compensation Arrangements"). This Section 15 shall be construed in a manner that is consistent with Section 111(b) of the Economic Stabilization Act of 2008 ("EESA") and regulations issued thereunder, or as superseded by all applicable provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). The Employer and Executive further agree that the Employer shall not adopt any new benefit plan with respect to Executive that does not comply with Section 111(b) of EESA and ARRA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the date the Employer issues preferred stock and warrants to the Treasury. The Executive acknowledges that the Employer's Compensation Committee has the sole and absolute discretion to modify or revoke any bonus or incentive compensation arrangement that would encourage the Executive to take unnecessary and excessive risks that would threaten the value of the Employer.

(a) Recovery of Incentive Compensation. In the event Executive receives compensation that was based on financial statements or performance metric criteria that are determined to be materially inaccurate, Executive shall repay the Employer upon demand the amount of the bonus or incentive compensation received by Executive in excess of the amount that would have been paid to Executive had the inaccurate statements or criteria been accurate.

(b) Golden Parachute Limit. In the event of Executive's termination of employment that is either involuntary or in connection with the Employer's bankruptcy, liquidation or receivership, severance payments to the Executive shall be limited to the extent that the payment would otherwise constitute a "golden parachute" as defined under section 111(b)(2)(C) of the EESA.

(c) Waiver. Executive hereby voluntarily waives any claim against the Employer for any changes to the Compensation Arrangements that are made or contemplated in this Section 15. This waiver includes all claims Executive may have under the laws of the United States or any state related to the requirements imposed by the EESA, including, without limitation, a claim for any compensation or other payments Executive would otherwise receive.

(d) Modification - Waivers. No provisions of this Section 15 may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and on behalf of the Employer by such officer as may be specifically designated by the Board of Directors of the Employer. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Section 15 to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party, which are not set forth expressly in this Agreement.

IN WITNESS WHEREOF, the Executive and a duly authorized Employer officer have signed this Agreement to be effective as of the Effective Date.

EXECUTIVE

/s/ Lynn Joyce
Lynn Joyce

SOUTHERN STATES BANK

/s/ Stephen W. Whatley
Stephen W. Whatley
Chairman, President & CEO

Exhibit 10.11

SOUTHERN STATES BANK
AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is hereby made effective on the 13th day of April, 2021, and hereby amends the Employment Agreement (the "**Agreement**") entered into by and between Southern States Bank (the "**Bank**") and Lynn Joyce ("**Employee**") on the February 19th, 2013.

WHEREAS, the Bank and the Employee previously entered into the Agreement to arrange terms of employment so as to reasonable induce Employee to continue to provide services to the Bank; and

WHEREAS, the Bank and the Employee now desire to amend certain terms of the Agreement for the benefit of both the Bank and the Employee.

NOW THEREFORE, for and in consideration of the mutual premises and covenants of the Agreement, the parties hereto agree to the following amendments:

Section 7(a) is hereby deleted in its entirety and replaced with the following:

7(a) Amount. The benefit payable to Executive under this Section 7 shall be an amount equal to two (2) times the Executive's Cash Compensation for the most recently completed calendar year as provided in Sections 5(a) and 5(b); and two (2) times the annualized amounts be paid for the Executive's benefits participation level for the most recently completed calendar year as provided in Section 5(f) and in effect at the time of the Change in Control.

Section 7(c) is hereby deleted in its entirety and replaced with the following:

7(c) Excess Parachute Payment. If the amount payable pursuant to this Section 7, together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, Employee shall be given the right to select the order of any required reduction.

Section 8 is hereby deleted in its entirety and replaced with the following:

8. Confidential Information and Non-compete.

(a) Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees

to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. ‘‘Trade Secret” means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive’s employment (regardless of whether this Agreement terminates or expires). “Confidential Business Information” shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer’s financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy

(b) Non-Compete. The Employee hereby agrees that for a period of twelve (12) months after the Employee’s termination, Employee will not within a 50 mile radius of any office of Bank directly or indirectly compete or assist any person who competes, or participate in the ownership, management or operation of any partnership, corporation or other entity operating a business that competes with Bank in the business of banking. For purposes of this Agreement, the term “business of banking” shall mean and be limited to a business that accepts deposits and makes loans. In consideration of this non-compete requirement, the Employer shall provide severance compensation equal to one (1) times Cash Compensation.

IN WITNESS WHEREOF, the Executive and a duly authorized officer of the Employer have signed this Amendment to be effective as of the date first written above.

EXECUTIVE

/s/ Lynn J. Joyce
Lynn J. Joyce, SEVP

SOUTHERN STATES BANK

/s/ Stephen W. Whatley
Stephen W. Whatley, Chairman and CEO

EMPLOYMENT AGREEMENT
For James W. Swift

This Employment Agreement (the "Agreement") is made as of this 24th day of March, 2010 (the "Effective Date"), by and between Southern States Bank, an Alabama bank corporation (the "Employer"), and James W. Swift (the "Executive").

WITNESSETH:

WHEREAS, the Employer desires to continue the services of and employ the Executive, and the Executive desires to continue to provide services to the Employer, pursuant to the terms and conditions of this Agreement; and

WHEREAS this Agreement is intended to comply with the requirements of Internal Revenue Code Section 409A and the Capital Purchase Program ("CPP"). Accordingly, the intent of the parties hereto is that the Agreement shall be operated and interpreted consistent with the requirements of Section 409A and the CPP, if applicable.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the Employer and the Executive agree as follows:

1. Employment. Upon the terms and subject to the conditions contained in this Agreement, the Executive agrees to provide full-time services for the Employer during the term of this Agreement, and the Executive hereby accepts such employment. Executive agrees to devote his best efforts to the business of the Employer, and shall perform his duties in a diligent, trustworthy, and business-like manner, all for the purpose of advancing the business of the Employer. Notwithstanding the above, the Executive may engage in other business interests or investments which do not materially prevent the Executive from performing his contemplated services hereunder on behalf of the Employer and which do not conflict with any duty or obligation Executive owes to the Employer under this Agreement.

2. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) "Change in Control" shall mean: a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as such change is defined under the default definition in Treasury Regulation §1.409A-3(i) (5) or any subsequently applicable Treasury Regulation.

(b) "Cause" shall mean (a) fraud; (b) embezzlement; (c) conviction of or plea of nolo contendere by the Executive of any felony; (d) a material breach of, or the willful failure or refusal by the Executive to perform and discharge the Executive's duties, responsibilities and obligations under this Agreement; (e) any act of moral turpitude or willful misconduct by the Executive intended to result in personal enrichment of the Executive at the expense of the Employer, or any of its affiliates or which has a material adverse impact on the business or reputation of the Employer or any of its affiliates (such determination to be made by the Board in its reasonable judgment); (f) intentional material damage to the property or business of the Employer; (g) gross negligence; or (h) the ineligibility of the Executive to perform his duties because of a ruling, directive or other action by any agency of the United States or any state of the United States having regulatory authority over the Employer; but in each case only if (1) the

Executive has been provided with written notice of any assertion that there is a basis for termination for cause which notice shall specify in reasonable detail specific facts regarding any such assertion, (2) such written notice is provided to the Executive a reasonable time (and in any event no less than three business days) before the Board meets to consider any possible termination for cause, (3) at or prior to the meeting of the Board to consider the matters described in the written notice, an opportunity is provided to the Executive and his counsel to be heard before the Board with respect to the matters described in the written notice, (4) any resolution or other Board action held with respect to any deliberation regarding or decision to terminate the Executive for cause is duly adopted by a vote of at least two-thirds of the entire Board (excluding the Executive) at a meeting of the Board duly called and held, and (5) the Executive is promptly provided with a copy of the resolution or other corporate action taken with respect to such termination. No act or failure to act by the Executive shall be considered willful unless done or omitted to be done by him not in good faith and without reasonable belief that his action or omission was in the best interests of the Employer. The unwillingness of the Executive to accept any or all of a material change in the nature or scope of his position, authorities or duties, a reduction in his total compensation or benefits, a relocation that he deems unreasonable in light of his personal circumstances, or other action by or request of the Employer in respect of his position, authority, or responsibility that he reasonably deems to be contrary to this Agreement, may not be considered by the Board to be a failure to perform or misconduct by the Executive.

(c) “Code” shall mean the Internal Revenue Code of 1986, as amended, or any successor statute, rule or regulation of similar effect.

(d) “Confidential Information” shall mean all business and other information relating to the business of the Employer, including without limitation, technical or nontechnical data, programs, methods, techniques, processes, financial data, financial plans, product plans, and lists of actual or potential customers, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Such information and compilations of information shall be contractually subject to protection under this Agreement whether or not such information constitutes a trade secret and is separately protectable at law or in equity as a trade secret. Confidential Information does not include confidential business information, which does not constitute a trade secret under applicable law two years after any expiration or termination of this Agreement.

(e) “Disability” or “Disabled” means the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer.

(f) “Good Reason” shall mean (i) without the Executive’s express written consent, a material diminution in authority, duties or responsibilities; (ii) any reduction by the Employer in the Executive’s Base Salary; (Hi) any failure of the Employer to obtain the assumption of, or the agreement to perform, this Agreement by any successor as contemplated in Section 13 hereof; (iv) the Employer materially breaches this Agreement; or (v) the Employer requiring the Executive to be permanently assigned to a location 30 miles other than the current location or future headquarters of the Employer, except for required travel on the Employer business to an extent substantially consistent with the Executive’s present business travel obligations and as described under Section 3, or, in the event the Executive consents to any relocation, the failure by the Employer to pay (or reimburse the Executive) for

all reasonable moving expenses incurred by the Executive relating to a change of the Executive's principal residence in connection with such relocation and to indemnify the Executive against any loss realized on the sale of the Executive's principal residence in connection with any such change of residence. Good Reason shall be deemed to occur only when Executive provides notice to the Employer of his judgment that a Good Reason event has occurred within 90 days of such occurrence, and the Employer will have at least 30 days during which it may remedy the condition.

(g) "Net Amount At Risk" shall mean the difference in the Death Benefit payable by the insurance carrier and the Cash Value of the policy (cies) owned by the Bank on the Executive's life.

(h) "Person" shall mean any individual, corporation, limited liability Employer, bank, partnership, joint venture, association, joint-stock Employer, trust, unincorporated organization or other entity.

(i) "Specified Employee" means an employee who at the time of Termination of Employment is a key employee of the Employer, if any stock of the Employer is publicly traded on an established securities market or otherwise. For purposes of this Agreement, an employee is a key employee if the employee meets the requirements of Code Section 4160) (1) (A) (i), or (Hi) (applied in accordance with the regulations thereunder and disregarding section 4160) (5)) at any time during the 12-month period ending on December 31 (the "identification period"). If the employee is a key employee during an identification period, the employee is treated as a key employee for purposes of this Agreement during the twelve (12) month period that begins on the first day of April following the close of the identification period.

(j) "Termination of Employment" with the Employer means that the Executive shall have ceased to be employed by the Employer for reasons other than death, excepting a leave of absence approved by the Employer. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Executive reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding twenty-four (24) month period (or the full period of services to the Employer if the Executive has been providing services to the Employer less than twenty-four (24) months).

(k) "Voluntary Termination" shall mean the termination by Executive of Executive's employment, which is not the result of Good Reason.

3. Duties. During the term hereof, the Executive shall hold the title of Executive Vice President and Calhoun County President of the Employer, and shall report directly to the President and Chief Executive Officer, Southern States Bank. The Executive shall have such duties and authority as are typical of a Calhoun County President of an Employer such as the Employer, including, without limitation, those specific in the Employer's bylaws. The Executive shall also promote, by entertainment or otherwise, as and to the extent permitted by law, the business of the Employer. The Executive's duties may, from time to time, be changed or modified at the discretion of the Board; provided however, except with his written consent, Executive shall not be assigned to any position of lower professional status.

4. Employment Term. Unless earlier terminated as provided herein, the Employer agrees to employ Executive, and the Executive hereby accepts employment hereunder, for an initial term of one (1) year commencing on the Effective Date, subject to the terms of this Agreement. Thereafter, the term of this Agreement will automatically renew each day after the Effective Date for one additional day so that the term of the Agreement shall always be one (1) year unless notified of intent not to renew by either party.

5. Compensation and Benefits. In consideration of Executive's services and covenants hereunder, Employer shall pay to Executive the compensation and benefits described below (which compensation shall be paid in accordance with the normal compensation practices of the Employer and shall be subject to such deductions and withholdings as are required by law or policies of the Employer in effect from time to time, provided that his salary pursuant to Section 5(a) below shall be payable not less frequently than monthly):

(a) Base Salary. As of the Effective Date of this Agreement, the Employer agrees to pay the Executive during the term of this Agreement an initial Base Salary at the rate of $155,000 per annum, payable in accordance with Employer's normal payroll practices with such payroll deductions and withholdings as are required by law. The Executive's Base Salary shall be reviewed no less frequently than annually and may be increased (but not reduced) at the discretion of the Board (or a committee thereof) and, as so increased, shall constitute the Executive's "Base Salary" hereunder.

(b) Annual Incentive Payment. During the term of this Agreement, provided that Executive is a full-time employee of the Employer on the final day of the Employer's fiscal year, in addition to other compensation to be paid under this Section 5, the Executive shall be eligible to participate in any applicable discretionary bonus or performance-based annual incentive plan for the then completed fiscal year of the Employer (the "Annual Incentive Payment"). The amount actually awarded and paid to the Executive each fiscal year will be determined by the Board and/or the Chief Executive Officer and may be based on specific performance criteria to be identified and provided in writing in advance to Executive under a separate communication. The total amount of the Annual Incentive Payment to be paid hereunder shall be calculated by the Employer and paid to the Executive within 75 days of the end of the Employer's fiscal year to which the Annual Incentive Payment applies. The Employer's calculation of the Annual Incentive Payment amount shall be conclusive and binding absent fraud or manifest and material error.

(c) Equity Incentives. The Executive will be eligible to participate in any and all equity incentive programs of the Employer now existing or established hereafter generally available to employees of the Employer or senior officers of the Employer, provided Executive is otherwise qualified to participate in such programs. As part of its normal course of business, the Employer may amend or terminate existing or future equity programs.

(d) Vacation. The Executive shall be entitled to paid vacation as specified in the Employer's then current vacation policy, as amended from time to time.

(e) Reimbursement of Expenses. The Employer shall reimburse the Executive in accordance with Employer's expense reimbursement policies for all reasonable, ordinary and necessary business expenses incurred by the Executive in the course of his duties conducted on behalf of the Employer. In addition, the Employer may reimburse the Executive for annual dues at a local country club, and expenses related to the Executive's use of such country club for matters related to the business of the Employer. The Employer shall also reimburse Executive's reasonable expenses for continuing education courses necessary to maintain any certifications or licenses Executive may hold.

(f) Other Employee Benefits. The Executive shall be entitled to participate in any employee benefit plans now existing or established hereafter generally available to employees of the Employer or senior officers of the Employer, and to all normal perquisites provided to senior officers of the Employer, provided Executive is otherwise qualified to participate in such plans or programs. Based

on the Executive's benefits participation level, the Employer will pay certain established amounts on behalf of the Executive. As part of its normal course of business, the Employer may amend or terminate employee benefits.

(g) Benefits Not in Lieu of Compensation. No benefit or perquisite provided to the Executive shall be deemed to be in lieu of Base Salary, bonus, or other compensation, provided that the reporting of any benefits shall be consistent with the Code.

(h) Insurance. The Employer shall maintain or cause to be maintained officer liability insurance covering the Executive throughout the term of this Agreement.

(i) Life Insurance. The Bank shall make available to the Executive, through the Bank's group term life insurance policy, coverage on the Executive's life in an amount equal to at least one times Base Salary, but not to exceed two hundred fifty thousand dollars ($250,000). The Executive will also be entitled to receive up to fifteen hundred dollars ($1,500) to purchase additional life insurance if the Executive so elects.

6. Termination. Employment with the Employer hereunder may be terminated as follows:

(a) The Employer. The Employer shall have the right to terminate Executive's employment hereunder at any time during the term hereof for Cause, if the Executive becomes Disabled, upon the Executive's death, or without Cause.

(i) Termination for Cause. If the Employer terminates Executive's employment under this Agreement for Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Disability or Death. If the Employer terminates Executive's employment under this Agreement pursuant to the Executive's Disability or death, the Employer's obligations hereunder, including the obligations under Sections 5(a) above, shall cease on the date of Disability or death, as appropriate. During the period of incapacity leading up to the termination of the Executive's employment under this provision, the Employer shall continue to pay the full Base Salary at the rate then in effect and all perquisites and other benefits (other than bonus) until Executive has satisfied the "elimination period" specified under any disability plan or insurance program maintained by the Employer. Furthermore, Executive shall receive any Annual Incentive Payment earned or accrued through the date of incapacity, including any unvested amounts awarded for previous years.

(iii) Termination without Cause. Subject to Section 6(c) below, if the Employer terminates Executive's employment without Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(b) By Executive. Executive shall have the right to terminate his employment hereunder if there is a Voluntary Termination or there is Good Reason.

(i) Voluntary Termination. If Executive terminates his employment hereunder pursuant to a Voluntary Termination, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Good Reason. If Executive terminates his employment hereunder for Good Reason, Executive, subject to Section 14 below, shall be entitled to receive as severance, less applicable taxes and other deductions, the Severance Payment as defined in Section 6(a)(iii) above. Subject to Section 6(c) below, the Severance Payment shall be payable without interest in a lump sum within thirty (30) days of termination of employment.

(c) Payment of Severance.

(i) Any severance and other benefit due hereunder be payable without interest in a lump sum within thirty (30) days of Termination of Employment. Any severance and other benefit earned hereunder shall be in lieu of any other claim for compensation whether under this Agreement, or under any wage continuation law or at common law or otherwise, and any and all claims to severance or similar payments or benefits which the Executive may otherwise have or make.

(ii) Notwithstanding anything contained herein to the contrary, in the event of a violation or breach by Executive of any of the provisions of Sections 8 or 9, below, the Employer, in addition to, and not in limitation of, any other rights, remedies, or damages available to the Employer at law or in equity, shall be entitled to suspend, cease, and terminate the Employer's obligations to make the Severance Payment, and any other benefits, reimbursements, or rights of the Executive arising under this Agreement, and to recover from the Executive the Severance Payment, if any, previously paid to the Executive. In addition, in the event that any legal challenge to the validity or enforceability of any provision in Section 8 or 9 is asserted by or on behalf of the Executive, the Executive shall immediately forfeit the Executive's right to the Severance Payment and all other benefits, reimbursements, and rights of Executive arising under this Agreement. These remedies shall be in addition to, and not in limitation of, any injunctive relief or other rights, remedies, or damages, to which the Employer is or may be entitled as a result of this Agreement.

(iii) Notwithstanding anything to the contrary herein, if the Executive is suspended or temporarily prohibited from participating in the conduct of the Employer's affairs by a notice served under section 8(e)(3) or (g)(1) of Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(3) and (g)(1), the Employer's obligations under this Agreement shall be suspended as of the date of service unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Employer may in its discretion (i) pay the Executive all or part of the compensation withheld while the obligations under this Agreement were suspended and (ii) reinstate (in whole or in part) any of such obligations which were suspended. Notwithstanding anything to the contrary herein, if the Executive is removed or permanently prohibited from participating in the conduct of the Employer's affairs by an order issued under section 8 (e)(4) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(4) or (g)(1), all obligations of the Executive under this Agreement shall terminate as of the effective date of the order, but any vested rights of the parties hereto shall not be affected. Notwithstanding anything to the contrary herein, if the Employer is in default (as defined in section 3(x)(1) of the Federal Deposit Insurance Act), all obligations under this Agreement shall terminate as of the date of default, but this Section shall not affect any vested rights of the parties hereto. Any payments made to the Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. Section 1828(k) and any regulations promulgated there under.

7. Change in Control Benefit. Notwithstanding anything to the contrary in Section 6, if a Change in Control of the Employer occurs, and the Executive's employment is terminated during the period beginning six (6) months prior to and ending twelve months (12) following a

Change in Control for any reason other than Cause, Death or Disability, the Employer shall pay to the Executive a benefit as defined in Section 7(a) below in lieu of any other payment or benefit whatsoever.

(a) Amount. The benefit payable to Executive under this Section 7 shall be anamount equal to one (1) times the Executive's Cash Compensation for the most recently completed calendar year as provided in Sections 5(a) and 5(b); and the annualized amounts be paid for the Executive's benefits participation level for the most recently completed calendar year as provided in Section 5(f) and in effect at the time of the Change in Control.

(b) Payment. The amount due under the above Subsection (a) shall be paid in a lump sum within thirty (30) days of termination of employment or, if later, the Change in Control.

(c) Excess Parachute Payment. The amount payable under this Section 7 shall be reduced if the aggregate of the amount payable per Section 7(a), together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, constitutes an "Excess Parachute Payment" as defined in Section 280G of the Code, as subsequently amended. The Employer shall reduce the payment under this Section 7 so that the payment, together with the aggregate of all other amounts due as described previously described in this paragraph, is one ($1) dollar less than that amount which would constitute an "Excess Parachute Payment".

8. Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. "Trade Secret" means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive's employment (regardless of whether this Agreement terminates or expires). "Confidential Business Information" shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer's financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy.

9. Delivery of Documents upon Termination. At the Employer's request, the Executive shall deliver to the Employer or its designee at the termination of the Executive's employment all correspondence, memoranda, notes, records, drawings, sketches, plans, customer lists, product compositions, and other documents and all copies thereof, made, composed or received by the Executive, solely or jointly with others, that are in the Executive's possession, custody, or control at termination and that are related in any manner to the past, present, or anticipated business of the Employer.

10. Remedies. The Executive acknowledges that a remedy at law for any breach or attempted breach of the Executive's obligations under Sections 8 and 9 may be inadequate, agrees that the Employer may be entitled to specific performance and injunctive and other equitable remedies in case of any such breach or attempted breach and further agrees to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. The Employer shall have the right to offset against amounts to be paid to the Executive pursuant to the terms hereof any amounts from time to time owing by the Executive to the Employer. The termination of the Agreement shall not be deemed to be a waiver by the Employer of any breach by the Executive of this Agreement or any other obligation owed the Employer, and notwithstanding such a termination, the Executive shall be liable for all damages attributable to such a breach.

11. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration pursuant to the Alabama law in Anniston, Alabama. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

12. Indemnification. The Executive shall be protected against any and all legal actions when he is either a party, witness or a participant in any legal action brought against the Employer or the Executive or a board member. He will be protected through any programs that cover the outside directors or other executives of the Employer.

13. Miscellaneous Provisions.

(a) Successors of the Employer. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Employer, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession had taken place. Failure of the Employer to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Employer in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive terminated his employment for Good Reason (or, solely at the Executive's option, compensation from the Employer in the same amount and on the same terms as the Executive would be entitled under Section 7 above), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. As used in this Agreement, "Employer" as hereinbefore defined shall include any successor to its business and/or assets as aforesaid, which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) Executive's Heirs, etc. The Executive may not assign the Executive's rights or delegate the Executive's duties or obligations hereunder without the written consent of the Employer. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder as if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's designee or, if there be no such designee, to the Executive's estate.

(c) Notices. Any notice, request, approval, consent, demand or other communication shall be effective upon the first to occur of the following: (i) upon receipt by the party to whom such notice, request, approval, consent, demand or other communication is being given; or (ii) three (3) business days after being duly deposited in the United States mail, registered or certified, return receipt requested, and addressed as follows:

Executive: James W. Swift
188 Legacy Lane
Anniston, Alabama 36207

Employer: Southern States Bank
615 Quintard Avenue
Anniston, Alabama 36201

The parties hereto may change their respective addresses by notice in writing given to the other party to this Agreement.

(d) Amendment or Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer as may be specifically designated by the Board (which shall not include the Executive). No waiver by either party hereto at any time of any breach by the other party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

(e) Invalid Provisions. Should any portion of this Agreement be adjudged or held to be invalid, unenforceable or void, such holding shall not have the effect of invalidating or voiding the remainder of this Agreement and the parties hereby agree that the portion so held invalid, unenforceable or void shall if possible, be deemed amended or reduced in scope, or otherwise be stricken from this Agreement to the extent required for the purposes of validity and enforcement thereof.

(f) Survival of the Executive's Obligations. The Executive's obligations under this Agreement shall survive regardless of whether the Executive's employment by the Employer is terminated, voluntarily or involuntarily, by the Employer or the Executive, with or without Cause.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(h) Governing Law. This Agreement and any action or proceeding related to it shall be governed by and construed under the laws of the State of Alabama.

(i) Captions and Gender. The use of Captions and Section headings herein is for purposes of convenience only and shall not effect the interpretation or substance of any provisions contained herein. Similarly, the use of the masculine gender with respect to pronouns in this Agreement is for purposes of convenience and includes either sex who may be a signatory.

(j) Effect on Prior Agreements. This Agreement, and any attachments, represent the entire understanding between the parties hereto and supersedes in all respects any other prior Agreement or understanding between the Employer and the Executive regarding the Executive's employment.

14. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code and regulations promulgated thereunder (together, "Section 409A"), and shall, to the extent practicable, be construed in accordance therewith. If any amount payable pursuant to this Agreement constitutes a "deferral of compensation" subject to Section 409A and if, at the date of the Executive's "separation from service," as such term is defined in Section 409A, from the Employer (his "Separation from Service"), the Executive is a "specified employee", within the meaning of Section 409A, of the Employer as determined by the Employer from time to time, then each such payment that would otherwise be payable to the Executive within the six (6) month period following the Executive's Separation from Service shall be delayed and paid to the Executive without interest on the first business day of the seventh month following the Executive's Separation from Service. For the avoidance of doubt, for purposes of this Agreement, any amount which would not be considered a "deferral of compensation" within the meaning of Section 409A by reason of Treas. Reg. Sections 1.409A-1(b)(4) or 1.409A1(b)(9) shall not be considered a deferral of compensation for which payment shall be delayed in accordance with the preceding sentence. For purposes of this Agreement, each payment to which the Executive may be entitled pursuant to this Agreement, including each of the severance payments, shall be considered a separate payment within the meaning of Treas. Reg. Section 1.409A-2(b)(2). Notwithstanding the foregoing, to the extent that this Agreement or any payment or benefit hereunder shall be deemed not to comply with Section 409A, then neither the Employer, nor any of its principals, employees, designees or agents, shall be liable to the Executive or to any other person to the extent such failure to comply results from any actions, decisions or determinations made in good faith.

15. Compensation Modification. Notwithstanding anything herein to the contrary, if at any time subsequent to execution of this Agreement and during the term of this Agreement, the United States Department of Treasury ("Treasury") should own any debt or equity securities of the Employer acquired pursuant to the Capital Purchase Program ("CPP"), the terms of this Section 15 hereby amend and shall override any contrary or inconsistent terms contained in this Agreement and any and all other employment, compensation and benefit agreements, plans and policies with respect to the Executive that are in existence on the date hereof and that hereafter are adopted (the "Compensation Arrangements"). This Section 15 shall be construed in a manner that is consistent with Section 111(b) of the Economic Stabilization Act of 2008 ("EESA") and regulations issued thereunder, or as superseded by all applicable provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). The Employer and Executive further agree that the Employer shall not adopt any new benefit plan with respect to Executive that does not comply with Section 111(b) of EESA and ARRA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the date the Employer issues preferred stock and warrants to the Treasury. The Executive acknowledges that the Employer's Compensation Committee has the sole and absolute discretion to modify or revoke any bonus or incentive compensation arrangement that would encourage the Executive to take unnecessary and excessive risks that would threaten the value of the Employer.

(a) Recovery of Incentive Compensation. In the event Executive receives compensation that was based on financial statements or performance metric criteria that are determined to be materially inaccurate, Executive shall repay the Employer upon demand the amount of the bonus or incentive compensation received by Executive in excess of the amount that would have been paid to Executive had the inaccurate statements or criteria been accurate.

(b) Golden Parachute Limit. In the event of Executive's termination of employment that is either involuntary or in connection with the Employer's bankruptcy, liquidation or receivership, severance payments to the Executive shall be limited to the extent that the payment would otherwise constitute a "golden parachute" as defined under section 111(b)(2)(C) of the EESA.

(c) Waiver. Executive hereby voluntarily waives any claim against the Employer for any changes to the Compensation Arrangements that are made or contemplated in this Section 15. This waiver includes all claims Executive may have under the laws of the United States or any state related to the requirements imposed by the EESA, including, without limitation, a claim for any compensation or other payments Executive would otherwise receive.

(d) Modification - Waivers. No provisions of this Section 15 may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and on behalf of the Employer by such officer as may be specifically designated by the Board of Directors of the Employer. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Section 15 to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party, which are not set forth expressly in this Agreement.

IN WITNESS WHEREOF, the Executive and a duly authorized Employer officer have signed this Agreement to be effective as of the Effective Date.

EXECUTIVE

/s/ James W. Swift
James W. Swift

SOUTHERN STATES BANK

/s/ Stephen W. Whatley
Stephen W. Whatley
President and CEO

Exhibit 10.13

SOUTHERN STATES BANK
AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is hereby made effective on the 13th day of April, 2021, and hereby amends the Employment Agreement (the "**Agreement**") entered into by and between Southern States Bank (the "**Bank**") and James W. Swift ("**Employee**") on the March 24, 2010.

WHEREAS, the Bank and the Employee previously entered into the Agreement to arrange terms of employment so as to reasonable induce Employee to continue to provide services to the Bank; and

WHEREAS, the Bank and the Employee now desire to amend certain terms of the Agreement for the benefit of both the Bank and the Employee.

NOW THEREFORE, for and in consideration of the mutual premises and covenants of the Agreement, the parties hereto agree to the following amendments:

Section 7(a) is hereby deleted in its entirety and replaced with the following:

7(a) Amount. The benefit payable to Executive under this Section 7 shall be an amount equal to two (2) times the Executive's Cash Compensation for the most recently completed calendar year as provided in Sections 5(a) and 5(b); and two (2) times the annualized amounts be paid for the Executive's benefits participation level for the most recently completed calendar year as provided in Section 5(f) and in effect at the time of the Change in Control.

Section 7(c) is hereby deleted in its entirety and replaced with the following:

7(c) Excess Parachute Payment. If the amount payable pursuant to this Section 7, together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, Employee shall be given the right to select the order of any required reduction.

Section 8 is hereby deleted in its entirety and replaced with the following:

8. Confidential Information and Non-compete.

(a) Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees

to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. ‘‘Trade Secret” means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive’s employment (regardless of whether this Agreement terminates or expires). “Confidential Business Information” shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer’s financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy

(b) Non-Compete. The Employee hereby agrees that for a period of twelve (12) months after the Employee’s termination, Employee will not within a 50 mile radius of any office of Bank directly or indirectly compete or assist any person who competes, or participate in the ownership, management or operation of any partnership, corporation or other entity operating a business that competes with Bank in the business of banking. For purposes of this Agreement, the term “business of banking” shall mean and be limited to a business that accepts deposits and makes loans. In consideration of this non-compete requirement, the Employer shall provide severance compensation equal to one (1) times Cash Compensation.

IN WITNESS WHEREOF, the Executive and a duly authorized officer of the Employer have signed this Amendment to be effective as of the date first written above.

EXECUTIVE

/s/ James W. Swift
James W. Swift, SEVP

SOUTHERN STATES BANK

/s/ Stephen W. Whatley
Stephen W. Whatley, Chairman and CEO

EMPLOYMENT AGREEMENT
For Gregory B. Smith

This Employment Agreement (the "Agreement") is made as of this 24th day of March, 2010 (the "Effective Date"), by and between Southern States Bank, an Alabama bank corporation (the "Employer"), and Gregory B. Smith (the "Executive").

WITNESSETH:

WHEREAS, the Employer desires to continue the services of and employ the Executive, and the Executive desires to continue to provide services to the Employer, pursuant to the terms and conditions of this Agreement; and

WHEREAS this Agreement is intended to comply with the requirements of Internal Revenue Code Section 409A and the Capital Purchase Program ("CPP"). Accordingly, the intent of the parties hereto is that the Agreement shall be operated and interpreted consistent with the requirements of Section 409A and the CPP, if applicable.

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the Employer and the Executive agree as follows:

1. Employment. Upon the terms and subject to the conditions contained in this Agreement, the Executive agrees to provide full-time services for the Employer during the term of this Agreement, and the Executive hereby accepts such employment. Executive agrees to devote his best efforts to the business of the Employer, and shall perform his duties in a diligent, trustworthy, and business-like manner, all for the purpose of advancing the business of the Employer. Notwithstanding the above, the Executive may engage in other business interests or investments which do not materially prevent the Executive from performing his contemplated services hereunder on behalf of the Employer and which do not conflict with any duty or obligation Executive owes to the Employer under this Agreement.

2. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified below.

(a) "Change in Control" shall mean: a change in the ownership or effective control of the Employer, or in the ownership of a substantial portion of the assets of the Employer, as such change is defined under the default definition in Treasury Regulation §1.409A-3(i) (5) or any subsequently applicable Treasury Regulation.

(b) "Cause" shall mean (a) fraud; (b) embezzlement; (c) conviction of or plea of nolo contendere by the Executive of any felony; (d) a material breach of, or the willful failure or refusal by the Executive to perform and discharge the Executive's duties, responsibilities and obligations under this Agreement; (e) any act of moral turpitude or willful misconduct by the Executive intended to result in personal enrichment of the Executive at the expense of the Employer, or any of its affiliates or which has a material adverse impact on the business or reputation of the Employer or any of its affiliates (such determination to be made by the Board in its reasonable judgment); (f) intentional material damage to the property or business of the Employer; (g) gross negligence; or (h) the ineligibility of the Executive to perform his duties because of a ruling, directive or other action by any agency of the United States or any state of the United States having regulatory authority over the Employer; but in each case only if (1) the

Executive has been provided with written notice of any assertion that there is a basis for termination for cause which notice shall specify in reasonable detail specific facts regarding any such assertion, (2) such written notice is provided to the Executive a reasonable time (and in any event no less than three business days) before the Board meets to consider any possible termination for cause, (3) at or prior to the meeting of the Board to consider the matters described in the written notice, an opportunity is provided to the Executive and his counsel to be heard before the Board with respect to the matters described in the written notice, (4) any resolution or other Board action held with respect to any deliberation regarding or decision to terminate the Executive for cause is duly adopted by a vote of at least two-thirds of the entire Board (excluding the Executive) at a meeting of the Board duly called and held, and (5) the Executive is promptly provided with a copy of the resolution or other corporate action taken with respect to such termination. No act or failure to act by the Executive shall be considered willful unless done or omitted to be done by him not in good faith and without reasonable belief that his action or omission was in the best interests of the Employer. The unwillingness of the Executive to accept any or all of a material change in the nature or scope of his position, authorities or duties, a reduction in his total compensation or benefits, a relocation that he deems unreasonable in light of his personal circumstances, or other action by or request of the Employer in respect of his position, authority, or responsibility that he reasonably deems to be contrary to this Agreement, may not be considered by the Board to be a failure to perform or misconduct by the Executive.

(c) “Code” shall mean the Internal Revenue Code of 1986, as amended, or any successor statute, rule or regulation of similar effect.

(d) “Confidential Information” shall mean all business and other information relating to the business of the Employer, including without limitation, technical or nontechnical data, programs, methods, techniques, processes, financial data, financial plans, product plans, and lists of actual or potential customers, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other Persons, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Such information and compilations of information shall be contractually subject to protection under this Agreement whether or not such information constitutes a trade secret and is separately protectable at law or in equity as a trade secret. Confidential Information does not include confidential business information, which does not constitute a trade secret under applicable law two years after any expiration or termination of this Agreement.

(e) “Disability” or “Disabled” means the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) is by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer.

(f) “Good Reason” shall mean (i) without the Executive’s express written consent, a material diminution in authority, duties or responsibilities; (ii) any reduction by the Employer in the Executive’s Base Salary; (iii) any failure of the Employer to obtain the assumption of, or the agreement to perform, this Agreement by any successor as contemplated in Section 13 hereof; (iv) the Employer materially breaches this Agreement; or (v) the Employer requiring the Executive to be permanently assigned to a location 30 miles other than the current location or future headquarters of the Employer, except for required travel on the Employer business to an extent substantially consistent with the Executive’s present business travel obligations and as described under Section 3, or, in the event the Executive consents to any relocation, the failure by the Employer to pay (or reimburse the Executive) for

all reasonable moving expenses incurred by the Executive relating to a change of the Executive's principal residence in connection with such relocation and to indemnify the Executive against any loss realized on the sale of the Executive's principal residence in connection with any such change of residence. Good Reason shall be deemed to occur only when Executive provides notice to the Employer of his judgment that a Good Reason event has occurred within 90 days of such occurrence, and the Employer will have at least 30 days during which it may remedy the condition.

(g) "Net Amount At Risk" shall mean the difference in the Death Benefit payable by the insurance carrier and the Cash Value of the policy (cies) owned by the Bank on the Executive's life.

(h) "Person" shall mean any individual, corporation, limited liability Employer, bank, partnership, joint venture, association, joint-stock Employer, trust, unincorporated organization or other entity.

(i) "Specified Employee" means an employee who at the time of Termination of Employment is a key employee of the Employer, if any stock of the Employer is publicly traded on an established securities market or otherwise. For purposes of this Agreement, an employee is a key employee if the employee meets the requirements of Code Section 416(i) (1) (A) (i), (ii), or (iii) (applied in accordance with the regulations thereunder and disregarding section 416(i) (5)) at any time during the 12-month period ending on December 31 (the "identification period"). If the employee is a key employee during an identification period, the employee is treated as a key employee for purposes of this Agreement during the twelve (12) month period that begins on the first day of April following the close of the identification period.

(j) "Termination of Employment" with the Employer means that the Executive shall have ceased to be employed by the Employer for reasons other than death, excepting a leave of absence approved by the Employer. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Employer and the Executive reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Executive would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding twenty-four (24) month period (or the full period of services to the Employer if the Executive has been providing services to the Employer less than twenty-four (24) months).

(k) "Voluntary Termination" shall mean the termination by Executive of Executive's employment, which is not the result of Good Reason.

3. Duties. During the term hereof, the Executive shall hold the title of Executive Vice President and Chief Credit Officer of the Employer, and shall report directly to the President and Chief Executive Officer, Southern States Bank. The Executive shall have such duties and authority as are typical of a Chief Credit Officer of an Employer such as the Employer, including, without limitation, those specific in the Employer's bylaws. The Executive shall also promote, by entertainment or otherwise, as and to the extent permitted by law, the business of the Employer. The Executive's duties may, from time to time, be changed or modified at the discretion of the Board; provided however, except with his written consent, Executive shall not be assigned to any position of lower professional status.

4. Employment Term. Unless earlier terminated as provided herein, the Employer agrees to employ Executive, and the Executive hereby accepts employment hereunder, for an initial term of one (1) year commencing on the Effective Date, subject to the terms of this Agreement. Thereafter, the term of this Agreement will automatically renew each day after the Effective Date for one additional day so that the term of the Agreement shall always be one (1) year unless notified of intent not to renew by either party.

5. Compensation and Benefits. In consideration of Executive's services and covenants hereunder, Employer shall pay to Executive the compensation and benefits described below (which compensation shall be paid in accordance with the normal compensation practices of the Employer and shall be subject to such deductions and withholdings as are required by law or policies of the Employer in effect from time to time, provided that his salary pursuant to Section 5(a) below shall be payable not less frequently than monthly):

(a) Base Salary. As of the Effective Date of this Agreement, the Employer agrees to pay the Executive during the term of this Agreement an initial Base Salary at the rate of $155,000 per annum, payable in accordance with Employer's normal payroll practices with such payroll deductions and withholdings as are required by law. The Executive's Base Salary shall be reviewed no less frequently than annually and may be increased (but not reduced) at the discretion of the Board (or a committee thereof) and, as so increased, shall constitute the Executive's "Base Salary" hereunder.

(b) Annual Incentive Payment. During the term of this Agreement, provided that Executive is a full-time employee of the Employer on the final day of the Employer's fiscal year, in addition to other compensation to be paid under this Section 5, the Executive shall be eligible to participate in any applicable discretionary bonus or performance-based annual incentive plan for the then completed fiscal year of the Employer (the "Annual Incentive Payment"). The amount actually awarded and paid to the Executive each fiscal year will be determined by the Board and/or the Chief Executive Officer and may be based on specific performance criteria to be identified and provided in writing in advance to Executive under a separate communication. The total amount of the Annual Incentive Payment to be paid hereunder shall be calculated by the Employer and paid to the Executive within 75 days of the end of the Employer's fiscal year to which the Annual Incentive Payment applies. The Employer's calculation of the Annual Incentive Payment amount shall be conclusive and binding absent fraud or manifest and material error.

(c) Equity Incentives. The Executive will be eligible to participate in any and all equity incentive programs of the Employer now existing or established hereafter generally available to employees of the Employer or senior officers of the Employer, provided Executive is otherwise qualified to participate in such programs. As part of its normal course of business, the Employer may amend or terminate existing or future equity programs.

(d) Vacation. The Executive shall be entitled to paid vacation as specified in the Employer's then current vacation policy, as amended from time to time.

(e) Reimbursement of Expenses. The Employer shall reimburse the Executive in accordance with Employer's expense reimbursement policies for all reasonable, ordinary and necessary business expenses incurred by the Executive in the course of his duties conducted on behalf of the Employer. In addition, the Employer may reimburse the Executive for annual dues at a local country club, and expenses related to the Executive's use of such country club for matters related to the business of the Employer. The Employer shall also reimburse Executive's reasonable expenses for continuing education courses necessary to maintain any certifications or licenses Executive may hold.

(f) Other Employee Benefits. The Executive shall be entitled to participate in any employee benefit plans now existing or established hereafter generally available to employees of the Employer or senior officers of the Employer, and to all normal perquisites provided to senior officers of the Employer, provided Executive is otherwise qualified to participate in such plans or programs. Based

on the Executive's benefits participation level, the Employer will pay certain established amounts on behalf of the Executive. As part of its normal course of business, the Employer may amend or terminate employee benefits.

(g) Benefits Not in Lieu of Compensation. No benefit or perquisite provided to the Executive shall be deemed to be in lieu of Base Salary, bonus, or other compensation, provided that the reporting of any benefits shall be consistent with the Code.

(h) Insurance. The Employer shall maintain or cause to be maintained officer liability insurance covering the Executive throughout the term of this Agreement.

(i) Life Insurance. The Bank shall make available to the Executive, through the Bank's group term life insurance policy, coverage on the Executive's life in an amount equal to at least one times Base Salary, but not to exceed two hundred fifty thousand dollars ($250,000). The Executive will also be entitled to receive up to fifteen hundred dollars ($1,500) to purchase additional life insurance if the Executive so elects.

6. Termination. Employment with the Employer hereunder may be terminated as follows:

(a) The Employer. The Employer shall have the right to terminate Executive's employment hereunder at any time during the term hereof for Cause, if the Executive becomes Disabled, upon the Executive's death, or without Cause.

(i) Termination for Cause. If the Employer terminates Executive'semployment under this Agreement for Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Disability or Death. If the Employer terminates Executive's employment under this Agreement pursuant to the Executive's Disability or death, the Employer's obligations hereunder, including the obligations under Sections 5(a) above, shall cease on the date of Disability or death, as appropriate. During the period of incapacity leading up to the termination of the Executive's employment under this provision, the Employer shall continue to pay the full Base Salary at the rate then in effect and all perquisites and other benefits (other than bonus) until Executive has satisfied the "elimination period" specified under any disability plan or insurance program maintained by the Employer. Furthermore, Executive shall receive any Annual Incentive Payment earned or accrued through the date of incapacity, including any unvested amounts awarded for previous years.

(iii) Termination without Cause. Subject to Section 6(c) below, if theEmployer terminates Executive's employment without Cause, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(b) By Executive. Executive shall have the right to terminate his employment hereunder if there is a Voluntary Termination or there is Good Reason.

(i) Voluntary Termination. If Executive terminates his employment hereunder pursuant to a Voluntary Termination, the Employer's obligations under this Agreement, including any obligations of the Employer under Section 5 hereof, shall cease as of the date of termination, except that Employer shall pay Executive any earned but unpaid salary and benefits.

(ii) Good Reason. If Executive terminates his employment hereunder for Good Reason, Executive, subject to Section 14 below, shall be entitled to receive as severance, less applicable taxes and other deductions, the Severance Payment as defined in Section 6(a)(iii) above. Subject to Section 6(c) below, the Severance Payment shall be payable without interest in a lump sum within thirty (30) days of termination of employment.

(c) Payment of Severance.

(i) Any severance and other benefit due hereunder be payable without interest in a lump sum within thirty (30) days of Termination of Employment. Any severance and other benefit earned hereunder shall be in lieu of any other claim for compensation whether under this Agreement, or under any wage continuation law or at common law or otherwise, and any and all claims to severance or similar payments or benefits which the Executive may otherwise have or make.

(ii) Notwithstanding anything contained herein to the contrary, in the event of a violation or breach by Executive of any of the provisions of Sections 8 or 9, below, the Employer, in addition to, and not in limitation of, any other rights, remedies, or damages available to the Employer at law or in equity, shall be entitled to suspend, cease, and terminate the Employer's obligations to make the Severance Payment, and any other benefits, reimbursements, or rights of the Executive arising under this Agreement, and to recover from the Executive the Severance Payment, if any, previously paid to the Executive. In addition, in the event that any legal challenge to the validity or enforceability of any provision in Section 8 or 9 is asserted by or on behalf of the Executive, the Executive shall immediately forfeit the Executive's right to the Severance Payment and all other benefits, reimbursements, and rights of Executive arising under this Agreement. These remedies shall be in addition to, and not in limitation of, any injunctive relief or other rights, remedies, or damages, to which the Employer is or may be entitled as a result of this Agreement.

(iii) Notwithstanding anything to the contrary herein, if the Executive is suspended or temporarily prohibited from participating in the conduct of the Employer's affairs by a notice served under section 8(e)(3) or (g)(1) of Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(3) and (g)(1), the Employer's obligations under this Agreement shall be suspended as of the date of service unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Employer may in its discretion (i) pay the Executive all or part of the compensation withheld while the obligations under this Agreement were suspended and (ii) reinstate (in whole or in part) any of such obligations which were suspended. Notwithstanding anything to the contrary herein, if the Executive is removed or permanently prohibited from participating in the conduct of the Employer's affairs by an order issued under section 8 (e)(4) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818 (e)(4) or (g)(1), all obligations of the Executive under this Agreement shall terminate as of the effective date of the order, but any vested rights of the parties hereto shall not be affected. Notwithstanding anything to the contrary herein, if the Employer is in default (as defined in section 3(x)(1) of the Federal Deposit Insurance Act), all obligations under this Agreement shall terminate as of the date of default, but this Section shall not affect any vested rights of the parties hereto. Any payments made to the Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. Section 1828(k) and any regulations promulgated there under.

7. Change in Control Benefit. Notwithstanding anything to the contrary in Section 6, if a Change in Control of the Employer occurs, and the Executive's employment is terminated during the period beginning six (6) months prior to and ending twelve months (12) following a Change in Control for any reason other than Cause, Death or Disability, the Employer shall pay to the Executive a benefit as defined in Section 7(a) below in lieu of any other payment or benefit whatsoever.

(a) Amount. The benefit payable to Executive under this Section 7 shall be anamount equal to one (1) times the Executive's Cash Compensation for the most recently completed calendar year as provided in Sections 5(a) and 5(b); and the annualized amounts be paid for the Executive's benefits participation level for the most recently completed calendar year as provided in Section 5(f) and in effect at the time of the Change in Control.

(b) Payment. The amount due under the above Subsection (a) shall be paid in a lump sum within thirty (30) days of termination of employment or, if later, the Change in Control.

(c) Excess Parachute Payment. The amount payable under this Section 7 shall be reduced if the aggregate of the amount payable per Section 7(a), together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, constitutes an "Excess Parachute Payment" as defined in Section 280G of the Code, as subsequently amended. The Employer shall reduce the payment under this Section 7 so that the payment, together with the aggregate of all other amounts due as described previously described in this paragraph, is one ($1) dollar less than that amount which would constitute an "Excess Parachute Payment".

8. Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. "Trade Secret" means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive's employment (regardless of whether this Agreement terminates or expires). "Confidential Business Information" shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer's financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy.

9. Delivery of Documents upon Termination. At the Employer's request, the Executive shall deliver to the Employer or its designee at the termination of the Executive's employment all correspondence, memoranda, notes, records, drawings, sketches, plans, customer lists, product compositions, and other documents and all copies thereof, made, composed or received by the Executive, solely or jointly with others, that are in the Executive's possession, custody, or control at termination and that are related in any manner to the past, present, or anticipated business of the Employer.

10. Remedies. The Executive acknowledges that a remedy at law for any breach or attempted breach of the Executive's obligations under Sections 8 and 9 may be inadequate, agrees that the Employer may be entitled to specific performance and injunctive and other equitable remedies in case of any such breach or attempted breach and further agrees to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. The Employer shall have the right to offset against amounts to be paid to the Executive pursuant to the terms hereof any amounts from time to time owing by the Executive to the Employer. The termination of the Agreement shall not be deemed to be a waiver by the Employer of any breach by the Executive of this Agreement or any other obligation owed the Employer, and notwithstanding such a termination, the Executive shall be liable for all damages attributable to such a breach.

11. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration pursuant to the Alabama law in Anniston, Alabama. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

12. Indemnification. The Executive shall be protected against any and all legal actions when he is either a party, witness or a participant in any legal action brought against the Employer or the Executive or a board member. He will be protected through any programs that cover the outside directors or other executives of the Employer.

13. Miscellaneous Provisions.

(a) Successors of the Employer. The Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Employer, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession had taken place. Failure of the Employer to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Employer in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive terminated his employment for Good Reason (or, solely at the Executive's option, compensation from the Employer in the same amount and on the same terms as the Executive would be entitled under Section 7 above), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. As used in this Agreement, "Employer" as hereinbefore defined shall include any successor to its business and/or assets as aforesaid, which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) Executive's Heirs, etc. The Executive may not assign the Executive's rights or delegate the Executive's duties or obligations hereunder without the written consent of the Employer. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder as if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's designee or, if there be no such designee, to the Executive's estate.

(c) Notices. Any notice, request, approval, consent, demand or other communication shall be effective upon the first to occur of the following: (i) upon receipt by the party to whom such notice, request, approval, consent, demand or other communication is being given; or (ii) three (3) business days after being duly deposited in the United States mail, registered or certified, return receipt requested, and addressed as follows:

Executive: Gregory B. Smith
48 Drake Lane
Oxford, Alabama 36203

Employer: Southern States Bank
615 Quintard Avenue
Anniston, Alabama 36201

The parties hereto may change their respective addresses by notice in writing given to the other party to this Agreement.

(d) Amendment or Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer as may be specifically designated by the Board (which shall not include the Executive). No waiver by either party hereto at any time of any breach by the other party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

(e) Invalid Provisions. Should any portion of this Agreement be adjudged or held to be invalid, unenforceable or void, such holding shall not have the effect of invalidating or voiding the remainder of this Agreement and the parties hereby agree that the portion so held invalid, unenforceable or void shall if possible, be deemed amended or reduced in scope, or otherwise be stricken from this Agreement to the extent required for the purposes of validity and enforcement thereof.

(f) Survival of the Executive's Obligations. The Executive's obligations under this Agreement shall survive regardless of whether the Executive's employment by the Employer is terminated, voluntarily or involuntarily, by the Employer or the Executive, with or without Cause.

(g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(h) Governing Law. This Agreement and any action or proceeding related to it shall be governed by and construed under the laws of the State of Alabama.

(i) Captions and Gender. The use of Captions and Section headings herein is for purposes of convenience only and shall not effect the interpretation or substance of any provisions contained herein. Similarly, the use of the masculine gender with respect to pronouns in this Agreement is for purposes of convenience and includes either sex who may be a signatory.

(j) Effect on Prior Agreements. This Agreement, and any attachments, represent the entire understanding between the parties hereto and supersedes in all respects any other prior Agreement or understanding between the Employer and the Executive regarding the Executive's employment.

14. Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code and regulations promulgated thereunder (together, "Section 409A"), and shall, to the extent practicable, be construed in accordance therewith. If any amount payable pursuant to this Agreement constitutes a "deferral of compensation" subject to Section 409A and if, at the date of the Executive's "separation from service," as such term is defined in Section 409A, from the Employer (his "Separation from Service"), the Executive is a "specified employee", within the meaning of Section 409A, of the Employer as determined by the Employer from time to time, then each such payment that would otherwise be payable to the Executive within the six (6) month period following the Executive's Separation from Service shall be delayed and paid to the Executive without interest on the first business day of the seventh month following the Executive's Separation from Service. For the avoidance of doubt, for purposes of this Agreement, any amount which would not be considered a "deferral of compensation" within the meaning of Section 409A by reason of Treas. Reg. Sections 1.409A-1(b)(4) or 1.409A1(b)(9) shall not be considered a deferral of compensation for which payment shall be delayed in accordance with the preceding sentence. For purposes of this Agreement, each payment to which the Executive may be entitled pursuant to this Agreement, including each of the severance payments, shall be considered a separate payment within the meaning of Treas. Reg. Section 1.409A-2(b)(2). Notwithstanding the foregoing, to the extent that this Agreement or any payment or benefit hereunder shall be deemed not to comply with Section 409A, then neither the Employer, nor any of its principals, employees, designees or agents, shall be liable to the Executive or to any other person to the extent such failure to comply results from any actions, decisions or determinations made in good faith.

15. Compensation Modification. Notwithstanding anything herein to the contrary, if at any time subsequent to execution of this Agreement and during the term of this Agreement, the United States Department of Treasury ("Treasury") should own any debt or equity securities of the Employer acquired pursuant to the Capital Purchase Program ("CPP"), the terms of this Section 15 hereby amend and shall override any contrary or inconsistent terms contained in this Agreement and any and all other employment, compensation and benefit agreements, plans and policies with respect to the Executive that are in existence on the date hereof and that hereafter are adopted (the "Compensation Arrangements"). This Section 15 shall be construed in a manner that is consistent with Section 111(b) of the Economic Stabilization Act of 2008 ("EESA") and regulations issued thereunder, or as superseded by all applicable provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). The Employer and Executive further agree that the Employer shall not adopt any new benefit plan with respect to Executive that does not comply with Section 111(b) of EESA and ARRA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the date the Employer issues preferred stock and warrants to the Treasury. The Executive acknowledges that the Employer's Compensation Committee has the sole and absolute discretion to modify or revoke any bonus or incentive compensation arrangement that would encourage the Executive to take unnecessary and excessive risks that would threaten the value of the Employer.

(a) Recovery of Incentive Compensation. In the event Executive receives compensation that was based on financial statements or performance metric criteria that are determined to be materially inaccurate, Executive shall repay the Employer upon demand the amount of the bonus or incentive compensation received by Executive in excess of the amount that would have been paid to Executive had the inaccurate statements or criteria been accurate.

(b) Golden Parachute Limit. In the event of Executive's termination of employment that is either involuntary or in connection with the Employer's bankruptcy, liquidation or receivership, severance payments to the Executive shall be limited to the extent that the payment would otherwise constitute a "golden parachute" as defined under section 111(b)(2)(C) of the EESA.

(c) Waiver. Executive hereby voluntarily waives any claim against the Employer for any changes to the Compensation Arrangements that are made or contemplated in this Section 15. This waiver includes all claims Executive may have under the laws of the United States or any state related to the requirements imposed by the EESA, including, without limitation, a claim for any compensation or other payments Executive would otherwise receive.

(d) Modification - Waivers. No provisions of this Section 15 may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by the Executive and on behalf of the Employer by such officer as may be specifically designated by the Board of Directors of the Employer. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Section 15 to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party, which are not set forth expressly in this Agreement.

IN WITNESS WHEREOF, the Executive and a duly authorized Employer officer have signed this Agreement to be effective as of the Effective Date.

EXECUTIVE	SOUTHERN STATES BANK
/s/ Gregory B. Smith	/s/ Stephen W. Whatley
Gregory B. Smith	Stephen W. Whatley President & CEO

Exhibit 10.15

SOUTHERN STATES BANK
AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is hereby made effective on the 13th day of April, 2021, and hereby amends the Employment Agreement (the "**Agreement**") entered into by and between Southern States Bank (the "**Bank**") and Gregory B. Smith ("**Employee**") on the March 24, 2010.

WHEREAS, the Bank and the Employee previously entered into the Agreement to arrange terms of employment so as to reasonable induce Employee to continue to provide services to the Bank; and

WHEREAS, the Bank and the Employee now desire to amend certain terms of the Agreement for the benefit of both the Bank and the Employee.

NOW THEREFORE, for and in consideration of the mutual premises and covenants of the Agreement, the parties hereto agree to the following amendments:

Section 7(a) is hereby deleted in its entirety and replaced with the following:

7(a) Amount. The benefit payable to Executive under this Section 7 shall be an amount equal to two (2) times the Executive's Cash Compensation for the most recently completed calendar year as provided in Sections 5(a) and 5(b); and two (2) times the annualized amounts be paid for the Executive's benefits participation level for the most recently completed calendar year as provided in Section 5(f) and in effect at the time of the Change in Control.

Section 7(c) is hereby deleted in its entirety and replaced with the following:

7(c) Excess Parachute Payment. If the amount payable pursuant to this Section 7, together with all other payments and the value attributable to the immediate vesting of unvested options, restricted stock or any other deferred benefits or awards, excluding qualified benefit plans, ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, Employee shall be given the right to select the order of any required reduction.

Section 8 is hereby deleted in its entirety and replaced with the following:

8. Confidential Information and Non-compete.

(a) Confidential Information. The Executive recognizes and acknowledges that he will have access to certain information of the Employer and its subsidiaries and that such information is confidential and constitutes valuable, special and unique property of the Employer. The Executive agrees

to maintain in strict confidence and, except as necessary to perform his duties for the Employer, agrees not to use or disclose any Trade Secrets of the Employer during or after his employment. ‘‘Trade Secret” means information, including a formula, pattern, compilation, program, device, method, technique, process, drawing, cost data or customer list, that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition, the Executive agrees to maintain in strict confidence and, except as necessary to perform his duties for the Employer, not to use or disclose any Confidential Business Information of the Employer during his employment and for a period of 36 months following termination of the Executive’s employment (regardless of whether this Agreement terminates or expires). “Confidential Business Information” shall mean any internal, non-public information (other than Trade Secrets already addressed above) concerning the Employer’s financial position and results of operations (including revenues, assets, net income, etc.); annual and long-range business plans; product or service plans; marketing plans and methods; training, educational and administrative manuals; customer and supplier information and purchase histories; and employee lists. The provisions of this Section 8 shall also apply to protect Trade Secrets and Confidential Business Information of third parties provided to the Employer under an obligation of secrecy

(b) Non-Compete. The Employee hereby agrees that for a period of twelve (12) months after the Employee’s termination, Employee will not within a 50 mile radius of any office of Bank directly or indirectly compete or assist any person who competes, or participate in the ownership, management or operation of any partnership, corporation or other entity operating a business that competes with Bank in the business of banking. For purposes of this Agreement, the term “business of banking” shall mean and be limited to a business that accepts deposits and makes loans. In consideration of this non-compete requirement, the Employer shall provide severance compensation equal to one (1) times Cash Compensation.

IN WITNESS WHEREOF, the Executive and a duly authorized officer of the Employer have signed this Amendment to be effective as of the date first written above.

EXECUTIVE

/s/ Gregory B. Smith
Gregory B. Smith, SEVP

SOUTHERN STATES BANK

/s/ Stephen W. Whatley
Stephen W. Whatley, Chairman and CEO

Exhibit 10.16

SOUTHERN STATES BANCSHARES, INC.
REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of December 28, 2016, by and among Southern States Bancshares, Inc., an Alabama corporation (the "Company"), and the purchasers signatory hereto (each, a "Registration Rights Purchaser" and collectively, the "Registration Rights Purchasers").

This Agreement is made pursuant to the Stock Purchase Agreement, dated as of December 27, 2016, among the Company, each Registration Rights Purchaser, and the other purchasers that are party thereto (the "Purchase Agreement").

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each of the Registration Rights Purchasers agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 8(h).

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person.

"Agreement" shall have the meaning set forth in the Preamble.

"Allowable Grace Period" shall have the meaning set forth in Section 5(d).

"Business Day" means a day other than a Saturday or Sunday or other day on which banks located in New York or Alabama are authorized or required by law to close.

"Capital Stock" means, with respect to any Person at any time, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of capital stock, securities convertible into or exchangeable or exercisable for any of its shares, interests, participations or other equivalents, partnership interests (whether general or limited), limited liability company interests, or equivalent ownership interests in or issued by such Person.

"Closing Date" has the meaning set forth in the Purchase Agreement.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the voting common stock of the Company, $5.00 par value per share, and any securities into which such shares of voting common stock may hereinafter be reclassified.

"Company" shall have the meaning set forth in the Preamble.

"Company Notice" has the meaning set forth in Section 2(a).

"Demand Registration" has the meaning set forth in Section 2(a).

"Demand Registration Statement" has the meaning set forth in Section 2(a).

"Effective Date" means the date that the Registration Statement filed pursuant to Section 2(a) is first declared effective by the Commission.

"Effectiveness Deadline" means, with respect to a Demand Registration Statement, the fifth (5th) Trading Day after the date the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be "reviewed" or will not be subject to further review; provided, that if the Effectiveness Deadline falls on a Saturday, Sunday or other day that the Commission is closed for business, the Effectiveness Deadline shall be extended to the next Business Day on which the Commission is open for business.

"Effectiveness Period" shall have the meaning set forth in Section 2(c).

"Event" shall have the meaning set forth in Section 2(d).

"Event Date" shall have the meaning set forth in Section 2(d).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Filing Deadline" has the meaning set forth in Section 2(a).

"FINRA" shall have the meaning set forth in Section 5(n).

"Grace Period" shall have the meaning set forth in Section 5(d).

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Holders' Counsel" means one counsel designated by a majority of the outstanding Registerable Securities.

"Indemnified Party" shall have the meaning set forth in Section 7(c).

"Indemnifying Party" shall have the meaning set forth in Section 7(c). "Inspectors" shall have the meaning set forth in Section 5(j).

"Liquidated Damages" shall have the meaning set forth in Section 2(d). "Losses" shall have the meaning set forth in Section 7(a).

"New York Courts" means the state and federal courts sitting in the borough of Manhattan, in the State of New York.

"Non-Responsive Holder" shall have the meaning set forth in Section 8(d).

"Non-Voting Common Stock" means the Company's non-voting common stock, $5.00 par value per share, into which the Series B Preferred Stock is convertible following the Company's amendment to its articles of incorporation authorizing said stock, and any securities into which such shares of Non-Voting Common Stock may hereinafter be reclassified.

"OTC Pink" means the marketplace for trading over the counter stocks provided and operated by OTC Markets Group, Inc.

"Other Securities" means shares of Common Stock, Series B Preferred Stock, Non-Voting Common Stock or shares of other Capital Stock of the Company which are contractually entitled to registration rights or Capital Stock which the Company is registering pursuant to a Registration Statement.

"Participating Holder" means any Holder that has elected to include Registrable Securities in a Registration Statement pursuant to Section 2.

"Patriot" shall mean, collectively, Patriot Financial Partners II, L.P., a Delaware limited partnership and Patriot Financial Partners Parallel, L.P., a Delaware limited partnership.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Piggyback Registration" shall have the meaning set forth in Section 3(a).

"Principal Market" means the Trading Market on which the Common Stock is primarily listed on and quoted for trading, if any.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Purchase Agreement" shall have the meaning set forth in the Recitals. "Records" shall have the meaning set forth in Section 5(j).

"Registrable Securities" means all of the Shares, the Underlying Shares and any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the Shares or the Underlying Shares, provided that Shares or the Underlying Shares shall cease to be Registrable Securities upon the earliest to occur of the following: (A) if such Shares or Underlying Shares have ceased to be outstanding; (B) the date such Shares or Underlying Shares are sold pursuant to an effective Registration Statement or such Shares or Underlying Shares have been resold in compliance with Rule 144 (in which case, only such shares sold shall cease to be a Registrable Security); or (C) if such Shares or Underlying Shares have been sold in a private transaction in which the Holder's rights under this Agreement have not been assigned to the transferee.

"Registration" means a registration with the Commission of the offer and sale to the public of Registrable Securities under a Registration Statement. The terms "Register," "Registered" and "Registering" shall have a correlative meaning.

"Registration Rights Purchaser" or "Registration Rights Purchasers" shall have the meaning set forth in the Preamble.

"Registration Statements" means any one or more registration statements of the Company filed under the Securities Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement (including without limitation any Demand Registration Statement), amendments and supplements to such Registration Statements, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such Registration Statements.

"Requested Information" shall have the meaning set forth in Section 8(d).

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule thereto.

"Rule 144A" means Rule 144A promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule thereto.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule thereto.

"SEC Guidance" means (i) any publicly-available written guidance, comments, requirements or requests of the Commission staff and (ii) the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series B Preferred Stock" means the Company's Convertible Perpetual Preferred Stock, Series B $0.01 par value per share, and any securities into which such shares of Series B Convertible Perpetual Preferred Stock may hereinafter be reclassified.

"Shares" means the shares of Common Stock and the shares of Series B Preferred Stock issued or issuable to the Registration Rights Purchasers pursuant to the Purchase Agreement.

"Shelf Offering" shall have the meaning set forth in Section 4(a). "Take-Down Notice" shall have the meaning set forth in Section 4(a).

"Trading Day" means (i) a day on which the Common Stock is listed or quoted and traded on its Principal Market (other than the OTC Bulletin Board), or (ii) if the Common Stock is not listed on a Trading Market (other than the OTC Bulletin Board), a day on which the Common Stock is traded in the over-the-counter market, as reported by the OTC Bulletin Board, or (iii) if the Common Stock is not quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported in the OTC Pink; provided, that in the event that the Common Stock is not listed or quoted as set forth in (i), (ii) and (iii) hereof, then Trading Day shall mean a Business Day.

"Trading Market" means the New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market or another national securities exchange.

"Underlying Shares" means the shares of Common Stock and Non-Voting Common Stock into which the shares of Series B Preferred Stock are convertible, and includes the shares of Common Stock into which the shares of Non-Voting Common Stock are convertible.

2. Demand Registration.

a. At any time after the date that is the anniversary of three and one half (3.5) years of the Closing Date, Patriot shall have the right to request that the Company file a Registration Statement (a "Demand Registration Statement") with the Commission on the appropriate registration form for all or part of the Registrable Securities held by Patriot by delivering a written request to the Company specifying the class and number of shares of Registrable Securities that Patriot wishes to Register and the intended method of distribution thereof (a "Demand Registration"). The Company shall (i) within ten (10) Business Days of the receipt of such request, give written notice of such Demand Registration to the other Holders of Registrable Securities (the "Company Notice"), (ii) use its commercially reasonable efforts to file a Registration Statement (or an amendment or supplement to a previously filed shelf Registration Statement) in respect of such Demand Registration as soon as reasonably practicable and in any event within seventy-five (75) calendar days of the receipt of the request for a Demand Registration (the "Filing Deadline"), and (iii) use its commercially reasonable efforts to cause such Registration Statement to become effective as soon as reasonably practicable thereafter and in any event by the Effectiveness Deadline. Subject to Section 2(d) below, the Company shall include in such Registration all Registrable Securities the Holders request to be included (each, a "Participating Holder") within the ten (10) Business Days following receipt of the Company Notice, as applicable. No Holder shall be named as an "underwriter" in any Registration Statement without such Holder's prior written consent.

b. Patriot shall have the right to require the Company to make a total of two (2) Demand Registrations pursuant to Section 2(a); provided, however, that Patriot may not require the Company to effect a Demand Registration within one hundred eighty (180) calendar days of the date a previous Demand Registration was requested by Patriot; provided, further, that if a request under Section 2(a) is withdrawn by Patriot or is not deemed effective such request will not reduce the total number of Demand Registrations then available to Patriot. For the Company to be obligated to effect a Demand Registration pursuant to this Section 2, Patriot either alone or with the other Holders must agree to include a number of Registrable Securities in any Demand Registration with an original value as of the Closing Date of at least Five Million Dollars ($5,000,000).

c. The Company shall be deemed to have effected a Demand Registration for purposes of Section 2(b) if the Registration Statement is declared effective by the Commission or becomes effective upon filing with the Commission, and remains effective until such time as all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders (the "Effectiveness Period").

d. If: (i) a Demand Registration Statement is not filed with the Commission on or prior to the Filing Deadline, (ii) a Demand Registration Statement is not declared effective by the Commission (or otherwise does not become effective) for any reason on or prior to the Effectiveness Deadline, (iii) after its Effective Date, (A) such Registration Statement ceases to be effective for any reason (including without limitation by reason of a stop order, or the Company's failure to update the Registration Statement), or fails to remain continuously effective as to all Registrable Securities for which it is required to be effective, or (B) the Participating Holders are not permitted to utilize the Prospectus therein to resell such Registrable Securities (other than during an Allowable Grace Period), or (iv) a Grace Period applicable to a Demand Registration Statement exceeds the length of an Allowable Grace Period (any such failure or breach in clauses (i) through (iv) above being referred to as an "Event," and, for purposes of clauses (i), (ii) or (iii), the date on which such Event occurs, or for purposes of clause (iv) the date on which such Allowable Grace Period is exceeded, being referred to as an "Event Date"), then in addition to any other rights the Participating Holders (which for purposes of clarity includes Patriot) may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Participating Holder an amount in cash as liquidated damages and not as a penalty ("Liquidated Damages"), equal to one percent (1.0%) of the aggregate purchase price paid by such Participating Holder pursuant to the Purchase Agreement for any Registrable Securities held by such Participating Holder on the Event Date. The parties agree that notwithstanding anything to the contrary herein or in the Purchase Agreement, no Liquidated Damages shall be payable (i) with respect to a Participating Holder, for an Event that relates to or is caused by any action or inaction taken by such Participating Holder, (ii) with respect to a Participating Holder, in the event such Participating Holder is unable to lawfully sell any of its Registrable Securities (including, without limitation, in the event a Grace Period exceeds the length of an Allowable Grace Period) because of possession of material non-public information or (iii) with respect to any period after the expiration of the Effectiveness Period (it being understood that this clause shall not relieve the Company of any Liquidated Damages accruing prior to the expiration of the

Effectiveness Period). If the Company fails to pay any Liquidated Damages pursuant to this Section 2(d) in full within ten (10) Business Days after the date payable, the Company will pay interest on the amount of Liquidated Damages then owing to a Participating Holder at a rate of one percent (1.0%) per month on an annualized basis (or such lesser maximum amount that is permitted to be paid by applicable law) to such Participating Holder, accruing daily from the date such Liquidated Damages are due until such amounts, plus all such interest thereon, are paid in full. The Liquidated Damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event, except in the case of the first Event Date.

3. Piggyback Registration.

a. If the Company intends to file a Registration Statement (other than a Demand Registration Statement, pursuant to Section 2) covering a primary or secondary offering of any of its Common Stock, Series B Preferred Stock, Non-Voting Common Stock or Other Securities, whether or not the sale for its own account, which is not a registration solely to implement an employee benefit plan pursuant to a registration statement on Form S -8 (or successor form), a registration statement on Form S-4 (or successor form) or a transaction to which Rule 145 or any other similar rule of the Commission is applicable, the Company will promptly (and in any event at least fifteen (15) Business Days before the anticipated filing date) give written notice to the Holders of its intention to effect such a registration. The Company will affect the registration under the Securities Act of all Registrable Securities that the Holder(s) request(s) be included in such registration (a "Piggyback Registration") by a written notice delivered to the Company within ten (10) Business Days after the notice given by the Company in the preceding sentence. Subject to Section 3(b), securities requested to be included in a Company registration pursuant to this Section 3 shall be included by the Company on the same form of Registration Statement as has been selected by the Company for the securities the Company is registering for sale referred to above. The Holders shall be permitted to withdraw all or part of the Registrable Securities from the Piggyback Registration at any time at least two (2) Business Days prior to the effective date of the Registration Statement relating to such Piggyback Registration. If the Company elects to terminate any registration filed under this Section 3 prior to the effectiveness of such registration, the Company will have no obligation to register the securities sought to be included by the Holders in such registration under this Section 3. There shall be no limit to the number of Piggybank Registrations pursuant to this Section 3(a).

b. If a Registration Statement pursuant to a Piggyback Registration under this Section 3 relates to an underwritten offering and the managing underwriter(s) advise(s) the Company that in its or their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such registration or Prospectus only such number of securities that in the reasonable opinion of such underwriter(s) can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (i) first, the Common Stock and other securities the Company proposes to sell, (ii) second, the Registrable Securities of the Holders who have requested inclusion of Registrable Securities pursuant to this Section 3, pro rata on the basis of the aggregate number of such securities or shares owned by each such person, or as such Holders may otherwise agree, and (iii) third, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement. The Company shall select the investment banking firm or firms to act as the lead underwriter or underwriters in connection with an underwritten offering made pursuant to this Section 3. No Holder may participate in any underwritten registration under this Section 3 unless such Holder (i) agrees to sell the Registrable

Securities it desires to have covered by the underwritten offering on the basis provided in any underwriting arrangements in customary form and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

4. Underwritten Shelf Offerings.

a. At any time that a shelf registration statement covering Registrable Securities pursuant to Section 2 or Section 3 is effective, if any Holder delivers a notice to the Company (a "Take-Down Notice") stating that it intends to sell all or part of its Registrable Securities included by it on the shelf registration statement (a "Shelf Offering"), then, the Company shall amend or supplement the shelf registration statement as may be necessary in order to enable such Registrable Securities to be distributed pursuant to the Shelf Offering (taking into account the inclusion of Registrable Securities by any other Holders pursuant to this Section 4(a)). In connection with any Shelf Offering, including any Shelf Offering that is an underwritten offering, such proposing holder(s) shall also deliver the Take-Down Notice to all other holders of Registrable Securities included on such shelf Registration Statement and permit each such Holder to include its Registrable Securities included on the shelf Registration Statement in the Shelf Offering if such holder notifies the proposing holder(s) and the Company within ten (10) Business Days after delivery of the Take-Down Notice to such Holder.

b. The Company shall have no obligation to effect an underwritten offering under this Section 4 on behalf of the holders of Registrable Securities electing to participate in such offering unless the expected gross proceeds from such offering exceed Two Million Dollars ($2,000,000).

c. If a Shelf Offering of Registrable Securities included in a Demand Registration Statement is to be conducted as an underwritten offering, Patriot shall select the investment banking firm or firms to act as the lead underwriter or underwriters in connection with such offering; provided, that such selection shall be reasonably acceptable to the Company. If, in connection with any such underwritten offering, the managing underwriter(s) advise(s) the Company that in its or their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such registration or Prospectus only such number of securities that in the reasonable opinion of such underwriter(s) can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (i) first, the Registrable Securities of the Holders who have requested registration of Registrable Securities pursuant to this Section 4, pro rata on the basis of the aggregate number of such securities or shares owned by each such person, or as the Holders may otherwise agree amongst themselves, (ii) second, the Common Stock and other securities the Company proposes to sell, and (iii) third, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement. No Holder may participate in any underwritten registration under this Section 4 unless such Holder (i) agrees to sell the Registrable Securities it desires to include in the underwritten offering on the basis provided in any underwriting arrangements in customary form and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

d. In addition to Sections (a) and (b) of this Section 4, a Shelf Offering of Registrable Securities included on a Demand Registration Statement initiated by Patriot shall be subject to the procedures set forth in Section 2 and a Piggyback Registration Statement initiated by Holders shall be subject to the procedures set forth in Section 3(b).

5. Registration Procedures.

In connection with the Company's registration obligations hereunder:

a. The Company shall, not less than three (3) Trading Days prior to the filing of a Registration Statement or any related Prospectus or any amendment or supplement thereto (except for Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, proxy statements and Current Reports on Form 8-K and any similar or successor reports), furnish to each Participating Holder, copies of such Registration Statement, Prospectus or amendment or supplement thereto, as proposed to be filed, which documents will be subject to the reasonable review of each Participating Holder. The Company shall not file any Registration Statement or amendment or supplement thereto containing information to which a Participating Holder reasonably objects in good faith, unless the Company shall have been advised by its counsel that the information objected to is required under the Securities Act or the rules or regulations adopted thereunder.

b. (i) The Company shall prepare and file with the Commission such amendments, including post-effective amendments and supplements, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period (except during an Allowable Grace Period); (ii) the Company shall cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424 (except during an Allowable Grace Period); (iii) the Company shall respond as promptly as reasonably practicable to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible, provide the Holders true and complete copies of all correspondence from and to the Commission relating to such Registration Statement that pertains to the Holders as "Selling Shareholders"; and (iv) the Company shall comply in all material respects with the applicable provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by a Registration Statement until such time as all of such Registrable Securities shall have been disposed of (subject to the terms of this Agreement) in accordance with the intended methods of disposition by the Holders thereof as set forth in such Registration Statement as so amended or in such Prospectus as so supplemented; provided, that each Holder shall be responsible for the delivery of the Prospectus to the Persons to whom such Holder sells any of the Registrable Securities (including in accordance with Rule 172 under the Securities Act), and each Holder agrees to dispose of Registrable Securities in compliance with applicable federal and state securities laws. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 5(b)) by reason of the Company filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Exchange Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the Commission as promptly as practicable.

c. The Company shall notify the Holders (which notice shall, pursuant to clauses (ii) through (iv) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made, if applicable) as promptly as reasonably practicable following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement has been filed with the Commission; (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for

sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made), not misleading.

d. Notwithstanding anything to the contrary herein, at any time after the Registration Statement has been declared effective by the Commission, the Company may delay the disclosure of material non-public information concerning the Company if the disclosure of such information at the time is not, in the good faith judgment of the Company, in the best interests of the Company (such delay, a "Grace Period"). During the Grace Period, the Company shall not be required to maintain the effectiveness of any Registration Statement filed hereunder and, in any event, Holders shall suspend sales of Registrable Securities pursuant to such Registration Statements during the pendency of the Grace Period provided, the Company shall promptly (i) notify the Holders in writing of the existence of material non-public information giving rise to a Grace Period or the need to file a post-effective amendment, as applicable, and the date on which such Grace Period will begin, (ii) use commercially reasonable efforts to terminate a Grace Period as promptly as practicable provided that such termination is, in the good faith judgment of the Company, in the best interest of the Company and (iii) notify the Holders in writing of the date on which the Grace Period ends; provided, further, that, with respect to a Demand Registration Statement only, no single Grace Period shall exceed forty five (45) consecutive days, and during any three hundred sixty-five (365) day period, the aggregate of all Grace Periods shall not exceed an aggregate of one hundred twenty (120) days (each Grace Period complying with this provision being an "Allowable Grace Period"). For purposes of determining the length of a Grace Period, the Grace Period shall be deemed to begin on and include the date the Holders receive the notice referred to in clause (i) above and shall end on and include the later of the date the Holders receive the notice referred to in clause (iii) above and the date referred to in such notice; provided, that no Grace Period shall be longer than an Allowable Grace Period. Notwithstanding anything to the contrary, the Company shall use commercially reasonable efforts to cause the Transfer Agent to deliver unlegended Shares to a transferee of a Holder in accordance with the terms of the Purchase Agreement in connection with any sale of Registrable Securities with respect to which a Holder has entered into an irrevocable contract for sale prior to the Holder's receipt of the notice of a Grace Period and for which the Holder has not yet settled.

e. The Company shall use commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as soon as practicable.

f. The Company shall, if requested by a Holder, furnish to such Holder, without charge, at least one (1) conformed copy of each Registration Statement and each amendment thereto and all exhibits to the extent requested by such Holder (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; provided, that the Company shall have no obligation to provide any document pursuant to this clause that is available on the Commission's EDGAR or successor system.

g. The Company agrees to promptly deliver to each Holder whose Registrable Securities are included in the applicable Registration Statement, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

h. The Company shall, prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any general tax in any such jurisdiction where it is not then so subject or file a consent to service of process in any such jurisdiction.

i. The Company shall enter into such customary agreements (including an underwriting agreement in customary form) and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, in order to expedite or facilitate the disposition of such Registrable Securities. In connection with any such permitted underwritten offering of Registrable Securities, (i) the Company shall (A) make such representations and warranties to the selling Holders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in underwritten offerings, and, if true, confirm the same if and when requested, (B) use its commercially reasonable efforts to furnish opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriter(s), if any, addressed to each of the managing underwriter(s), if any, covering the matters customarily covered in opinions requested in underwritten offerings, (C) use its commercially reasonable efforts to obtain “cold comfort” letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement) who have certified the financial statements included in such Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in “cold comfort” letters in connection with underwritten offerings, (D) include in the underwriting agreement indemnification provisions and procedures customary in such underwritten offerings and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the

managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company, (ii) each Participating Holder shall not, during such period (which period shall in no event exceed one hundred eighty (180) days, subject to any then customary "booster shot" extension (which extension shall not exceed thirty (30) days) following the effective date of any Registration Statement to the extent requested by any managing underwriter, sell, pledge, hypothecate, transfer, make any short sale of, loan, grant any option or right to purchase of, or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Registrable Securities owned by it at any time during such period, except Registrable Securities included in such registration; provided that any release of Registrable Securities from such agreement shall be effected among the Holders on a pro rata basis according to the Registrable Securities then owned by them, and (iii) the Company shall use its commercially reasonable efforts to cause each of its directors and senior executive officers to execute and deliver customary lockup agreements in such form and for such time period up to one hundred eighty (180) days (subject to any then customary "booster shot" extensions) as may be requested by any managing underwriter. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder.

j. The Company shall make available for inspection by any Holder of Registrable Securities included in such Registration Statement, any underwriter participating in any disposition pursuant to such Registration Statement, and any attorney, accountant or other agent retained by any such seller or underwriter (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Company and its Subsidiaries (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such Registration Statement; provided, however, that any Records that are not generally publicly available at the time of delivery of such Records shall be kept confidential by such Inspectors unless (i) the disclosure of such Records is necessary in the reasonable judgment of the Inspectors to avoid or correct a misstatement or omission in the Registration Statement, (ii) the information in such Records has been made generally available to the public other than by disclosure by such Inspectors in violation of this Agreement, or (iii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction; provided, further, that each Holder of Registrable Securities agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company to the extent legally permitted and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential.

k. The Company shall, in the case of an underwritten offering, cause its officers to use their commercially reasonable efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, by participation in "road shows") if requested by the managing underwriter(s) and taking into account the Company's business needs.

l. The Company shall reasonably cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by the

Purchase Agreement and under law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may reasonably request. Certificates for Registrable Securities free from all restrictive legends may be transmitted by the transfer agent to a Holder by crediting the account of such Holder's prime broker with DTC as directed by such Holder.

m. The Company shall following the occurrence of any event contemplated by Sections 5(c)(ii)- (iv), as promptly as reasonably practicable, as applicable: (i) use its commercially reasonable efforts to prevent the issuance of any stop order or obtain its withdrawal at the earliest possible moment if the stop order have been issued, or (ii) taking into account the Company's good faith assessment of any adverse consequences to the Company and its shareholders of the premature disclosure of such event, prepare and file a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made), not misleading.

n. The Company may require each selling Holder to furnish to the Company a certified statement as to (i) the number of securities of the Company beneficially owned by such Holder and any Affiliate thereof, (ii) any Financial Industry Regulatory Authority ("FINRA") affiliations, (iii) any natural persons who have the power to vote or dispose of the Common Stock and (iv) any other information as may be requested by the Commission, FINRA, any state securities commission or any other government or regulatory body with jurisdiction over the Company or its activities. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of Registrable Securities because any Holder fails to furnish such information within five (5) Trading Days of the Company's request, any Liquidated Damages that are accruing at such time as to such Holder only shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company.

o. The Company shall cooperate with any registered broker through which a Holder proposes to resell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by any such Holder and the Company shall pay the filing fee required for the first (1st) such filing (but not additional filings) within two (2) Business Days of the request therefore.

p. If the Company becomes eligible to use Form S -3 during the term of this Agreement, the Company shall use its commercially reasonable efforts to maintain eligibility for use of Form S -3 (or any successor form thereto) for the registration of the resale of Registrable Securities.

q. If requested by a Holder, the Company shall (i) promptly incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as the Company reasonably agrees (upon advice of counsel) is required to be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment.

r. The Company shall use commercially reasonable efforts to cause such Registrable Securities to be listed on the national securities exchange selected by Patriot and, once listed, the Company shall use commercially reasonable efforts to maintain such listing.

s. The Company may require each Holder of Registrable Securities as to which any registration is being effected to furnish to the Company in writing such information required in connection with such registration regarding such Holder and the distribution of such Registrable Securities as the Company may, from time to time, reasonably request in writing and the Company may exclude from such registration the Registrable Securities of any Holder who fails to furnish such information within a reasonable time after receiving such request.

6. Registration Expenses.

All fees and expenses incident to the Company's performance of or compliance with its obligations under this Agreement (excluding any underwriting discounts and selling commissions, stock transfer taxes and fees of counsel for any Holder) shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence that are the Company's responsibility shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (B) with respect to compliance with applicable state securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as requested by the Holders) and (C) if not previously paid by the Company in connection with an issuer filing, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with FINRA pursuant to FINRA Rule 5110, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the Holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses of the Company, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement, and (vii) those expenses of the selling Holders actually and reasonably incurred, including without limitation, the reasonable fees of Holders' Counsel. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder.

7. Indemnification.

a. Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify, defend and hold harmless each Holder, the officers, directors, agents, general partners, managing members, managers, Affiliates, employees and investment advisers of such Holder, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers,

directors, general partners, managing members, managers, agents, Affiliates, employees and investment advisers of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and investigation and reasonable and documented attorneys' fees) and expenses (collectively, "Losses"), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or (ii) any violation or alleged violation by the Company of the Securities Act, Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (A) such untrue statements, alleged untrue statements, omissions or alleged omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder or on behalf of such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and approved by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto, (B) Holder's failure to deliver or cause to be delivered the Prospectus or any amendment or supplement thereto made available by the Company in compliance with Section 8(g), or (C) in the case of an occurrence of an event of the type specified in Sections 5(c)(ii)-(iv), related to the use by a Holder of an outdated or defective Prospectus after the Company has notified such Holder that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated and defined in Section 8(h) below, but only if and to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of an Indemnified Party (as defined in Section 7(c)) and shall survive the transfer of the Registrable Securities by the Holders.

b. Indemnification by Holders. Each Holder shall, notwithstanding any termination of this Agreement, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (A) to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by or on behalf of such Holder expressly for use therein, or (B) to the extent, but only to the extent, that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was

reviewed and approved by such Holder expressly for use in a Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (C) in the case of an occurrence of an event of the type specified in Sections 5(c)(ii)- (iv), to the extent, but only to the extent, related to the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 8(h), but only if and to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected, or (ii) Holder's failure to deliver or cause to be delivered the Prospectus or any amendment or supplement thereto made available by the Company in compliance with Section 8(g). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

c. Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of one (1) counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable and documented fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such written notice within a reasonable time of commencement of any such Proceeding shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have materially and adversely prejudiced the Indemnifying Party in its ability to defend such Proceeding.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel in writing that a conflict of interest exists if the same counsel were to represent such Indemnified Party and the Indemnifying Party; provided, that the Indemnifying Party shall not be liable for the fees and expenses of more than one (1) separate firm of attorneys at any time for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld, delayed or unreasonably conditioned. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all documented fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section 7(c)) shall be paid to the Indemnified Party, as incurred, within twenty (20) Trading

Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally judicially determined to not be entitled to indemnification hereunder.

d. Contribution. If a claim for indemnification under Section 7(a) or 7(b) is unavailable to an Indemnified Party (other than in accordance with its terms) or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and Indemnified Party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party, on the one hand, and Indemnified Party, on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 7(d) was available to such party in accordance with its terms. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The indemnity and contribution agreements contained in this Section 7 are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties and are not in diminution or limitation of the indemnification provisions under the Purchase Agreement.

8. Miscellaneous.

a. Remedies. In the event of a breach by the Company or by a Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

b. Prohibition on Other Registrations. The Company agrees (i) not to effect or initiate a registration statement for any public sale or distribution of any securities similar to those being registered pursuant to this Agreement, or any securities convertible into or exchangeable or exercisable for such securities (other than a registration solely to implement an employee benefit plan pursuant to a registration statement on Form S -8 (or successor form), a registration statement on Form S -4 (or successor form) or a transaction to which Rule 145 or any other similar rule of the Commission is applicable), during the fourteen (14) calendar days prior to, and during the sixty (60) calendar-day period beginning on, the effective date of any Registration Statement in which the Holders of Registrable Securities are participating (except as part of any such registration, if permitted).

c. Rule 144 Requirements. If, and for so long as, the Company is subject to the reporting requirements of the Exchange Act, the Company will use its commercially reasonable efforts to timely file with the Commission such reports and information required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder and as the Commission may require. The Company shall furnish to any Holder of Registrable Securities forthwith upon request a written statement as to its compliance with the reporting requirements of Rule 144 (or any successor exemptive rule), the Securities Act and the Exchange Act (at any time that it is subject to such reporting requirements); a copy of its most recent annual or quarterly report; and such other reports and documents as such Person may reasonably request in availing itself of any rule or regulation of the Commission allowing it to sell any such securities without registration.

d. Obligations of Holders and Others in a Registration. Each Participating Holder agrees to timely furnish in writing such information regarding such Holder, the securities sought to be registered and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably be required to effect the registration of such Registrable Securities (the "Requested Information") and shall take such other action as the Company may reasonably request in connection with the registration, qualification or compliance or as otherwise provided herein. At least ten (10) Business Days prior to the first (1st) anticipated filing date of a Registration Statement, the Company shall notify each Holder of the information the Company requires from such Holder if such Holder elects to have any of such Holder's Registrable Securities included in the Registration Statement. If at least five (5) Business Days prior to the filing date, the Company has not received the Requested Information from a Holder (a "Non-Responsive Holder"), then the Company may exclude from any Registration Statement the Registrable Securities of such Non-Responsive Holder.

e. Rule 144A. The Company agrees that, upon the request of any Holder of Registrable Securities or any prospective purchaser of Registrable Securities designated by a Holder, the Company shall promptly provide (but in any case within fifteen (15) calendar days of a request) to such Holder or potential purchaser, the following information:

i. a brief statement of the nature of the business of the Company and any subsidiaries and the products and services they offer;

ii. the most recent consolidated balance sheets and profit and losses and retained earnings statements, and similar financial statements of the Company for the two (2) most recent fiscal years (such financial information shall be audited, to the extent reasonably available); and

iii. such other information about the Company, any subsidiaries, and their business, financial condition and results of operations as the requesting Holder or purchaser of such Registrable Securities shall reasonably request in order to comply with Rule 144A, as amended, and in connection therewith the anti-fraud provisions of the federal and state securities laws.

The Company hereby represents and warrants to any such requesting Holder and any prospective purchaser of Registrable Securities from such Holder that the information provided by the Company pursuant to this Section 8(e) will, as of their dates, not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

f. Limitations on Subsequent Registration Rights. The Company will not enter into any agreements with any holder or prospective holder of any securities of the Company which would grant such holder or prospective holder registration rights with respect to the securities of the Company which would have priority over the Registrable Securities with respect to the inclusion of such securities in any registration. If the Company enters into an agreement that contains terms more favorable, in form or substance, to any shareholders than the terms provided to the Holders under this Agreement, then the Company will modify or revise the terms of this Agreement in order to reflect any such more favorable terms for the benefit of the Holders.

g. Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to the Registration Statement and shall sell the Registrable Securities only in accordance with a method of distribution described in the Registration Statement.

h. Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Sections 5(c)(ii) - (iv), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

i. No Inconsistent Agreements. Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date hereof, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof

j. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, or waived unless the same shall be in writing and signed by the Company and Holders of a majority of the then outstanding Registrable Securities; provided that any such amendment, modification, supplement or waiver that materially, adversely and disproportionately effects the rights or obligations of any Holder vis-à-vis the other Holders shall require the prior written consent of such Holder.

k. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile or e-mail (provided the sender receives a machine-generated confirmation of successful facsimile transmission or e -mail notification or confirmation of receipt of an e-mail transmission) at the facsimile number or e-mail address specified in this Section prior to 5:00 p.m., Eastern time, on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile or

e-mail at the facsimile number or e-mail address specified in this Section on a day that is not a Business Day or later than 5:00 p.m., Eastern time, on any Business Day, (c) if sent by U.S. nationally recognized overnight courier service with next day delivery specified (receipt requested) the Business Day following delivery to such courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to Company:	Southern State Bancshares, Inc. 615 Quintard Avenue Anniston, Alabama 36201 Attention: Stephen W. Whatley
With a copy to:	Jones Walker LLP 1819 5th Avenue N, Ste 1100 Birmingham, Alabama 35203 Attention: Michael D. Waters

If to a Registration Rights Purchaser: Only to the address set forth under such Registration Rights Purchaser's name on the signature page hereof;

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

l. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. The Company may not assign its rights (except by merger or in connection with another entity acquiring all or substantially all of the Company's assets) or obligations hereunder without the prior written consent of all the Holders of the then outstanding Registrable Securities. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by Registration Rights Purchaser to any transferee of the Shares only if: (a) the transferee or assignee (i) acquires Shares of the Registration Rights Purchaser's Registrable Securities with an original value as of the Closing Date of Two Million Dollars ($2,000,000); (b) the Registration Rights Purchaser agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable period of time after such assignment; (c) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned; (d) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws; and (e) at or before the time the Company received the written notice contemplated by clause (c) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein with respect to a Holder or Registration Rights Purchaser. In the event of any delay in filing or effectiveness of the Registration Statement as a result of such assignment by a Registration Rights Purchaser or its transferee, the Company shall not be liable for any damages arising from such delay.

m. Execution and Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf' format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf' signature were the original thereof

n. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof that would cause the laws of another jurisdiction to apply. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective Affiliates, employees or agents) shall be commenced on an exclusive basis in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY**.

o. Cumulative Remedies. Except as provided in Section 2(d) with respect to Liquidated Damages, the remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

p. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their good faith reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

q. Headings. The headings in this Agreement are for convenience only and shall not limit or otherwise affect the meaning hereof.

r. Independent Nature of Registration Rights Purchasers' Obligations and Rights. The obligations of each Registration Rights Purchaser under this Agreement are several and not joint with the obligations of any other Registration Rights Purchaser hereunder, and no Registration Rights Purchaser shall be responsible in any way for the performance of the obligations of any other Registration Rights Purchaser hereunder. The decision of each Registration Rights Purchaser to purchase the Shares pursuant to the Purchase Agreement has been made independently of any other Registration Rights Purchaser. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Registration Rights Purchaser pursuant hereto or thereto, shall be deemed to constitute the Registration Rights Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Registration Rights Purchasers are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Registration Rights Purchaser acknowledges that no other Registration Rights Purchaser has acted as agent for such Registration Rights Purchaser in connection with making its investment hereunder and that no Registration Rights Purchaser will be acting as agent of such Registration Rights Purchaser in connection with monitoring its investment in the Shares or enforcing its rights under the Purchase Agreement. Each Registration Rights Purchaser shall be entitled to protect and enforce its rights, including, without limitation, the rights arising out of this Agreement, and it shall not be necessary for any other Registration Rights Purchaser to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Registration Rights Purchasers has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Registration Rights Purchasers and not because it was required or requested to do so by any Registration Rights Purchaser. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Registration Rights Purchaser, solely, and not between the Company and the Registration Rights Purchasers collectively and not between and among the Registration Rights Purchasers.

s. Entire Agreement. This Agreement and the Purchase Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than as set forth or referred to herein and in the Purchase Agreement. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Registration Rights agreement as of the date first above written.

SOUTHERN STATES BANCSHARES, INC.

By: /s/ Stephen W. Whatley
Name: Stephen W. Whatley
Title: Chairman, President and CEO

IN WITNESS WHEREOF, the parties have executed this Registration Rights agreement as of the date first above written.

PATRIOT FINANCIAL PARTNERS II, L.P.

By: /s/ James J. Lynch
Name: James J. Lynch
Title: Managing Partner

Address for Notice:

Patriot Financial Partners, L.P.
Cira Centre
2929 Arch Street, 27th Floor
Philadelphia, PA 19104

IN WITNESS WHEREOF, the parties have executed this Registration Rights agreement as of the date first above written.

PATRIOT FINANCIAL PARTNERS PARALLEL II, L.P.

By: /s/ James J. Lynch
Name: James J. Lynch
Title: Managing Partner

Address for Notice:

Patriot Financial Partners, L.P.
Cira Centre
2929 Arch Street, 27th Floor
Philadelphia, PA 19104

IN WITNESS WHEREOF, the parties have executed this Registration Rights agreement as of the date first above written.

EJF SIDECAR FUND, SERIES LLC - SERIES E

By: EJF Capital LLC
Its: Manager

By: /s/ Neal J. Wilson
Name: Neal J. Wilson
Title: Chief Operating Officer

Address for Notice:

EJF Capital LLC
2107 Wilson Blvd., Suite 400
Arlington, VA 22201

IN WITNESS WHEREOF, the parties have executed this Registration Rights agreement as of the date first above written.

ITHAN CREEK INVESTORS USB, LLC

By: Wellington Management Company, LLP,
As investment adviser

By: /s/ Emily Babalas
Name: Emily Babalas
Title: Managing Director and Counsel

Address for Notice:

c/o Wellington Management Company, LLP
280 Congress St.
Boston, MA 02210

IN WITNESS WHEREOF, the parties have executed this Registration Rights agreement as of the date first above written.

DAVIS PARTNERSHIP, L.P.

By: /s/ Lansing Davis
Name: Lansing Davis
Title: Managing Member of GP

Address for Notice:

Davis Partnership, L.P.
3 Harbor Drive, Suite 301
Sausalito, CA 94965

SOUTHERN STATE BANCSHARES, INC.

By: _____
Name: Stephen W. Whatley
Title: Chairman, President and CEO

Agreed and acknowledged as of the date first above written:

BANC FUND VIII L.P.

By: MidBanc VIII, L.P.,
an Illinois limited partnership,
its General Partner

By: THE BANC FUNDS COMPANY, L.L.C.
an Illinois limited liability company,
its General Partner

By: /s/ Charles J. Moore
Charles J. Moore, Member

SOUTHERN STATE BANCSHARES, INC.

By: _____
Name: Stephen W. Whatley
Title: Chairman, President and CEO

Agreed and acknowledged as of the date first above written:

BANC FUND IX L.P.

By: MidBanc VIII, L.P.,
an Illinois limited partnership,
its General Partner

By: THE BANC FUNDS COMPANY, L.L.C.
an Illinois limited liability company,
its General Partner

By: /s/ Charles J. Moore
Charles J. Moore, Member

SIENA CAPITAL PARTNERS ACCREDITED, L.P.

By: Siena Capital Management LLC

By: /s/ David Abraham
Name: David Abraham
Title: Executive Vice President

Address for Notice:

100 North Riverside Plaza
Suite 1630
Chicago, IL 60606

SIENA CAPITAL PARTNERS I ACCREDITED, L.P.

By: Siena Capital Management LLC

By: /s/ David Abraham
Name: David Abraham
Title: Executive Vice President

Address for Notice:

100 North Riverside Plaza
Suite 1630
Chicago, IL 60606

JCSD PARTNERS, LP

By: /s/ Steven J. Didion
Name: Steven J. Didion
Title: General Partner

Address for Notice:

1676 N. California Blvd. #630
Walnut Greek, CA 94596

Exhibit 10.17

STOCK PURCHASE AGREEMENT

By and Among

SOUTHERN STATES BANCSHARES, INC.

and

THE PURCHASERS IDENTIFIED ON THE SIGNATURE PAGES HERETO

Dated as of

December 27, 2016

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is dated as of December 27, 2016, by and among Southern States Bancshares, Inc., a bank holding company organized under the laws of the State of Alabama (the "Company"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "Purchaser" and collectively, the "Purchasers").

RECITALS

A. The Company and each Purchaser are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act") and Rule 506 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "Commission") under the Securities Act.

B. Each Purchaser, severally and not jointly, wishes to purchase, and the Company wishes to sell, the securities described herein, upon the terms and conditions stated in this Agreement. The securities to be purchased by each Purchaser at the Closing are shares of (i) voting common stock, $5.00 par value per share, of the Company (the "Common Stock," set forth below such Purchaser's name on the signature page of this Agreement (which shall be collectively referred to herein as the "Common Shares")) and (ii) a newly-issued series of convertible perpetual preferred stock, series B, $0.01 value per share, of the Company (the "Series B Preferred Stock", set forth below such Purchaser's name on the signature page of this Agreement (which shall be collectively referred to herein as the "Series B Preferred Shares")) which shall be convertible into shares of the Common Stock subject to the terms and conditions set forth in the Second Articles of Amendment (as defined below) and, following the Shareholder Approval (as defined below) and subject to the terms and conditions of the Third Articles of Amendment (as defined below), non-voting common stock of the Company, $5.00 par value per share (the "Non-Voting Common Stock"). The Common Shares and the Series B Preferred Shares shall be collectively referred herein to as the "Shares". The Shares of Common Stock and Non-Voting Common Stock into which the Series B Preferred Stock is convertible are referred to herein as the "Underlying Shares" and the Underlying Shares and the Shares are referred to herein, collectively, as the "Securities." The Company anticipates these Series B Preferred Shares would be converted into shares of a newly created class of Non-Voting Common Stock promptly following the Shareholder Approval at the Shareholders' Meeting (as defined below.

C. The Company has engaged SunTrust Robinson Humphrey as its placement agent (the "Placement Agent") for the offering of the Shares.

D. Contemporaneously with the execution and delivery of this Agreement, the Company and the Qualifying Purchasers are executing and delivering a registration rights agreement, substantially in the form attached hereto as Exhibit A (the "Registration Rights Agreement"), pursuant to which, among other things, the Company will agree to provide certain registration rights with respect to the Securities under the Securities Act and the rules and regulations promulgated thereunder and applicable state securities laws.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchasers hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 **Definitions.**

In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms shall have the meanings indicated in this Section 1.1:

"9.9% Purchaser" has the meaning set forth in Section 5.1(j).

"Acquisition Proposal" means a written offer or proposal involving the Company or its Subsidiary with respect to: (i) any merger, reorganization, consolidation, share exchange, share issuance, recapitalization, business combination, liquidation, dissolution or other similar transaction involving any sale, issuance, lease, exchange, mortgage, pledge, transfer or other disposition of, all or a material portion of the assets or equity securities or deposits of, the Company or its Subsidiary, in a single transaction or series of related transactions; (ii) any tender offer or exchange offer for all or a material portion of the outstanding shares of capital stock of the Company or its Subsidiary; or (iii) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

"Action" means any action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition), or investigation pending or, to the Company's Knowledge, threatened against the Company, its Subsidiary, or any of their respective properties or any officer, director, or employee of the Company or its Subsidiary acting in his or her capacity as an officer, director, or employee before or by any Governmental Entity.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is controlled by, or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Agency" has the meaning set forth in Section 3.1(00).

"Agreement" has the meaning ascribed to such term in the Preamble.

"Articles of Incorporation" means the Amended and Restated Articles of Incorporation of the Company and all amendments thereto, as the same may be amended from time to time.

"Bank" means Southern States Bank, an Alabama state-chartered bank.

"Bank Board" has the meaning set forth in Section 4.17(a).

"BHCA" has the meaning set forth in Section 3.1(b).

"BHCA Control" has the meaning set forth in Section 3.1(yy).

"Board of Directors" has the meaning set forth in Section 4.17(a).

"Board Representative" has the meaning set forth in Section 4.17(a).

"Burdensome Condition" means any restriction or condition that a Purchaser determines, in its reasonable good faith judgment, (i) would require the ownership, capitalization, governance or operations

of the Company and the Bank following the Closing to deviate in any material respect from the ownership, capitalization, governance or operations contemplated by any of the Transaction Documents, (ii) would result in a materially burdensome regulatory condition being imposed on the Company, the Bank, or such Purchaser or its Affiliates or its investment advisers, (iii) would reduce the benefits of the transactions contemplated hereby to such Purchaser to such a degree that such Purchaser would not, in its reasonable judgment, have entered into this Agreement had such condition or restriction been known to it on the date of this Agreement or (iv) would require the disclosure of the identities or financial condition of limited partners, shareholders, or non-managing members of such Purchaser or its Affiliates or its investment advisers.

"Business Combination" has the meaning set forth in this Section 1.1.

"Business Day" means a day, other than a Saturday or Sunday, on which banks in New York and Alabama are open for the general transaction of business.

"Change in Control" means, with respect to the Company, the occurrence of any of the following events:

(1) any Person or "group" (other than the Purchasers and their Affiliates) becomes a beneficial owner (as defined in Rules 13d-3 of the Exchange Act), directly or indirectly, of 50% or more of the aggregate shares of Common Stock;

(2) any Person or "group" (other than the Purchasers and their Affiliates) becomes a beneficial owner (as defined in Rules 13d-3 of the Exchange Act), directly or indirectly, of 24.9% or more of the aggregate shares of Common Stock, and in connection with such event, individuals who, on the date of this Agreement, constitute the board of directors cease for any reason to constitute at least a majority of the board of directors;

(3) the consummation of a merger, consolidation, statutory share exchange, or similar transaction that requires adoption by the Company's shareholders (a "Business Combination"), unless immediately following such Business Combination more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation"), or, if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership (as defined in Rules 13d-3 of the Exchange Act) of 100% of the voting securities eligible to elect directors of the Surviving Corporation, is represented by Common Stock that was outstanding immediately before such Business Combination;

(4) the shareholders of the Company approve a plan of liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets; or

(5) the Company has entered into a definitive agreement, the consummation of which would result in the occurrence of any of the events described in clauses (1) through (4) of this definition above.

"CIBC Act" means the Change in Bank Control Act of 1978.

"Closing" means the Closing of the purchase and sale of the Shares pursuant to this Agreement.

"Closing Date" has the meaning set forth in Section 2.2.

"Code" means the Internal Revenue Code of 1986, including the regulations and published interpretations thereunder.

"Commission" has the meaning set forth in the Recitals.

"Common Shares" has the meaning set forth in the Recitals.

"Common Stock" has the meaning set forth in the Recitals and also includes any securities into which the Common Stock may hereafter be reclassified or changed.

"Company" has the meaning set forth in the Preamble.

"Company Counsel" means Jones Walker LLP.

"Company Deliverables" has the meaning set forth in Section 2.3(a).

"Company Financial Statements" has the meaning set forth in Section 3.1(i).

"Company Recommendation" has the meaning set forth in Section 4.17(g).

"Company Reports" has the meaning set forth in Section 3.1(jj).

"Company Stock Option" has the meaning set forth in Section 3.1(g)(i).

"Company's Knowledge" means with respect to any statement made to the knowledge of the Company, that the statement is based upon the actual knowledge after reasonable inquiry of the executive officers of the Company having responsibility for the matter or matters that are the subject of the statement.

"Control" (including the terms "controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise for purposes of the BHCA or the CIBC Act.

"Covered Person" has the meaning set forth in Section 3.1(ss).

"CRA" has the meaning set forth in Section 3.1(mm).

"Davis Partnership Letter Agreement" means the letter agreement in the form attached hereto as Exhibit I, dated as of the Closing Date, between the Company and Davis Partnership, L.P.

"Disqualification Event" has the meaning set forth in Section 3.1(ss).

"Effective Date" means the date on which the initial Registration Statement required by Section 2(a) of the Registration Rights Agreement is first declared effective by the Commission.

"Environmental Laws" has the meaning set forth in Section 3.1(1). "ERISA" has the meaning set forth in Section 3.1(qq).

"Exchange Act" means the Securities Exchange Act of 1934 any successor statute, and the rules and regulations promulgated thereunder.

"Expense Reimbursement Agreement" means the agreement regarding the Proposed Terms by and between Patriot and the Company, dated December 12, 2016, pursuant to which the Company agreed to provide Patriot with certain expense reimbursements.

"FDIC" means the Federal Deposit Insurance Corporation.

"Federal Reserve" means the Board of Governors of the Federal Reserve System.

"GAAP" means U.S. generally accepted accounting principles as applied by the Company.

"Governmental Entity" means any court, administrative agency, arbitrator, or commission or other governmental or regulatory authority or instrumentality, whether federal, state, local, or foreign, and any applicable industry self-regulatory organization or securities exchange.

"Information" has the meaning set forth in Section 4.3(b).

"Information Rights Letter Agreements" means each separate letter agreement substantially in the form attached hereto as Exhibit H, dated as of the Closing Date, between the Company and each Qualifying Purchaser other than Patriot.

"Insurer" has the meaning set forth in Section 3.1(oo). "Intellectual Property" has the meaning set forth in Section 3.1(r).

"Investor Presentation" means that certain Confidential Presentation for Accredited Investors prepared by the Company, dated November 2016.

"Law" means any federal, state, county, municipal or local ordinance, permit, concession, grant, franchise, law, statute, code, rule or regulation or any judgment, ruling, order, writ, injunction or decree promulgated by any Governmental Entity.

"Lien" means any lien, charge, claim, encumbrance, security interest, right of first refusal, preemptive right, mortgage, deed of trust, pledge, conditional sale agreement, restriction on transfer or other restrictions of any kind.

"Loan Investor" has the meaning set forth in Section 3.1(oo).

"Loan Agreement" means that certain Loan Agreement, dated October 22, 2015, between the Company, as borrower, and First Tennessee Bank National Association, as lender.

"Losses" has the meaning set forth in Section 4.7(a).

"Material Adverse Effect" means any event, circumstance, change or occurrence that has had or would reasonably be expected to have, individually or in the aggregate, (i) a material and adverse effect on the legality, validity, or enforceability of any Transaction Document, (ii) a material and adverse effect on the results of operations, assets, properties, business, condition (financial or otherwise), liabilities or prospects of the Company and the Subsidiary, taken as a whole, or (iii) any adverse impairment to the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document; provided, however, that clause (ii) shall not include the impact of (A) changes, after the date hereof, in banking and similar laws of general applicability or interpretations thereof by any applicable governmental authority, (B) changes, after the date hereof, in GAAP or regulatory accounting requirements applicable to banks and their holding companies generally, (C) changes, after the date

hereof, in general economic conditions, including interest rates, affecting banks generally, or (D) the effects of any action or omission taken by the Company or the Bank with the prior written consent of the Qualifying Purchasers, except, with respect to clauses (A), (B) and (C), to the extent that the effect of such changes has a material and disproportionate impact on the Company and the Subsidiary, taken as a whole, relative to other similarly situated banks and their holding companies generally.

"Material Contract" means any of the following agreements of the Company or its Subsidiary:

(1) regarding any outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or by which the Company is bound, including without limitation the Loan Agreement and the Company's outstanding subordinated notes;

(2) any contract containing covenants that limit in any material respect the ability of the Company or its Subsidiary to compete in any line of business or with any person or which involve any material restriction of the geographical area in which, or method by which or with whom, the Company or its Subsidiary may carry on its business (other than as may be required by law or applicable regulatory authorities), and any contract that could require the disposition of any material assets or line of business of the Company or its Subsidiary;

(3) any joint venture, partnership, strategic alliance, or other similar contract (including any franchising agreement, but in any event excluding introducing broker agreements), and any contract relating to the acquisition or disposition of any material business or material assets (whether by merger, sale of stock or assets, or otherwise), which acquisition or disposition is not yet complete or where such contract contains continuing material obligations or contains continuing indemnity obligations of the Company or its Subsidiary;

(4) any real property lease and any other lease with annual rental payments aggregating $25,000 or more;

(5) other than with respect to loans, any contract providing for, or reasonably likely to result in, the receipt or expenditure of more than $25,000 on an annual basis, including the payment or receipt of royalties or other amounts calculated based upon revenues or income;

(6) any contract or arrangement under which the Company or its Subsidiary is licensed or otherwise permitted by a third party to use any Intellectual Property (as defined in Section 3.1(r)) that is material to its business (except for any "shrinkwrap" or "click through" license agreements or other agreements for software that is generally available to the public and has not been customized for the Company or its Subsidiary) or under which a third party is licensed or otherwise permitted to use any Intellectual Property owned by the Company or its Subsidiary;

(7) any contract that by its terms limits the payment of dividends or other distributions by the Company or its Subsidiary;

(8) any standstill or similar agreement pursuant to which any party has agreed not to acquire assets or securities of another person;

(9) any contract that would reasonably be expected to prevent, materially delay, or materially impede the Company's ability to consummate the transactions contemplated by this Agreement and the other Transaction Documents;

(10) any contract providing for indemnification by the Company or its Subsidiary of any person, except for immaterial contracts entered into in the ordinary course of business consistent with past practice;

(11) any contract that contains a put, call, or similar right pursuant to which the Company or its Subsidiary could be required to purchase or sell, as applicable, any equity interests or assets that have a fair market value or purchase price of more than $25,000; and

(12) any other contract, agreement or understanding material to the Company or its Subsidiary or their respective operations.

"Material Permits" has the meaning set forth in Section 3.1(p).

"Minimum Ownership Interest" means, with respect to a Purchaser, ownership by such Purchaser together with its Affiliates, of either in the aggregate 50% or more of all of the Securities purchased by such Purchaser and its Affiliates under this Agreement or, in the aggregate, 4.9% or more of the Common Stock then outstanding (provided that, in making such calculation, (i) all shares of Common Stock into or for which shares of any securities owned by such Purchaser and its Affiliates are directly or indirectly convertible or exercisable (which, for the avoidance of doubt, shall include those shares of Common Stock and Non-Voting Common Stock issuable upon the conversion of shares of Series B Preferred Stock), shall be included in the numerator, (ii) the shares described in clause (i) and all such shares owned by or attributed to other Purchasers shall be included in the denominator, and (iii) all securities issued by the Company after the Closing Date other than in connection with an issuance in which the Purchaser was offered the right to purchase its pro rata portion of such securities in accordance with Section 4.16 shall be excluded from the denominator.

"Money Laundering Laws" has the meaning set forth in Section 3.1(hh). "New Security" has the meaning set forth in Section 4.16(a).

"New York Courts" means the state and federal courts sitting in the borough of Manhattan, in the State of New York.

"Non-Voting Common Stock" has the meaning set forth in the Recitals.

"Observer" has the meaning set forth in Section 4.17(d).

"OFAC" has the meaning set forth in Section 3.1(gg).

"Offering" has the meaning set forth in Section 4.16(c).

"Outside Date" means December 30, 2016.

"Patriot" means Patriot Financial Partners II, L.P. and its Affiliates.

"Patriot Indemnitors" has the meaning set forth in Section 4.17(f).

"Patriot VCOC Letter Agreement" means the letter agreement in the form attached hereto as Exhibit F, dated as of the Closing Date, between the Company and Patriot.

"Person" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority, or any other form of entity not specifically listed herein.

"Proceeding" means an action, claim, suit, investigation, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Purchase Price" means $14.00 per Common Share or $70.00 per Series B Preferred Share.

"Purchased Shares" means the number of Shares to be purchased hereunder by each Purchaser.

"Purchaser Deliverables" has the meaning set forth in Section 2.3(b).

"Purchaser" has the meaning set forth in the Preamble.

"Purchaser Party" has the meaning set forth in Section 4.7(a).

"Qualifying Purchasers" means Patriot, EJF Sidecar Fund, Series LLC - Series E; each Wellington Purchaser; Davis Capital Partners, LLC; The Banc Funds Company, L.L.C.; Siena Capital Partners; and JCSD PARTNERS, LP.

"Registration Rights Agreement" has the meaning set forth in the Recitals.

"Registration Statement" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Qualifying Purchasers, which are Registrable Securities (as defined in the Registration Rights Agreement).

"Regulation D" has the meaning set forth in the Recitals.

"Regulatory Agreement" has the meaning set forth in Section 3.1(11). "Required Approvals" has the meaning set forth in Section 3.1(e).

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule 144.

"Second Articles of Amendment" has the meaning set forth in Section 2.3(a)(viii).

"Securities" has the meaning set forth in the Recitals.

"Securities Act" has the meaning set forth in the Recitals.

"Series B Preferred Shares" has the meaning set forth in the Recitals.

"Series B Preferred Stock" has the meaning set forth in the Recitals.

"Shareholder Approval" has the meaning set forth in Section 4.17(g).

"Shareholder Litigation" has the meaning set forth in Section 4.19.

"Shareholders' Meeting" has the meaning set forth in Section 4.17(g).

"Shares" has the meaning set forth in the Recitals.

"Solicitor" has the meaning set forth in Section 3.1(ss).

"Stock Plan" has the meaning set forth in Section 3.1(g)(i).

"Subsidiary" means any entity in which the Company or the Bank, directly or indirectly, owns 50% or more of the outstanding capital stock or otherwise has Control over such entity. For the avoidance of doubt, the Bank is the only Subsidiary of the Company.

"Surviving Corporation" has the meaning set forth in Section 1.1.

"Tax" or "Taxes" mean (i) any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any Governmental Entity and (ii) any liability in respect of any items described in clause (i) above payable by reason of contract, assumption, transferee or successor liability, operation of law, Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof or analogous or similar provisions of Law) or otherwise.

"Tax Return" means any return, declaration, report or similar statement filed or required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

"Third Articles of Amendment" has the meaning set forth in Section 4.17(g).

"Transaction Documents" means this Agreement, the Schedules and Exhibits attached hereto, including the Patriot VCOC Letter, the Information Rights Letter Agreements, the Registration Rights Agreement, the Second Articles of Amendment, and any other documents or agreements executed by the Company or the Purchasers in connection with the transactions contemplated hereunder, including the Expense Reimbursement Agreement.

"Transfer Agent" means Computershare Inc. or any successor transfer agent for the Company.

"Underlying Shares" has the meaning set forth in the Recitals.

"Voting Securities" means the capital stock of the Company that is then entitled to vote generally in the election of directors of the Company.

"Wellington Purchasers" means the Purchasers that are advisory clients of Wellington Management Company LLP.

ARTICLE 2
PURCHASE AND SALE

2.1 **Purchase.**

Subject to the terms and conditions set forth in this Agreement, at the Closing, the Company shall issue and sell to each Purchaser, and each Purchaser shall, severally and not jointly, purchase from the Company, the number of shares of Common Stock and the number of shares of Series B Preferred Stock set forth below such Purchaser's name on the signature page of this Agreement under "Number of Shares Purchased at Closing", at a per share price equal to the applicable Purchase Price.

2.2 **Closing.**

Unless this Agreement has been terminated pursuant to Section 6.16, subject to the satisfaction (or waiver, as applicable) of the conditions set forth in Article V and the delivery of the Company Deliverables and Purchaser Deliverables, the Closing shall take place as soon as commercially practicable, but in no event more than three (3) business days, following the day on which the conditions set forth in Article V (other than those that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver, as applicable, of those conditions) are satisfied (or waived, as applicable) (the "Closing Date"), via electronic communication, or at such location as agreed by the parties in writing; provided that the Closing shall not occur less than one (1) business day following the date of this Agreement. Subject to the satisfaction (or waiver, as applicable) of the conditions described in Article V and the delivery of the Company Deliverables and the Purchaser Deliverables, at the Closing, the Company will deliver to the Purchasers, in accordance with the requirements set forth in Section 2.3 (a)(ii), the Purchased Shares against payment by the Purchasers of an aggregate of an amount equal to the Purchase Price per Purchased Share, in accordance with the requirements set forth in Section 2.3(b)(ii). Notwithstanding anything to the contrary set forth herein, each Wellington Purchaser shall not be required to send its payment by wire transfer for the Purchased Shares being purchased by such Wellington Purchaser until it (or its designated custodian per its delivery instructions) confirms receipt of the stock certificate representing its Purchased Shares.

2.3 **Closing Deliveries.**

(a) Unless otherwise indicated, at or prior to the Closing, the Company shall issue, deliver, or cause to be delivered to each Purchaser (unless otherwise indicated) the following (the "Company Deliverables"):

(i) this Agreement, duly executed by the Company;

(ii) one or more stock certificates (if physical certificates are required by the Purchaser to be held immediately prior to the Closing; if not, then facsimile or ".pdf' copies of such certificates shall suffice for purposes of the Closing with the original stock certificates to be delivered within two (2) Business Days of the Closing Date), evidencing the Shares subscribed for by Purchaser as of the Closing, registered in the name of such Purchaser or its nominee;

(iii) a legal opinion of Company Counsel, dated as of the Closing Date and in the form attached hereto as Exhibit C, executed by such counsel and addressed to the Purchasers;

(iv) with respect to the Qualifying Purchasers, the Registration Rights Agreement duly executed by the Company;

(v) a certificate of the Secretary of the Company, in the form attached hereto as Exhibit D, dated as of the Closing Date, (a) certifying the resolutions adopted by the board of directors of the Company or a duly authorized committee thereof approving the transactions contemplated by this Agreement and the other Transaction Documents and the issuance of the Purchased Shares pursuant to this Agreement and the other Transaction Documents, (b) certifying the current versions of the Articles of Incorporation and Bylaws of the Company, and (c) certifying as to the signatures and authority of persons signing the Transaction Documents and related documents on behalf of the Company;

(vi) a certificate, dated as of the Closing Date and signed by its President and Chief Executive Officer or its Chief Financial Officer, substantially in the form attached hereto as Exhibit E;

(vii) a certificate of good standing or existence for each of the Company and the Bank from the Alabama Secretary of State as of a recent date;

(viii) the Second Amendment to the Articles of Incorporation of the Company (the "Second Articles of Amendment") filed with the Judge of Probate in Calhoun County, Alabama in the form attached hereto as Exhibit G, setting forth the terms of the Series B Preferred Stock and the Non-Voting Common Stock;

(ix) with respect to Patriot, the Patriot VCOC Letter Agreement duly executed by the Company;

(x) with respect to each other Qualifying Purchaser, such Qualifying Purchaser's Information Rights Letter Agreement duly executed by the Company; and

(xi) with respect to Davis Partnership, L.P., the Davis Partnership Letter Agreement duly executed by the Company.

(b) Unless otherwise indicated, at or prior to the Closing, each Purchaser shall deliver or cause to be delivered to the Company the following (the "Purchaser Deliverables"):

(i) this Agreement, duly executed by such Purchaser;

(ii) each Purchaser shall deliver to the Company the Purchase Price, in U.S. dollars and in immediately available funds, by wire transfer to the account provided by the Company;

(iii) with respect to the Qualifying Purchasers, the Registration Rights Agreement duly executed by such Qualifying Purchaser;

(iv) a fully completed and duly executed Accredited Investor Questionnaire in the form attached hereto as Exhibit B, respectively;

(v) with respect to Patriot, the Patriot VCOC Letter Agreement duly executed by Patriot; and

(vi) with respect to each other Qualifying Purchaser, such Qualifying Purchaser's Information Rights Letter Agreement duly executed by such Qualifying Purchaser; and

(vii) with respect to Davis Partnership, L.P., the Davis Partnership Letter Agreement duly executed by Davis Partnership, L.P.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties of the Company.**

The Company hereby represents and warrants as of the date hereof and as of the Closing Date, except for the representations and warranties that speak as of a specific date, which shall be made as of such date and qualified as set forth on the Schedules attached to this Agreement, to each of the Purchasers that:

(a) **Subsidiaries**. The Company has no direct or indirect Subsidiaries except for the Bank. Except as disclosed in Schedule 3.1(a), the Company owns, directly or indirectly, all of the capital stock (except for any preferred securities issued by Subsidiaries that are trusts) or comparable equity interests of each Subsidiary free and clear of any and all Liens, and all the issued and outstanding shares of capital stock or comparable equity interest of each Subsidiary are validly issued and are fully paid, non-assessable, and free of preemptive and similar rights to subscribe for or purchase securities.

(b) **Organization and Qualification**. The Company and its Subsidiary are each an entity duly incorporated or otherwise organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own or lease and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor its Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws, or other organizational or charter documents. The Company and its Subsidiary are each duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not in the reasonable judgment of the Company be expected to have a Material Adverse Effect. The Company is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"). The Bank is the Company's only Subsidiary banking institution. The Bank's deposit accounts are insured up to applicable limits by the FDIC, and all premiums and assessments required to be paid in connection therewith have been paid when due and no proceeding for the termination of such insurance is pending or, to the Company's Knowledge, threatened. The Company has conducted its business in compliance with all applicable federal, state and foreign laws, orders, judgments, decrees, rules, regulations, including all laws and regulations restricting activities of bank holding companies and banking organizations, in all material respects.

(c) **Authorization; Enforcement; Validity**. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder, including, without limitation, to issue the Securities in accordance with the terms hereof. The Company's execution and delivery of each of the Transaction Documents and the consummation by it of the transactions contemplated hereby and thereby (including, but not limited to, the sale and delivery of the Securities pursuant to this Agreement and the other Transaction Documents) have been duly authorized by all necessary corporate action on the part of the Company, and no further corporate action is required by the Company, its board of directors, or its shareholders in connection therewith other than in connection with the Required Approvals. Each of the Transaction Documents has been (or upon delivery will have been) duly executed by the Company and is, or when delivered in accordance with the terms hereof or thereof, will constitute the legal, valid, and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) insofar as indemnification and contribution provisions may be limited by applicable law. There are no shareholder agreements, voting agreements, or other similar arrangements with respect to the Company's capital stock to which the Company is a party or, to the Company's Knowledge, between or among any of the Company's shareholders.

(d) **No Conflicts**. The execution, delivery, and performance by the Company of the Transaction Documents and the consummation by the Company of the transactions contemplated hereby or thereby (including, without limitation, the issuance of the Securities pursuant to this Agreement and the other Transaction Documents) do not and will not, subject to receipt of the Required Approvals, (i) conflict with or violate any provisions of the Company's or its Subsidiary's certificate or articles of incorporation, bylaws, or otherwise result in a violation of the organizational documents of the Company or its Subsidiary, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would result in a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or its Subsidiary or give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice, lapse of time or both) of, any agreement, indenture or instrument to which the Company or its Subsidiary is a party, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations and the rules and regulations thereunder, assuming, without investigation, the correctness of the representations and warranties made by the Purchasers herein, of any self-regulatory organization to which the Company or its securities are subject), or by which any property or asset of the Company is bound or affected, except in the case of clauses (ii) and (iii) such as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) **Filings, Consents and Approvals**. Neither the Company nor its Subsidiary is required to obtain any consent, waiver, authorization, or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local, or other governmental authority, self-regulatory organization, or other Person in connection with the execution, delivery, and performance by the Company of the Transaction Documents (including, without limitation, the issuance of the Securities pursuant to this Agreement and the other Transaction Documents), other than (i) the filing with the Commission of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement, if applicable, (ii) the filings required in accordance with Section 4.4 of this Agreement, (iii) the Shareholder Approval regarding the authorization of the shares of Non-Voting Common Stock to be issued on conversion of the Series B Preferred Stock, (iv) the filing of the Second Articles of Amendment to create the Series B Preferred stock, (v) the filing of the Third Articles of Amendment to create the Non-Voting Common Stock, and (vi) those that have been made or obtained prior to the date of this Agreement (collectively, the "Required Approvals"). The Company is unaware of any facts or circumstances relating to the Company or its Subsidiary which would be likely to prevent the Company from obtaining or effecting any of the foregoing.

(f) **Issuance of the Shares**. The issuance of the Shares has been duly authorized and the Shares, when issued and paid for in accordance with the terms of the Transaction Documents, will be duly and validly issued, fully paid, and non-assessable and free and clear of all Liens, other than restrictions on transfer imposed by applicable securities laws, restrictions contemplated by this Agreement and Liens, if any, created by a Purchaser, and shall not be subject to preemptive or similar rights. The issuance of the shares of Common Stock into which the shares of Series B Preferred Stock and Non-Voting Common Stock, as applicable, are convertible into have been duly authorized and, if and when issued in accordance with the terms of the Articles of Incorporation, will be duly and validly issued, fully paid and non-assessable and free and clear of all Liens, other than restrictions on transfer imposed by applicable securities Laws, restrictions contemplated by this Agreement and Liens, if any, created by a Purchaser, and shall not be subject to preemptive or similar rights. The issuance of the shares of Non-Voting Common Stock into which the shares of Series B Preferred Stock are convertible will, upon receipt of the Shareholder Approval and filing of the Third Articles of Amendment, have been duly authorized and the shares of Non-Voting Common Stock into which the shares of Series B Preferred Stock are convertible, if and when issued in accordance with the terms of the Articles of Incorporation,

will be duly and validly issued, fully paid and non-assessable and free and clear of all Liens, other than restrictions on transfer imposed by applicable securities Laws, restrictions contemplated by this Agreement and Liens, if any, created by a Purchaser, and shall not be subject to preemptive or similar rights. Assuming the accuracy of the representations and warranties of the Purchasers in this Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws.

(g) **Capitalization**.

(i) (i) The authorized capital stock of the Company consists of (1) 15,000,000 shares of Common Stock and (2) 1,000,000 shares of Preferred Stock, $0.01 value per share. As of the date hereof, there are 3,281,581 shares of Common Stock issued and outstanding, and no Preferred Stock issued and outstanding. As of the date hereof, there are outstanding stock options to purchase 216,500 shares of the Common Stock (each, a "Company Stock Option") each issued under the Company's 2007 Incentive Stock Compensation Plan (the "Stock Plan"), and 159,283 shares of Common Stock reserved for future grants under the Stock Plan. Other than in respect of awards outstanding under or pursuant to the Stock Plan, no shares of Common Stock are reserved for issuance. All of the issued and outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable, have been issued in compliance in all material respects with all applicable federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase any capital stock of the Company. The shares of Series B Preferred Stock (upon filing of the related Certificate of Designations with the Judge of Probate in Calhoun County, Alabama) will be duly authorized by all necessary corporate action, and when issued and sold against receipt of the consideration therefor as provided in this Agreement, such shares of Series B Preferred Stock will be validly issued, fully paid and non-assessable and free of preemptive rights except for those stated herein. The shares of Non-Voting Common Stock issuable upon the conversion of the Series B Preferred Stock will, upon receipt of the approval by the Company's shareholders of the shareholder proposal and filing of the related amendment to the Articles of Incorporation with the Judge of Probate in Calhoun County, Alabama, have been duly authorized by all necessary corporate action and when so issued upon such conversion or exercise will be validly issued, fully paid and non-assessable, and free of preemptive rights except for those stated herein. The Company will reserve, free of any preemptive or similar rights of shareholders of the Company, a number of unissued shares of Common Stock, sufficient to issue and deliver the Underlying Shares into which the Series B Preferred Stock or Non-Voting Common Stock is convertible. No shares of the Company's outstanding capital stock are subject to preemptive rights or any other similar rights. Except for the Company Stock Options described above, there are no outstanding options, warrants, scrip, rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares of capital stock of the Company, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of capital stock of the Company or options, warrants, scrip, rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares of capital stock of the Company. Except for the Registration Rights Agreement, if applicable, there are no agreements or arrangements under which the Company is obligated to register the sale of any of its securities under the Securities Act. There are no outstanding securities or instruments of the Company that contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company is or may become bound to redeem a security of the Company or its Subsidiary. The Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. There are no securities or instruments issued by or to which the Company is a party containing anti-dilution or similar provisions that will be triggered by the issuance of the Shares pursuant to this Agreement and the other Transaction Documents.

(ii) There are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or by which the Company is bound other than as disclosed in Schedule 3.1(g)(ii) and such Schedule provides the outstanding principal and accrued interest balances for all such indebtedness as of the date hereof.

(iii) Immediately following the Closing, (i) 5,418,724 shares of Common Stock and (ii) 161,143 shares of Series B Preferred Stock will be issued and outstanding.

(h) **Investor Presentation**. The Investor Presentation did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) **Financial Statements**. The consolidated balance sheets of the Company as of December 31, 2015 and 2014 and related consolidated statements of operations, changes in shareholders' equity and cash flows for the three years ended December 31, 2015, together with the notes thereto, audited by Mauldin & Jenkins, LLC, and the unaudited consolidated balance sheet of the Company as of September 30, 2016 and the related unaudited consolidated statements of operations, change in shareholders' equity and cash flows for the nine month period ended September 30, 2016 (collectively, the "Company Financial Statements") (1) have been prepared from, and are in accordance with, the books and records of the Company and its Subsidiary, (2) have been prepared in accordance with GAAP applied on a consistent basis and (3) present fairly in all material respects the consolidated financial position of the Company and its Subsidiary taken as a whole as of and for the dates set forth therein and the consolidated results of operations, changes in shareholders' equity and cash flows of the Company and its Subsidiary for the periods stated therein (subject to the absence of notes and normal year-end audit adjustments in the case of interim unaudited statements, which would not be material, either individually or in the aggregate).

(j) **Tax Matters**. The Company and its Subsidiary each has (i) timely filed all material foreign, U.S. federal, state and local Tax Returns that are or were required to be filed, and all such Tax Returns are true, correct and complete in all material respects, (ii) paid all material Taxes required to be paid by it and any other material assessment, fine or penalty levied against it, whether or not shown or determined to be due on such Tax Returns, other than any such amounts (x) currently payable without penalty or interest, or (y) being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP; (iii) timely withheld, collected or deposited as the case may be all material Taxes (determined both individually and in the aggregate) required to be withheld, collected or deposited by it, and to the extent required, have been paid to the relevant taxing authority in accordance with applicable Law; and (iv) complied with all applicable information reporting requirements in all material respects. Neither the Company nor its Subsidiary (i) is subject to any outstanding audit, assessment, dispute or claim concerning any material Tax liability of the Company or its Subsidiary either within the Company's Knowledge or claimed, pending or raised by an authority in writing; (ii) is a party to, bound by or otherwise subject to any obligation under any Tax sharing or Tax indemnity agreement or similar contract or arrangement (other than an agreement, similar contract or arrangement to which only the Company and its Subsidiary are parties); (iii) has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011- 4(b)(2); or (iv) has any liability for Taxes of any Person arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or foreign Law, or as a transferee or successor, by contract, or otherwise. No claim has been made by a tax authority in a jurisdiction where the Company or its Subsidiary does not pay Taxes or file Tax Returns asserting that the Company or its Subsidiary is or may be subject to Taxes assessed by such jurisdiction. Neither the Company nor its Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period

(or any portion thereof) ending after the Closing as a result of any: (1) installment sale or other open transaction disposition made on or prior to the Closing; (2) prepaid amount received on or prior to the Closing; (3) written and legally binding agreement with a governmental authority relating to taxes for any taxable period ending on or before the Closing; (4) change in method of accounting in any taxable period ending on or before the Closing; or (5) election under Section 108(i) of the Code.

(k) **Material Changes**. Since December 31, 2015, except as disclosed in Schedule 3.1(k), (i) there have been no events, occurrences, or developments that have had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (ii) the Company has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses, and other liabilities incurred in the ordinary course of business consistent with past practice, and (B) liabilities not required to be reflected in the Company Financial Statements pursuant to GAAP, (iii) the Company has not altered materially its method of accounting or the manner in which it keeps its accounting books and records, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders or purchased, redeemed, or made any agreements to purchase or redeem any shares of its capital stock, (v) except for the Company Stock Options, the Company has not issued any equity securities to any officer, director, or Affiliate, (vi) there has not been any material change or amendment to, or any waiver of any material right by the Company under, any Material Contract under which the Company or its Subsidiary is bound or subject, and (vii) to the Company's Knowledge, there has not been a material increase in the aggregate dollar amount of (A) the Bank's nonperforming loans (including nonaccrual loans and loans 90 days or more past due and still accruing interest) or (B) the reserves or allowances established on the Company's or the Bank's financial statements with respect thereto. Moreover, since the date(s) the Company afforded Purchaser (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Shares and the merits and risks of investing in the Shares, and (ii) access to information about the Company and its Subsidiary and their respective financial condition, results of operations, business, properties, management, prospects, and any potential transactions sufficient to enable it to evaluate its investment, there have been no events, occurrences, or developments that have materially affected or would reasonably be expected to materially affect, either individually or in the aggregate, the information as presented to the Purchasers in connection with the offering of the Shares.

(l) **Environmental Matters**. Neither the Company nor its Subsidiary (i) is in violation of any Law of any Governmental Entity relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), (ii) is liable for any off-site disposal or contamination pursuant to any Environmental Laws, (iii) owns or operates any real property contaminated with any substance that is in violation of any Environmental Laws or (iv) is subject to any claim relating to any Environmental Laws; in each case, which violation, contamination, liability or claim has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim. Except as would not result in a Material Adverse Effect, there are no circumstances or conditions (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, prior manufacturing operations, dry-cleaning or automotive services) involving the Company or its Subsidiary, or any currently or formerly owned or operated property of the Company or its Subsidiary, that could reasonably be expected to result in any claim, liability, investigation, cost or restriction against the Company or its Subsidiary, or result in any restriction on the ownership, use, or transfer of any property pursuant to any Environmental Law, or adversely affect the value of any currently owned property of the Company or its Subsidiary.

(m) **Litigation**. There is no Action pending or, to the Company's Knowledge, threatened, which (i) adversely affects or challenges the legality, validity, or enforceability of any of the Transaction Documents, the issuance of Shares pursuant to this Agreement and the other Transaction Documents, or the conversion of the Shares of Series B Preferred Stock into the Underlying Shares, or (ii) is reasonably likely to be material to the Company or its Subsidiary, individually or in the aggregate, if there were an unfavorable decision. Neither the Company nor its Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty nor is any Action, to the Company's Knowledge, currently threatened. There is no Action by the Company or its Subsidiary pending or which the Company or its Subsidiary intends to initiate (other than collection or similar claims in the ordinary course of business). There has not been, and to the Company's Knowledge there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or governmental or regulatory body against the Company or any executive officers or directors of the Company in their capacities as such, which individually or in the aggregate, would reasonably be expected to be material to the Company or its Subsidiary.

(n) **Employment Matters**. No labor dispute exists or, to the Company's Knowledge, is imminent with respect to any of the employees of the Company or its Subsidiary which would have or reasonably be expected to have a Material Adverse Effect. None of the employees of the Company or its Subsidiary is a member of a union that relates to such employee's relationship with the Company or its Subsidiary, and neither the Company nor its Subsidiary is a party to a collective bargaining agreement, and the Company and its Subsidiary each believes that its relationship with its employees is good. To the Company's Knowledge, there is no activity involving any of the employees of the Company or its Subsidiary seeking to certify a collective bargaining unit or similar organization. To the Company's Knowledge, no executive officer is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of a third party, and to the Company's Knowledge, the continued employment of each such executive officer does not subject the Company or its Subsidiary to any liability with respect to any of the foregoing matters. The Company and its Subsidiary are each in compliance with all Laws and regulations relating to employment and employment practices, immigration, terms and conditions of employment and wages and hours, except where the failure to be in compliance would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. As of the date of this Agreement, except as otherwise disclosed to the Purchasers, no material employee has given notice to the Company or its Subsidiary of his or her intent to terminate his or her employment or service relationship with the Company or its Subsidiary. The Company and its Subsidiary are in material compliance with all Laws concerning the classification of employees and independent contractors and have properly classified all such individuals for purposes of participation in employee benefit plans.

(o) **Compliance**. Neither the Company nor its Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or its Subsidiary under), nor has the Company or its Subsidiary received written notice of a claim that it is in default under or that it is in violation of, any Material Contract (whether or not such default or violation has been waived), (ii) is in violation of any order of which the Company has been made aware in writing of any court, arbitrator, or governmental body having jurisdiction over the Company or its Subsidiary or their respective properties or assets, (iii) is in violation of, or in receipt of written notice that it is in violation of, any statute, rule, regulation, policy, guideline, or order of any governmental authority or self-regulatory organization applicable to the Company or its Subsidiary, or which would have the effect of revoking or limiting FDIC deposit insurance, except in each case as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(p) **Regulatory Permits**. The Company and its Subsidiary each possess or have applied for all certificates, authorizations, consents, and permits issued by the appropriate federal, state, local, or foreign regulatory authorities necessary to conduct their respective businesses as currently conducted, except where the failure to possess such certificates, authorizations, consents, or permits, individually or in the aggregate, has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect ("Material Permits"), and (i) neither the Company nor its Subsidiary has received any notice in writing of proceedings relating to the revocation or material adverse modification of any such Material Permits, and (ii) the Company is unaware of any facts or circumstances that would give rise to the revocation or material adverse modification of any Material Permits.

(q) **Title to Assets**. The Company and its Subsidiary have good and marketable title to all real property and tangible personal property owned by them which is material to the business of the Company and its Subsidiary, taken as a whole, in each case free and clear of all Liens, except such as do not materially affect the value of such property or do not interfere with the use made and proposed to be made of such property by the Company and its Subsidiary. Any real property and facilities held under lease by the Company and its Subsidiary are held by them under valid, subsisting, and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and facilities by the Company and its Subsidiary. No notice of a claim of default by any party to any lease entered into by the Company or its Subsidiary has been delivered to either the Company or its Subsidiary or is now pending, and there does not exist any event or circumstance that with notice or passing of time, or both, would constitute a default or excuse performance by any party thereto. None of the owned or leased premises or properties of the Company or its Subsidiary is subject to any current or potential interests of third parties or other restrictions or limitations that would impair or be inconsistent in any material respect with the current use of such property by the Company or its Subsidiary, as the case may be.

(r) **Patents and Trademarks**. The Company and its Subsidiary own, possess, license, or have other rights to use all foreign and domestic patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, inventions, trade secrets, technology, internet domain names, know-how, and other intellectual property (collectively, the "Intellectual Property") necessary for the conduct of their respective businesses as now conducted or as proposed to be conducted except where the failure to own, possess, license, or have such rights would not have or reasonably be expected to have a Material Adverse Effect. Except where such violations or infringements would not have or reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (a) there are no rights of third parties to any such Intellectual Property, (b) there is no infringement by third parties of any such Intellectual Property, (c) there is no pending or threatened action, suit, proceeding, or claim by others challenging the Company's and its Subsidiary's rights in or to any such Intellectual Property, (d) there is no pending or threatened action, suit, proceeding, or claim by others challenging the validity or scope of any such Intellectual Property, and (e) there is no pending or threatened action, suit, proceeding, or claim by others that the Company and/or its Subsidiary infringes or otherwise violates any patent, trademark, copyright, trade secret, or other proprietary rights of others.

(s) **Insurance**. The Company and its Subsidiary each are, and following the Closing Date will remain, insured against such losses and risks and in such amounts as the Company reasonably believes to be prudent and customary in the businesses and locations in which and where the Company and its Subsidiary are engaged. The Company and its Subsidiary have not been refused any insurance coverage sought or applied for, and the Company and its Subsidiary do not have any reason to believe that they will not be able to renew their existing insurance coverage as and when such coverage expires or

to obtain similar coverage from similar insurers as may be necessary to continue their business at a cost that would not have a Material Adverse Effect. All premiums due and payable under all such policies and bonds have been timely paid, and the Company and its Subsidiary are in material compliance with the terms of such policies and bonds. Neither the Company nor its Subsidiary has received any written notice of cancellation of any such insurance, nor, to the Company's Knowledge, will it or its Subsidiary be unable to renew their respective existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would be materially higher than their existing insurance coverage. The Company (i) maintains directors' and officers' liability insurance and fiduciary liability insurance with benefits and levels of coverage as disclosed in Schedule 3.1(s), (ii) has timely paid all premiums on such policies, and (iii) there has been no lapse in coverage during the term of such policies.

(t) **Transactions with Affiliates and Employees**. Except as disclosed in Schedule 3.1(t), none of the officers or directors of the Company or its Subsidiary and, to the Company's Knowledge, none of the employees of the Company or its Subsidiary, is presently a party to any transaction with the Company or its Subsidiary or to a presently contemplated transaction (other than for services as employees, officers, and directors).

(u) **Internal Control over Financial Reporting**. The Company and its Subsidiary maintain internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Company's outside auditors and the audit committee of the board of directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial information, and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting. The Company has no knowledge or any reason that its outside auditors and its principal executive officer and principal financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to 12 C.F.R. § 363.2. Since December 31, 2011, (i) neither the Company nor its Subsidiary nor, to the Company's Knowledge, any director, officer, employee, auditor, accountant or representative of the Company or its Subsidiary has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its Subsidiary or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that the Company or its Subsidiary has engaged in questionable accounting or auditing practices, and (ii) to the Company's Knowledge, no attorney representing the Company or its Subsidiary, whether or not employed by the Company or its Subsidiary, has reported evidence of a violation of securities laws, breach of fiduciary duty or similar violation by the Company, its Subsidiary or any of its officers, directors, employees or agents to the board of directors or any committee thereof or to any director or officer of the Company or its Subsidiary.

(v) **Certain Fees**. No person or entity will have, as a result of the transactions contemplated by this Agreement, any valid right, interest, or claim against or upon the Company, its Subsidiary or any Purchaser for any commission, fee, or other compensation pursuant to any agreement, arrangement, or understanding entered into by or on behalf of the Company or its Subsidiary, other than the Placement Agent with respect to the offer and sale of the Shares pursuant to this Agreement (which placement agent fees are being paid by the Company and are set forth in the Investor Presentation) and as contemplated by the Expense Reimbursement Agreement.

(w) **Private Placement**. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2 of this Agreement, the accuracy of the information disclosed in the Accredited Investor Questionnaires, no registration under the Securities Act is required for the offer and sale of the Shares by the Company to the Purchasers under the Transaction Documents.

(x) **Registration Rights**. Other than each of the Qualifying Purchasers, no Person has any right to cause the Company or its Subsidiary to effect the registration under the Securities Act of any securities of the Company or its Subsidiary.

(y) **No Integrated Offering**. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, none of the Company, its Subsidiary nor, to the Company's Knowledge, any of its Affiliates or any Person acting on its behalf has, directly or indirectly, at any time within the past six months, made any offers or sales of any Company security or solicited any offers to buy any security under circumstances that would eliminate the availability of the exemption from registration under Regulation D under the Securities Act in connection with the offer and sale by the Company of the Shares as contemplated hereby.

(z) **Investment Company**. Neither the Company nor its Subsidiary is required to be registered as, and is not an Affiliate of, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940.

(aa) **Unlawful Payments**. Neither the Company nor its Subsidiary, nor to the Company's Knowledge, any directors, officers, employees, agents, or other Persons acting at the direction of or on behalf of the Company or its Subsidiary has, in the course of its actions for, or on behalf of, the Company or its Subsidiary (a) directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses relating to foreign or domestic political activity, (b) made any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (c) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (d) made any other unlawful bribe, rebate, payoff, influence payment, kickback, or other material unlawful payment to any foreign or domestic government official or employee.

(bb) **Application of Takeover Protections; Rights Agreements**. The Company has not adopted any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of its Common Stock or a Change in Control of the Company. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement), or other similar anti-takeover provision under the Company's Articles of Incorporation or other organizational documents or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable to any Purchaser solely as a result of the transactions contemplated by this Agreement, including, without limitation, the Company's issuance of the Shares and any Purchaser's ownership of the Shares.

(cc) **No Undisclosed Liabilities**. There are no material liabilities or obligations of the Company or its Subsidiary of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable, or otherwise, except for (i) liabilities appropriately reflected or reserved against in accordance with GAAP in the Company's audited consolidated balance sheet for the year ended December 31, 2015, and (ii) liabilities that have arisen in the ordinary and usual course of business and consistent with past practice since December 31, 2015, except for such liabilities that have not had and would not reasonably be expected to have a Material Adverse Effect.

(dd) **Off Balance Sheet Arrangements**. There is no transaction, arrangement, or other relationship between the Company (or its Subsidiary) and an unconsolidated or other off-balance sheet entity that is not reflected on the Company Financial Statements.

(ee) **Acknowledgment Regarding Purchasers' Purchase of Shares**. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Shares.

(ff) **Absence of Manipulation**. The Company has not, and to the Company's Knowledge no one acting on its behalf has, taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Shares.

(gg) **OFAC**. Neither the Company nor its Subsidiary nor, to the Company's Knowledge, any director, officer, agent, employee, Affiliate, or Person acting on behalf of the Company or its Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not knowingly use the proceeds of the sale of the Shares towards any sales or operations in Cuba, Iran, Syria, Sudan, Myanmar, or any other country sanctioned by OFAC or for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC.

(hh) **Money Laundering Laws**. The operations of each of the Company and its Subsidiary are, and have been conducted at all times, in compliance in all material respects with the money laundering statutes of applicable jurisdictions, the rules and regulations thereunder, and any related or similar rules, regulations, or guidelines, issued, administered, or enforced by any applicable governmental agency (collectively, the "Money Laundering Laws"), and to the Company's Knowledge, no action, suit, or proceeding by or before any court or governmental agency, authority, or body or any arbitrator involving the Company and/or its Subsidiary with respect to the Money Laundering Laws is pending or threatened.

(ii) **No Additional Agreements**. The Company has no agreements or understandings (including, without limitation, side letters) with any Purchaser or other Person to purchase shares of Common Stock or Series B Preferred Stock on terms more favorable to such Person than as set forth herein. Except for this Agreement, the Company does not have any agreement or understanding with any Purchaser with respect to the transactions contemplated by the Transaction Documents.

(jj) **Reports, Registrations and Statements**. Since January 1, 2013, the Company and its Subsidiary each have filed all material reports, registrations, and statements, together with any required amendments thereto, that it was required to file with the Federal Reserve, the FDIC and any other applicable federal or state securities or banking authorities. All such reports and statements filed with any such regulatory body or authority are collectively referred to herein as the "Company Reports." As of their respective dates, the Company Reports complied in all material respects with all the rules and regulations promulgated by the Federal Reserve, the FDIC and any other applicable foreign, federal, or state securities or banking authorities, as the case may be. As of their respective dates, each such Company Report did not, in all material respects, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(kk) **Bank Regulatory Capitalization**. As of September 30, 2016, the Bank was considered "well capitalized" under the FDIC's regulatory framework for prompt corrective action.

(ll) **Agreements with Regulatory Agencies**. Neither the Company nor its Subsidiary is subject to any cease-and-desist or other similar order or enforcement action issued by, or is a party to any written agreement, consent agreement, or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any capital directive by, or since January 1, 2013, has adopted any board resolutions at the request of, any Governmental Entity that currently restricts the conduct of its business or that relates to its capital adequacy, its liquidity and funding policies and practices, its ability to pay dividends, its credit, risk management or compliance policies, its internal controls, its management, or its operations or business (each item in this sentence, a "Regulatory Agreement"), nor has the Company or its Subsidiary been advised since January 1, 2013 by any Governmental Entity that it intends to issue, initiate, order, or request any such Regulatory Agreement.

(mm) **Compliance with Certain Banking Regulations**. To the Company's Knowledge, there are no facts or circumstances, and the Company has no reason to believe that any facts or circumstances exist, that would cause the Bank (i) to be deemed not to be in satisfactory compliance with the Community Reinvestment Act ("CRA") and the regulations promulgated thereunder or to be assigned a CRA rating by federal or state banking regulators of lower than "satisfactory," (ii) to be deemed to be operating in violation, in any material respect, of the Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, as amended, any order issued with respect to anti-money laundering by OFAC, or any other anti-money laundering statute, rule, or regulation, (iii) to be deemed not to be in satisfactory compliance, in any material respect, with the Home Mortgage Disclosure Act, the Fair Housing Act, the Community Reinvestment Act, the Equal Credit Opportunity Act, or (iv) to be deemed not to be in satisfactory compliance, in any material respect, with all applicable privacy of customer information requirements contained in any applicable federal and state privacy laws and regulations as well as the provisions of all information security programs adopted by the Bank.

(nn) **No General Solicitation or General Advertising**. Neither the Company nor, to the Company's Knowledge, any Person acting on its behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with any offer or sale of the Shares.

(oo) **Mortgage Banking Business**. Except as has not had and would not reasonably be expected to have a Material Adverse Effect:

(i) The Company and its Subsidiary each has complied with, and all documentation in connection with the origination, processing, underwriting, and credit approval of any mortgage loan originated, purchased, or serviced by the Company or its Subsidiary satisfied, (A) all applicable federal, state, and local laws, rules, and regulations with respect to the origination, insuring, purchase, sale, pooling, servicing, subservicing, or filing of claims in connection with mortgage loans, including all laws relating to real estate settlement procedures, consumer credit protection, truth in lending laws, usury limitations, fair housing, transfers of servicing, collection practices, equal credit opportunity, and adjustable rate mortgages, (B) the responsibilities and obligations relating to mortgage loans set forth in any agreement between the Company or its Subsidiary and any Agency, Loan Investor, or Insurer, (C) the applicable rules, regulations, guidelines, handbooks, and other requirements of any Agency, Loan Investor, or Insurer, and (D) the terms and provisions of any mortgage or other collateral

documents and other loan documents with respect to each mortgage loan; and (ii) No Agency, Loan Investor, or Insurer has (A) claimed in writing that the Company or its Subsidiary has violated or has not complied with the applicable underwriting standards with respect to mortgage loans sold by the Company or its Subsidiary to a Loan Investor or Agency, or with respect to any sale of mortgage servicing rights to a Loan Investor, (B) imposed in writing restrictions on the activities (including commitment authority) of the Company or its Subsidiary, or (C) indicated in writing to the Company or its Subsidiary that it has terminated or intends to terminate its relationship with the Company or its Subsidiary for poor performance, poor loan quality, or concern with respect to the Company's or its Subsidiary's compliance with laws.

(ii) For purposes of this Section 3.1(00), (A) "Agency" means the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, the Farmers Home Administration (now known as Rural Housing and Community Development Services), the Federal National Mortgage Association, the United States Department of Veterans' Affairs, the Rural Housing Service of the U.S. Department of Agriculture, or any other federal or state agency with authority to (i) determine any investment, origination, lending, or servicing requirements with regard to mortgage loans originated, purchased, or serviced by the Company or its Subsidiary, or (ii) originate, purchase, or service mortgage loans, or otherwise promote mortgage lending, including state and local housing finance authorities, (B) "Loan Investor" means any person (including an Agency) having a beneficial interest in any mortgage loan originated, purchased, or serviced by the Company or its Subsidiary or a security backed by or representing an interest in any such mortgage loan, and (C) "Insurer" means a person who insures or guarantees for the benefit of the mortgagee all or any portion of the risk of loss upon borrower default on any of the mortgage loans originated, purchased, or serviced by the Company or its Subsidiary, including the Federal Housing Administration, the United States Department of Veterans' Affairs, the Rural Housing Service of the U.S. Department of Agriculture, and any private mortgage insurer, and providers of hazard, title, or other insurance with respect to such mortgage loans or the related collateral.

(pp) **Risk Management Instruments**. The Company and its Subsidiary have in place risk management policies and procedures sufficient in scope and operation to protect against risks of the type and in amounts reasonably expected to be incurred by companies of similar size and in similar lines of business as the Company and its Subsidiary. Except as has not had or would not reasonably be expected to have a Material Adverse Effect, since January 1, 2013, all derivative instruments, including, swaps, caps, floors, and option agreements, whether entered into for the Company's own account, or for the account of its Subsidiary, were entered into (1) only in the ordinary course of business, (2) in accordance with prudent practices and in all respects with all applicable laws, rules, regulations, and regulatory policies, and (3) with counterparties believed to be financially responsible at the time, and each of them constitutes the valid and legally binding obligation of the Company or its Subsidiary, enforceable in accordance with its terms. Neither the Company nor its Subsidiary, nor, to the Company's Knowledge, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement.

(qq) **ERISA**. The Company and its Subsidiary are in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company or its Subsidiary would have any liability; the Company and its Subsidiary have not incurred and does not expect to incur liability under Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan," or Sections 412 or 4971 of the Code; and each "Pension Plan" for which the Company or its Subsidiary would have liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(rr) **Shell Company Status**. The Company is not, and has never been, an issuer identified in Rule 144(i)(1) of the Securities Act.

(ss) **No "Bad Actor" Disqualification**. The Company has exercised reasonable care, in accordance with Commission rules and guidance, and has conducted a factual inquiry including the procurement of relevant questionnaires from each Covered Person (as defined below) or other means, the nature and scope of which reflect reasonable care under the relevant facts and circumstances, to determine whether any Covered Person (as defined below) is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act ("Disqualification Events"). To the Company's Knowledge, after conducting such sufficiently diligent factual inquiries, no Covered Person is subject to a Disqualification Event, except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) under the Securities Act. The Company has complied, to the extent applicable, with any disclosure obligations under Rule 506(e) under the Securities Act. "Covered Persons" are those persons specified in Rule 506(d)(1) under the Securities Act, including the Company, any predecessor or affiliate of the Company, any director, executive officer, other officer participating in the offering, general partner or managing member of the Company, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, any promoter (as defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of the sale of the Securities, and any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Shares (a "Solicitor"), any general partner or managing member of any Solicitor, and any director, executive officer or other officer participating in the offering of any Solicitor or general partner or managing member of any Solicitor.

(tt) **Nonperforming Assets**. To the Company's Knowledge, since the date of the latest audited financial statements, the Company believes that the Bank will be able to fully and timely collect substantially all interest, principal, or other payments when due under its loans, leases, and other assets that are not classified as nonperforming and such belief is reasonable under all the facts and circumstances known to the Company and Bank, and the Company believes that the amount of reserves and allowances for loan and lease losses and other nonperforming assets established on the Company's and Bank's financial statements is adequate, and such belief is reasonable under all the facts and circumstances known to the Company and Bank, except for such failures or deficiencies as have not had and would not be reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(uu) **No Change in Control**. Neither the Company nor its Subsidiary is a party to any employment, Change in Control, severance, or other compensatory agreement or any benefit plan pursuant to which the issuance of the Shares to the Purchasers as contemplated by this Agreement would trigger a "change of control" or other similar provision in any of the agreements, which results in payments to the counterparty or the acceleration of vesting of benefits.

(vv) **Common Control**. The Company is not and, after giving effect to the offering and sale of the Shares, will not be under the control (as defined in the BHCA and the Federal Reserve's Regulation Y (12 C.F.R. Part 225) ("BHCA Control") of any company (as defined in the BHCA and the Federal Reserve's Regulation Y). The Company is not in BHCA Control of any federally insured depository institution other than the Bank. The Bank is not under the BHCA Control of any company (as defined in the BHCA and the Federal Reserve's Regulation Y) other than Company. Neither the Company nor the Bank controls, in the aggregate, more than five percent of the outstanding voting class, directly or indirectly, of any federally insured depository institution. The Bank is not subject to the liability of any commonly controlled depository institution pursuant to Section 5(e) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(e)).

(ww) **Material Contracts**. The Company has made available to the Purchaser or its representatives, prior to the date hereof, true, correct, and complete copies of, and listed on Schedule 3.1(ww), each Material Contract to which the Company or its Subsidiary is a party or subject (whether written or oral, express or implied) as of the date of this Agreement. Each Material Contract is a valid and binding obligation of the Company or its Subsidiary (as applicable) that is a party thereto and, to the Company's Knowledge, each other party to such Material Contract, except for such failures to be valid and binding as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Each such Material Contract is enforceable against the Company or its Subsidiary (as applicable) that is a party thereto and, to the Company's Knowledge, each other party to such Material Contract in accordance with its terms (subject in each case to applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding of law or at equity), except for such failures to be enforceable as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor its Subsidiary, nor to the Company's Knowledge, any other party to a Material Contract, is in material default or material breach of a Material Contract and there does not exist any event, condition or omission that would constitute such a default or breach (whether by lapse of time or notice or both), in each case, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.2 **Representations and Warranties of the Purchasers.**

Each Purchaser hereby, for itself and for no other Purchaser, represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) Organization; Authority.

(i) If such Purchaser is an entity, it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization with the requisite corporate, partnership, limited liability company, or other applicable similar power and authority to enter into and to consummate the transactions contemplated by the applicable Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. If such Purchaser is an entity, the execution, delivery, and performance by such Purchaser of the applicable Transaction Documents to which it is a party and the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or, if such Purchaser is not a corporation, such partnership, limited liability company, or other applicable like action, on the part of such Purchaser. If such Purchaser is an entity, each of the applicable Transaction Documents to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(ii) If such Purchaser is not an entity, the execution, delivery, and performance by such Purchaser of the applicable Transaction Documents to which it is a party and the transactions contemplated by this Agreement have been duly authorized. Each of the applicable Transaction Documents to which such Purchaser is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(b) **No Conflicts**. The execution, delivery, and performance by such Purchaser of this Agreement and the Registration Rights Agreement, if applicable, and the consummation by such Purchaser of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of such Purchaser (if such Purchaser is an entity), (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, or instrument to which such Purchaser is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment, or decree (including federal and state securities laws) applicable to such Purchaser, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights, or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Purchaser to perform its obligations hereunder.

(c) **Investment Intent**. Such Purchaser understands that the Shares are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Shares as principal for its own account and not with a view to, or for distributing or reselling such Shares or any part thereof in violation of the Securities Act or any applicable state securities laws, provided, however, that by making the representations herein, such Purchaser does not agree to hold any of the Shares for any minimum period of time and reserves the right at all times to sell or otherwise dispose of all or any part of such Shares pursuant to an effective registration statement under the Securities Act or under an exemption from such registration and in compliance with applicable federal and state securities laws. Such Purchaser is acquiring the Shares hereunder in the ordinary course of its business. Such Purchaser does not presently have any agreement, plan, or understanding, directly or indirectly, with any Person to distribute or effect any distribution of any of the Shares (or any securities which are derivatives thereof) to or through any person or entity.

(d) **Purchaser Status**. At the time such Purchaser was offered the Shares, it was, and at the date hereof it is, an "accredited investor" as defined in Rule 501(a) under the Securities Act. Such Purchaser has provided the information in the Accredited Investor Questionnaire attached hereto as Exhibit B.

(e) **General Solicitation**. Such Purchaser is not purchasing the Shares as a result of any advertisement, article, notice, or other communication regarding the Shares published in any newspaper, magazine, or similar media or broadcast over television or radio or presented at any seminar or any other form of "general solicitation" or "general advertising" (as such terms are used in Regulation D promulgated under the Securities Act and interpreted by the Commission).

(f) **Direct Purchase**. Purchaser is purchasing the Shares directly from the Company and not from the Placement Agent. The Placement Agent did not make any representations or warranties to Purchaser, express or implied, regarding the Shares, the Company, or the Company's offering of the Shares.

(g) **Experience of Such Purchaser**. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Shares and has so evaluated the merits and risks of such investment. Such Purchaser is capable of protecting its own interests in connection with this investment and has experience as an investor in securities of companies like the Company. Such Purchaser is able to hold the Shares indefinitely if required, is able to bear the economic risk of an investment in the Shares, and, at the present time, is able to afford a complete loss of such investment. Further, Purchaser understands that no representation is being made as to the future trading value or trading volume of the Shares.

(h) **Brokers and Finders**. Neither such Purchaser, nor its respective Affiliates nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions or finder's fees, and no broker or finder has acted directly or indirectly for such Purchaser in connection with this Agreement or the transactions contemplated hereby.

(i) **Independent Investment Decision**. Such Purchaser has independently evaluated the merits of its decision to purchase Shares pursuant to the Transaction Documents, and such Purchaser confirms that it has not relied on the advice of the Company or the Placement Agent (or any of their respective agents, counsel, or Affiliates) or any other Purchaser or other Purchaser's business and/or legal counsel in making such decision; provided that the foregoing shall in no way limit such Purchaser's right to rely on the truth, accuracy and completeness of the representations and warranties of the Company made herein. Such Purchaser understands that the Placement Agent has acted solely as the agent of the Company in this placement of the Shares and such Purchaser has not relied on the business, legal, or regulatory advice of the Placement Agent or any of their agents, counsel, or Affiliates in making its investment decision hereunder, and confirms that none of such Persons has made any representations or warranties to such Purchaser in connection with the transactions contemplated by the Transaction Documents.

(j) **Residency**. Such Purchaser's residence (if an individual) or office in which its investment decision with respect to the Shares was made (if an entity) is located at the address immediately below such Purchaser's name on its signature page hereto.

ARTICLE 4
OTHER AGREEMENTS OF THE PARTIES

4.1 **Transfer Restrictions.**

(a) **Compliance with Laws**. Notwithstanding any other provision of this Article IV, each Purchaser covenants that the Shares may be disposed of only pursuant to an effective registration statement under, and in compliance with the requirements of, the Securities Act, or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable state, federal or foreign securities laws. In connection with any transfer of the Shares other than (i) pursuant to an effective registration statement, (ii) to the Company, or (iii) pursuant to Rule 144 (provided that the transferor provides the Company with reasonable assurances (in the form of a seller representation letter and, if applicable, a broker representation letter) that such securities may be sold pursuant to such rule), the Company may require the transferor thereof to provide to the Company and the Transfer Agent, at the transferor's expense, an opinion of counsel selected by the transferor and reasonably acceptable to the Company and the Transfer Agent, the form and substance of which opinion shall be reasonably satisfactory to the Company and the Transfer Agent, to the effect that such transfer does not require registration of such transferred securities under the Securities Act. As a condition of transfer (other than pursuant to clauses (i), (ii) or (iii) of the preceding sentence), any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of the Purchaser that transferred such Shares under this Agreement and the Registration Rights Agreement, if applicable, with respect to such transferred Shares.

(b) **Legends**. Certificates evidencing the Securities shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form, until such time as they are not required under Section 4.1(c) or applicable law:

THE ISSUANCE OF THESE SECURITIES HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER THE ACT (PROVIDED THAT THE TRANSFEROR PROVIDES THE COMPANY WITH REASONABLE ASSURANCES (IN THE FORM OF A SELLER REPRESENTATION LETTER AND, IF APPLICABLE, A BROKER REPRESENTATION LETTER) THAT THE SECURITIES MAY BE SOLD PURSUANT TO SUCH RULE).

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN A STOCK PURCHASE AGREEMENT, DATED AS OF DECEMBER 27, 2016, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY AT THE COMPANY'S PRINCIPAL EXECUTIVE OFFICES.

(c) **Removal of Legends**. Upon the written request of the holder, the restrictive legend set forth in Section 4.1(b) above shall be removed and the Company shall issue a certificate without such restrictive legend or any other restrictive legend to the holder of the applicable Securities upon which it is stamped, if (i) such Securities are registered for resale under the Securities Act, (ii) such Securities are sold or transferred pursuant to Rule 144, or (iii) such Securities are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable) as to such securities and without volume or manner-of-sale restrictions. Following the earlier of (A) the Effective Date or (B) Rule 144 becoming available for the resale of Securities, without the requirement for the Company to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable) as to the Securities and without volume or manner-of-sale restrictions, the Company, upon the written request of the holder, shall instruct the Transfer Agent to remove the legend from the Securities and shall cause its counsel to issue any legend removal opinion required by the Transfer Agent. Any fees (with respect to the Transfer Agent, Company counsel, or otherwise) associated with the issuance of such opinion or the removal of such legend shall be borne by the Company. If a legend is no longer required pursuant to the foregoing, the Company will no later than three Business Days following the delivery by a Purchaser to the Company or the Transfer Agent (with notice to the Company) of a legended certificate representing such Securities (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer) and a representation letter to the extent required by Section 4.1(a), deliver or cause to be delivered to such Purchaser a certificate representing such Securities that is free from all restrictive legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4.1(c).

4.2 **Acknowledgment of Dilution.**

The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock. The Company further acknowledges that its obligation to issue the Securities pursuant to this Agreement is unconditional (except as otherwise set forth herein) and absolute

and not subject to any right of set off, counterclaim, delay, or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other shareholders of the Company.

4.3 **Access, Information and Confidentiality.**

(a) Patriot shall be provided with access, information, and other rights as provided in the Patriot VCOC Letter Agreement. Each other Qualifying Purchaser shall have information rights as set forth in such Qualifying Purchaser's Information Rights Letter Agreement.

(b) Each party to this Agreement will hold, and will use commercially reasonable efforts to cause its respective subsidiaries and their directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, unless disclosure to a Governmental Entity is necessary or appropriate in connection with any necessary regulatory approval, or request for information or similar process, or unless compelled to disclose by judicial or administrative process or, based on the advice of its counsel, by other requirement of law or the applicable requirements of any Governmental Entity (in which case, the party permitted to disclose such information shall, to the extent legally permissible and reasonably practicable, provide the other party with prior written notice of such permitted disclosure), all nonpublic records, books, contracts, instruments, computer data and other data and information (collectively, "Information") concerning the other party hereto furnished to it by such other party or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (1) previously known by such party on a nonconfidential basis, (2) in the public domain through no fault of such party or (3) later lawfully acquired from other sources by the party to which it was furnished), and neither party hereto shall release or disclose such Information to any other person, except its Affiliates, partners, auditors, attorneys, financial advisors, other consultants and advisors with the express understanding that such parties will maintain the confidentiality of the Information and, to the extent permitted above, to auditors and bank and securities regulatory authorities; provided, however, that (i) each Purchaser is permitted to disclose Information to auditors and bank and securities regulatory authorities without prior written notice to the Company in connection with any audit or examination that does not explicitly reference the Company or this Agreement and (ii) each Purchaser may identify the Company and the value of such Purchaser's security holdings in the Company in accordance with applicable investment reporting and disclosure regulations or internal policies without prior notice to or consent from the Company.

(c) The obligations of each Purchaser under this Section 4.3 shall survive the Closing for so long as such Purchaser owns any Shares or other equity interest in the Company and for a period of one (1) year thereafter; provided, however, that the obligations of each Purchaser under this Section 4.3 shall terminate and be of no further force or effect upon the earliest to occur of (i) immediately before, but subject to, the consummation of the Company's first underwritten public offering of its Common Stock under the Securities Act or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act.

4.4 **Form D and Blue Sky.**

The Company agrees to timely file a Form D with respect to the Shares as required under Regulation D. Purchaser agrees to timely provide Company with any and all needed information in connection with Company's preparation and filing of a Form D. The Company, on or before the Closing Date, shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the applicable Shares for sale to the Purchasers at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification). The Company shall make all filings and reports relating to the offer and sale of the Shares required under applicable securities or blue sky laws of the states of the United States following the Closing Date.

4.5 **No Integration.**

The Company shall not, and shall use its commercially reasonable efforts to ensure that no Affiliate of the Company shall, sell, offer for sale, or solicit offers to buy, or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that will be integrated with the offer or sale of the Shares in a manner that would require the registration under the Securities Act of the sale of the Shares to the Purchasers.

4.6 **Public Announcement.**

The Company and the Purchasers will cooperate with each other in the development and distribution of all news releases and other public information disclosures with respect to the Transaction Documents. The Company shall not publicly disclose the name of any Purchaser or any Affiliate or investment adviser of any Purchaser, or include the name of any Purchaser or any Affiliate or investment adviser of any Purchaser in any press release or in any filing with the Commission (other than the Registration Statement) or any regulatory agency, without the prior written consent of such Purchaser, except as required by federal securities law in connection with any registration statement contemplated by the Registration Rights Agreement. Whenever any party determines, based upon the advice of such party's counsel, that a public announcement or other disclosure is required by or advisable with respect to any applicable law or regulation, the parties shall discuss such disclosure with each other in good faith prior to the making of such public announcement or other disclosure.

4.7 **Indemnification.**

(a) **Indemnification of Purchasers**. In addition to the indemnity provided in the Registration Rights Agreement, if applicable, the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees, agents, and investment advisors (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners, employees, agents, or investment advisors (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling person (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs, and expenses, including all judgments, amounts paid in settlements, court costs, and reasonable attorneys' fees and costs of investigation (collectively, "Losses"), that any such Purchaser Party may suffer or incur as a result of (i) any breach of any of the representations, warranties, covenants, or agreements made by the Company in this Agreement or in the other Transaction Documents, (ii) any action instituted against a Purchaser Party in any capacity, or any of them or their respective affiliates, by any shareholder of the Company who is not an affiliate of such Purchaser Party, with respect to any of the transactions contemplated by this Agreement, and (iii) any Proceeding involving the Company arising out of or related to any event, fact, change, occurrence, development or condition prior to the Closing Date. The Company will not be liable to any Purchaser Party under this Agreement to the extent, but only to the extent that a loss, claim, damage, or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants, or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents or attributable to the actions or inactions of such Purchaser Party. Any indemnification payment made pursuant to this Agreement shall be treated as an adjustment to purchase price for Tax purposes, except as otherwise required by Law or deemed impermissible under GAAP.

(b) **Conduct of Indemnification Proceedings**. Promptly after receipt by any Purchaser Party of notice of any demand, claim, or circumstances which would or might give rise to a claim or the commencement of any action, proceeding, or investigation in respect of which indemnity may be sought pursuant to Section 4.7(a), such Purchaser Party shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Purchaser Party, and shall assume the payment of all fees and expenses; provided, however, that the failure of any Purchaser Party so to notify the Company shall not relieve the Company of its obligations hereunder except to the extent that the Company is actually and materially and adversely prejudiced by such failure to notify. In any such proceeding, any Purchaser Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party unless (i) the Company and the Purchaser Party shall have mutually agreed to the retention of such counsel, (ii) the Company shall have failed promptly to assume the defense of such proceeding and to employ counsel reasonably satisfactory to such Purchaser Party in such proceeding, or (iii) in the reasonable judgment of counsel to such Purchaser Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Without the prior written consent of the Purchaser Party, the Company shall not effect any settlement of any pending or threatened proceeding in respect of which any Purchaser Party is or could have been a party and indemnity could have been sought hereunder by such Purchaser Party, unless such settlement includes an unconditional release of such Purchaser Party from all liability arising out of such proceeding.

(c) **Limitation on Amount of Company's Indemnification Liability**.

(i) Tipping Basket. The Company will not be liable for Losses that otherwise are indemnifiable under Section 4.7(a)(i) until the total of all Losses under Section 4.7(a)(i) incurred by all Purchasers exceeds $50,000, at which point the full amount of all Losses shall be recoverable.

(ii) Maximum. The maximum aggregate liability of the Company for all Losses under Section 4.7(a)(i) is the aggregate Purchase Price by all Purchasers, provided however, that the maximum aggregate liability of the Company for all Losses under Section 4.7(a)(i) as to any individual Purchaser is the aggregate Purchase Price of such individual Purchaser.

(iii) Exceptions. The provisions of Section 4.7(c)(i) and (ii) do not apply to (A) claims due to the inaccuracy of any of the representations or breach of any of the warranties of the Company in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(e), 3.1(f), 3.1(g), 3.1(i), 3.1(j), 3.1(v), 3.1(bb) or 3.1(qq), or (B) indemnification claims involving fraud or knowing and intentional misconduct by the Company. For purposes of the indemnity contained in Section 4.7(a)(i) and Section 4.7(c), all qualifications and limitations set forth in the parties' representations and warranties as to "materiality," "Material Adverse Effect" and words of similar import shall be disregarded in determining whether there shall have been any inaccuracy in or breach of any representations and warranties in this Agreement and the Losses arising therefrom.

4.8 **Use of Proceeds.**

The Company shall use the net proceeds from the sale of the Shares to repay in full the outstanding balance owed pursuant to the Loan Agreement, for organic growth, future acquisitions and for general corporate purposes.

4.9 **Certain Transactions.**

Between the date of this Agreement and the Closing Date, the Company will not merge or consolidate into, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party, as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant and condition of this Agreement and the Registration Rights Agreement to be performed and observed by the Company.

4.10 **Acquisition Proposals.**

Between the date of this Agreement and the Closing Date, the Company shall notify Purchasers orally and in writing promptly (but in no event later than one (1) Business Day) after receipt by the Company of any proposal or offer from any Person to effect an Acquisition Proposal or any request in connection with a prospective Acquisition Proposal for non-public information relating to the Company or for access to the properties, books or records of the Company by any Person other than the Purchasers, indicating in such notice the material terms and conditions of any such proposal or offer and the identity of the Person making the proposal or offer, and thereafter shall keep Purchasers reasonably informed with respect to the status of such proposal or offer.

4.11 **No Additional Issuances.**

Between the date of this Agreement and the Closing Date, except for the Shares being issued pursuant to this Agreement, the Company shall not issue or agree to issue any additional shares of Common Stock or other securities which provide the holder thereof the right to convert such securities into, or acquire, shares of Common Stock.

4.12 **Conduct of Business.**

From the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, except as contemplated by this Agreement, the Company will, and will cause its Subsidiary to: (i) operate their business in the ordinary course consistent with past practice of the Company and its Subsidiary; (ii) use commercially reasonable efforts to preserve intact the current business organization of the Company; (iii) use commercially reasonable efforts to retain the services of their employees, consultants, and agents; (iv) use commercially reasonable efforts to preserve the current relationships of the Company and its Subsidiary with material customers and other Persons with whom the Company and its Subsidiary have and intend to maintain significant relations; (v) maintain all of its operating assets in their current condition (normal wear and tear excepted); (vi) refrain from taking or omitting to take any action that would constitute a breach of Section 3.1(k); and (vii) refrain from (1) declaring, setting aside or paying any distributions or dividends on, or making any distributions (whether in cash, securities, or other property) in respect of, any of its capital stock, (2) splitting, combining or reclassifying any of its capital stock or issuing or authorizing the issuance of any other securities in respect of, in lieu of or in substitution for capital stock or any of its other securities, and (3) purchasing, redeeming or otherwise acquiring any capital stock, assets or other securities or any rights, warrants or options to acquire any such capital stock, assets or other securities, other than acquisitions of investment securities in the ordinary course of business.

4.13 **Avoidance of Control.**

(a) Notwithstanding anything to the contrary in this Agreement, no Purchaser (together with its affiliates (as such term is used under the BHCA)) shall have the ability to purchase or exercise any voting rights of any class of securities in excess of 9.9% of the total outstanding Voting Securities of the Company. In the event a Purchaser breaches its obligations under this Section 4.13 or believes that it is reasonably likely to breach such an obligation, it shall promptly notify the other parties hereto and shall cooperate in good faith with such parties to modify ownership or make other arrangements or take any other action, in each case, as is necessary to cure or avoid such breach.

(b) Notwithstanding anything to the contrary in this Agreement, neither the Company nor its Subsidiary shall take any action (including, without limitation, any redemption, repurchase, rescission or recapitalization of Common Stock, or securities or rights, options or warrants to purchase Common Stock, or securities of any type whatsoever that are, or may become, convertible into or exchangeable into or exercisable for Common Stock in each case, where each Purchaser is not given the right to participate in such redemption, repurchase, rescission or recapitalization to the extent of such Purchaser's pro rata proportion), that would reasonably be expected to pose a substantial risk that (a) such Purchaser's equity of the Company (together with equity owned by such Purchaser's affiliates (as such term is used under the BHCA) to exceed 33.3% of the Company's total equity (provided that there is no ownership or control in excess of 9.9% of any class of Voting Securities of the Company by such Purchaser, together with such Purchaser's Affiliates) or (b) such Purchaser's ownership of any class of Voting Securities of the Company (together with the ownership by such Purchaser's affiliates (as such term is used under the BHCA) of Voting Securities of the Company) to exceed 9.9%, in each case without the prior written consent of such Purchaser, or to increase to an amount that would constitute "control" under the BHCA, the CIBC Act, or any rules or regulations promulgated thereunder (or any successor provisions) or otherwise cause such Purchaser to "control" the Company under and for purposes of the BHCA, the CIBC Act or any rules or regulations promulgated thereunder (or any successor provisions). Notwithstanding anything to the contrary in this Agreement, no Purchaser (together with its Affiliates (as such term is used under the BHCA)) shall have the ability to purchase more than 33.3% of the Company's total equity or exercise any voting rights of any class of securities in excess of 9.9% of the total outstanding Voting Securities of the Company. In the event either the Company or a Purchaser breaches its obligations under this Section 4.13 or believes that it is reasonably likely to breach such an obligation, it shall promptly notify the other parties hereto and shall cooperate in good faith with such parties to modify ownership or, to the extent commercially reasonable, make other arrangements or take any other action, in each case, as is necessary to cure or avoid such breach.

4.14 **Most Favored Nation.**

During the period from the date of this Agreement through the Closing, neither the Company nor its Subsidiary shall enter into any additional, or modify any existing, agreements, arrangements or understandings with any existing or future investors in the Company or its Subsidiary that have the effect of establishing rights or otherwise benefiting such investor in a manner more favorable in any material respect to such investor than the rights and benefits established in favor of the Qualifying Purchasers by this Agreement and the Registration Rights Agreement, unless, in any such case, the Qualifying Purchasers have been provided with such rights and benefits.

4.15 **Filings; Other Actions.**

Each Purchaser, with respect to itself only, on the one hand, and the Company, on the other hand, will reasonably cooperate and consult with the other and use commercially reasonable efforts to provide all necessary and customary information and data, to prepare and file all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, to provide evidence of non-control of the Company and the Bank, to the extent requested by the applicable Governmental Entity, including executing and delivery to the applicable Governmental Entities customary passivity commitments, disassociation commitments, and commitments not to act in concert, with respect to the Company or the Bank, and to obtain all necessary permits, consents, orders, approvals, and authorizations of, or any exemption by, all third parties and Governmental Entities, in each case, (i) necessary to consummate the transactions contemplated by this Agreement, and to perform the covenants

contemplated by this Agreement, in each case required by it, and (ii) with respect to each Purchaser, to the extent typically provided by such Purchaser to such third parties or Governmental Entities, as applicable, under such Purchaser's policies or practices, and subject to such confidentiality requests as the Purchaser may reasonably seek. Each of the parties hereto shall execute and deliver both before and after the Closing such further certificates, agreements, and other documents and take such other actions as the other parties may reasonably request to consummate or implement such transactions or to evidence such events or matters, subject, in each case, to clauses (i) and (ii) of the first sentence of this Section 4.15. Each Purchaser, with respect to itself only, and the Company will have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable laws relating to the exchange of information and confidential information related to such Purchaser, all the information (other than confidential information) relating to such other parties, and any of their respective Affiliates, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions to which it will be party contemplated by this Agreement; provided that (i) for the avoidance of doubt, no Purchaser shall have the right to review any such information relating to another Purchaser and (ii) a Purchaser shall not be required to disclose to the Company or any other Purchaser any information that is confidential and proprietary to such Purchaser, its Affiliates, its investment advisors, or its or their control persons or equity holders. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. Each Purchaser, with respect to itself only, on the one hand, and the Company, on the other hand, agrees to keep the other reasonably apprised of the status of matters referred to in this Section 4.15. Each Purchaser, with respect to itself only, and the Company shall promptly furnish the other, to the extent permitted by applicable law, with copies of written communications received by it or its Affiliates from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated by this Agreement; provided, that the party delivering any such document may redact any confidential information contained therein. Notwithstanding anything in this Section 4.15 or elsewhere in this Agreement to the contrary, the Purchaser shall not be required to provide to any person pursuant to this Agreement any of its, its Affiliates', its investment advisors' or its or their control persons' or equity holders' nonpublic, proprietary, personal, or otherwise confidential information including the identities or financial condition of limited partners, shareholders, or non-managing members of the Purchaser or its Affiliates or their investment advisors. The Company shall file Form Ds timely with the Commission and other jurisdictions' securities and blue sky officials. Notwithstanding anything to the contrary in this Section 4.15, no Purchaser shall be required to perform any of the above actions if such performance would constitute or could reasonably result in a Burdensome Condition; for the avoidance of doubt, any requirement to disclose the identities or financial condition of limited partners, shareholders, or non-managing members of such Purchaser or its Affiliates or its investment advisers shall be deemed a Burdensome Condition unless otherwise determined by such Purchaser in its sole discretion.

4.16 **Gross-Up Rights.**

(a) **Sale of New Securities**. For so long as a Qualifying Purchaser owns the Minimum Ownership Interest, if at any time after the date hereof the Company makes any public or nonpublic offering or sale of any equity (including Common Stock, Series B Preferred Stock, Non-Voting Common Stock or restricted stock), or any securities, options or debt that is convertible or exchangeable into equity or that includes an equity component (such as, an "equity kicker") (including any hybrid security) (any such security, a "New Security") (other than (i) any Common Stock, Series B Preferred Stock or other securities issuable upon the exercise or conversion of any securities of the Company issued or agreed or contemplated (and disclosed to the Qualifying Purchaser in writing) to be issued as of the date hereof; (ii) pursuant to the granting or exercise of employee stock options, restricted stock or other stock incentives pursuant to the Company's stock incentive plans approved by the board of directors or the issuance of stock pursuant to the Company's employee stock purchase plan approved by the board of directors or similar plan where stock is being issued or offered to a trust, other entity or otherwise, for the

benefit of any employees, officers or directors of the Company, in each case in the ordinary course of providing incentive compensation; (iii) issuances of capital stock as full or partial consideration for a merger, acquisition, joint venture, strategic alliance, license agreement or other similar nonfinancing transaction; or (iv) within thirty (30) days following completion of this offering, issuances of Common Stock pursuant to a proposed unregistered offering to non-institutional investors, consisting of existing shareholders and certain other Persons, to sell up to an aggregate of $5,800,004 in shares of Common Stock at the Purchase Price); then each Qualifying Purchaser shall be afforded the opportunity to acquire from the Company for the same price (net of any underwriting discounts or sales commissions) and on the same terms as such securities are proposed to be offered to others, up to the amount of New Securities in the aggregate required to maintain its proportionate Common Stock-equivalent interest in the Company immediately prior to any such issuance of New Securities. The amount of New Securities that the Qualifying Purchaser shall be entitled to purchase in the aggregate shall be determined by multiplying (x) the total number or principal amount of such offered New Securities by (y) a fraction, the numerator of which is the total number of shares of Common Stock then held by the Purchaser (counting for such purposes all shares of Common Stock into or for which any securities owned by the Purchaser are directly or indirectly convertible or exercisable, including the Series B Preferred Stock and the Non-Voting Common Stock, if any, and the denominator of which is the total number of shares of Common Stock then outstanding (counting for such purposes all shares of Common Stock into or for which any securities owned by the Purchaser are directly or indirectly convertible or exercisable, including the Series B Preferred Stock and the Non-Voting Common Stock.

(b) **Limitation on Voting Securities**. Notwithstanding anything in this Section 4.16 to the contrary, upon the request of a Qualifying Purchaser that a Qualifying Purchaser not be issued Voting Securities in whole or in part upon the exercise of its rights to purchase New Securities, the Company shall cooperate with the Qualifying Purchaser to modify the proposed issuance of New Securities to the Qualifying Purchaser to provide for the issuance of Series B Preferred Stock, Non-Voting Common Stock or other non-voting securities in lieu of Voting Securities; provided, however, that to the extent, following such reasonable cooperation, such modification would cause any other Qualifying Purchaser to exceed its respective ownership limitation set forth in the applicable other securities purchase agreement, the Company shall, and shall only be obligated to, issue and sell to the Qualifying Purchaser such number of Voting Securities and nonvoting securities as will not cause any other Qualifying Purchaser to exceed its respective ownership limitation set forth in the applicable other securities purchase agreement and that the Qualifying Purchaser has indicated it is willing to hold following consummation of such Offering (as defined in Section 4.16(c) below), and any remaining securities may be offered, sold or otherwise transferred to any other person or persons in accordance with Section 4.16(e).

(c) **Notice**. In the event the Company proposes to offer or sell New Securities (the “Offering”), it shall give the Qualifying Purchasers written notice of its intention, describing the price (or range of prices), anticipated amount of New Securities, timing, and other terms upon which the Company proposes to offer the same (including, in the case of a registered public offering and to the extent possible, a copy of the prospectus included in the registration statement filed with respect to such offering), no later than 15 Business Days, as the case may be, after the initial filing of a registration statement with the Commission with respect to an underwritten public Offering or after the commencement of marketing with respect to a Rule 144A Offering or an Offering pursuant to Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder. If the information contained in the notice constitutes material non-public information (as defined under the applicable securities laws), the Company shall deliver such notice only to the individuals identified (with respect to the Qualifying Purchaser) in Section 6.3 hereof, and shall not communicate the information to anyone else acting on behalf of the Qualifying Purchaser without the consent of one of the designated individuals. The Qualifying Purchaser shall have 20 Business Days from the date of receipt of such a notice to notify the Company in writing that it intends to

exercise its rights provided in this Section 4.16 and as to the amount of New Securities the Qualifying Purchaser desires to purchase, up to the maximum amount permitted pursuant to the last sentence of Section 4.16(a). Such notice shall constitute a nonbinding indication of interest of the Qualifying Purchaser to purchase the amount of New Securities so specified at the price and other terms set forth in the Company's notice to it. The failure of a Qualifying Purchaser to respond within such 20 Business Day period shall be deemed to be a waiver of such Qualifying Purchaser's rights under this Section 4.16 only with respect to the Offering described in the applicable notice.

(d) **Purchase Mechanism**. If the Qualifying Purchaser exercises its rights provided in this Section 4.16, the closing of the purchase of the New Securities in connection with the closing of the offering with respect to which such right has been exercised shall take place within 30 calendar days after the giving of notice of such exercise, which period of time shall be extended for a maximum of 180 days in order to comply with applicable laws and regulations (including receipt of any applicable regulatory or shareholder approvals). Notwithstanding anything to the contrary herein, the closing of the purchase of the New Securities by the Qualifying Purchasers will occur no earlier than the closing of the offering triggering the right being exercised by the Qualifying Purchaser. Each of the Company and the Qualifying Purchasers agrees to use its commercially reasonable efforts to secure any regulatory or shareholder approvals or other consents, and to comply with any law or regulation necessary in connection with the offer, sale and purchase of, such New Securities.

(e) **Failure of Purchase**. In the event a Qualifying Purchaser fails to exercise its rights provided in this Section 4.16 within this 20 Business Day period or, if so exercised, the Qualifying Purchaser is unable to consummate such purchase within the time period specified in Section 4.16(d) above because of its failure to obtain any required regulatory or shareholder consent or approval, the Company shall thereafter be entitled (during the period of 90 days following the conclusion of the applicable period) to sell or enter into an agreement (pursuant to which the sale of the New Securities covered thereby shall be consummated, if at all, within 90 days from the date of such agreement) to sell the New Securities not elected to be purchased pursuant to this Section 4.16 by the Qualifying Purchaser or which the Qualifying Purchaser is unable to purchase because of such failure to obtain any such consent or approval, at a price and upon terms no more favorable in the aggregate to the purchasers of such New Securities than were specified in the Company's notice to the Qualifying Purchasers. Notwithstanding the foregoing, if such sale is subject to the receipt of any regulatory or shareholder approval or consent or the expiration of any waiting period, the time period during which such sale may be consummated shall be extended until the expiration of five Business Days after all such approvals or consents have been obtained or waiting periods expired, but in no event shall such time period exceed 180 days from the date of the applicable agreement with respect to such sale. In the event the Company has not sold the New Securities or entered into an agreement to sell the New Securities within such 90-day period (or sold and issued New Securities in accordance with the foregoing within 90 days from the date of such agreement (as such period may be extended in the manner described above for a period not to exceed 180 days from the date of such agreement)), the Company shall not thereafter offer, issue or sell such New Securities without first offering such New Securities to the Qualifying Purchaser in the manner provided above.

(f) **Non-Cash Consideration**. In the case of the offering of securities for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the board of directors; provided, however, that such fair value as determined by the board of directors shall not exceed the aggregate market price of the securities being offered as of the date the board of directors authorizes the offering of such securities.

(g) **Cooperation**. The Company and the Qualifying Purchaser shall cooperate in good faith to facilitate the exercise of the Qualifying Purchaser's rights under this Section 4.16, including to secure any required approvals or consents.

4.17 **Governance Matters.**

(a) Following the Closing and upon the written request of Patriot, the Company will promptly cause one representative of Patriot (the "Board Representative") to be elected or appointed to the board of directors of the Company (the "Board of Directors"), subject to satisfaction of all legal and regulatory requirements regarding service and election or appointment as a director of the Company, and the board of directors of the Bank (the "Bank Board"), subject to all legal and regulatory requirements regarding service and election or appointment as a director of the Bank, in each case, with respect to Patriot, so long as Patriot, together with its Affiliates, owns the Minimum Ownership Interest. So long as Patriot, together with its Affiliates, has a Minimum Ownership Interest, the Company will recommend to its shareholders the election of the Board Representative to the Board of Directors at a special meeting of the Company's shareholders or the annual meeting of shareholders, as applicable, subject to satisfaction of all legal and regulatory requirements regarding service and election or appointment as a director of the Company. If Patriot no longer has a Minimum Ownership Interest, Patriot will have no further rights under Sections 4.17(a) and 4.17(b) and, at the written request of the Board of Directors, shall use commercially reasonable efforts to cause its Board Representative to resign from the Board of Directors and the Bank Board as promptly as possible thereafter.

(b) The Board Representative shall, subject to applicable law, be one of the Company's nominees to serve on the Board of Directors. The Company shall use its reasonable best efforts to have the Board Representative elected as a director of the Company by the shareholders of the Company, and the Company shall solicit proxies for the Board Representative to the same extent as it does for any of its other Company nominees to the Board of Directors. The Company shall ensure, and shall cause the Bank to ensure, that the Board of Directors and the Bank Board shall have at least four members for so long as Patriot shall have the right to appoint a Board Representative. Patriot covenants and agrees to hold any information obtained from its Board Representative in confidence. Notwithstanding anything to the contrary contained herein, at all times when Patriot maintains a Minimum Ownership Interest, it shall comply in all respects with the Federal Reserve's Policy Statement on equity investments in banks and bank holding companies and any other guidance promulgated in connection with the matters addressed therein.

(c) Subject to Section 4.17(a), upon the death, resignation, retirement, disqualification, or removal from office as a member of the Board of Directors or the Bank Board of its Board Representative, Patriot shall have the right to designate the replacement for such Board Representative, which replacement shall satisfy all legal, bank regulatory and governance requirements regarding service as a director of the Company. The Board and the Bank Board shall use their respective reasonable best efforts to take all action required to fill the vacancy resulting therefrom with such person (including such person, subject to applicable Law, being one of the Company's nominees to serve on the Board and the Bank Board), using reasonable best efforts to have such person elected as director of the Company by the shareholders of the Company and the Company soliciting proxies for such person to the same extent as it does for any of its other nominees to the Board, as the case may be.

(d) The Company hereby agrees that, from and after the Closing Date, for so long as Patriot and its Affiliates in the aggregate have a Minimum Ownership Interest, the Company shall invite a person designated by Patriot (the "Observer") to attend meetings of the Board of Directors and the Bank Board (including any meetings of committees thereof on which the Board Representative is permitted to attend) in a nonvoting, nonparticipating observer capacity. The Observer shall not have any right to make

motions or vote on any matter presented to the Board of Directors or the Bank Board or any committee thereof The Company shall give the Observer written notice of each meeting of the Board of Directors and the Bank Board at the same time and in the same manner as the members of the Board of Directors or the Bank Board (as the case may be), shall provide the Observer with all written materials and other information given to members of the Board of Directors or the Bank Board (as the case may be) at the same time such materials and information are given to such members (provided, however, that the Observer shall not be provided any confidential supervisory information) and shall permit the Observer to attend as an observer at all meetings thereof, and in the event the Company proposes to take any action by written consent in lieu of a meeting, the Company shall give written notice thereof to the Observer prior to the effective date of such consent describing the nature and substance of such action and including the proposed text of such written consents. If Patriot no longer has a Minimum Ownership Interest, the Investor will have no further rights under this Section 4.17(d).

(e) The Board Representative shall be entitled to compensation and indemnification and insurance coverage in connection with his or her role as a director to the same extent as other directors on the Board of Directors or the Bank Board, as applicable, and shall be entitled to reimbursement for reasonable and documented out-of-pocket expenses incurred in attending meetings of the Board of Directors and the Bank Board, or any committee thereof in accordance with Company policy. The Company shall notify the Board Representative or the Observer, as the case may be, of all regular meetings and special meetings of the Board of Directors or the Bank Board and of all regular and special meetings of any committee of the Board of Directors or the Bank Board. The Company shall provide the Board Representative or the Observer, as the case may be, with copies of all notices, minutes, consents and other material that it provides to all members of the Board of Directors or the Bank Board (as applicable) at the same time such materials are provided to the other members.

(f) The Company acknowledges that the Board Representative may have certain rights to indemnification, advancement of expenses and/or insurance provided by Patriot and/or its Affiliates (collectively, the “Patriot Indemnitors”). The Company hereby agrees on behalf of itself and the Bank that with respect to a claim by a Board Representative for indemnification arising out his or her service as a director of the Company and/or the Bank (1) that it is the indemnitor of first resort (i.e., its obligations to the Board Representative with respect to indemnification, advancement of expenses and/or insurance (which obligations shall be the same as, but in no event greater than, any such obligations to members of the Board or the Bank Board, as applicable) are primary and any obligation of the Patriot Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Board Representative are secondary), and (2) the Patriot Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Board Representative against the Company.

(g) No later than April 30, 2017, the Company shall duly call, give notice of, establish a record date for, convene and hold its annual shareholders’ meeting or a special shareholders’ meeting (the “Shareholders’ Meeting”), for the purpose of, among other matters, voting upon approval and adoption of an amendment to the Articles of Incorporation (the “Shareholder Approval”), in the form attached as Annex A to Exhibit G (the “Third Articles of Amendment”). The Company shall: (A) through its Board of Directors recommend to its shareholders the approval and adoption of the Third Articles of Amendment (the “Company Recommendation”); (B) include such Company Recommendation in the proxy statement delivered to shareholders; and (C) use its best efforts to obtain the Shareholder Approval. Neither the Board of Directors of the Company nor any committee thereof shall withdraw, qualify or modify, or propose publicly to withdraw, qualify or modify, in a manner adverse to the Purchasers, the Company Recommendation or take any action, or make any public statement, filing or release inconsistent with the Company Recommendation. The Company shall adjourn or postpone the Shareholders’ Meeting, if, as of the time for which such meeting is originally scheduled there are

insufficient shares of Common Stock represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting. The Company shall also adjourn or postpone the Shareholders' Meeting, if on the date of the Shareholders' Meeting the Company has not received proxies representing a sufficient number of shares necessary to obtain the Shareholder Approval and, following such adjournment or postponement, the Company shall solicit proxies representing a sufficient number of shares to obtain the Shareholder Approval. Following the first of either such adjournment or postponement, if requested by the Purchasers, the Company shall retain a proxy solicitor reasonably acceptable to, and on terms reasonably acceptable to, Purchasers in connection with obtaining the Shareholder Approval.

(h) After obtaining the Shareholder Approval, the Company shall as promptly as reasonably practical, file the Third Articles of Amendment with the Judge of Probate in Calhoun County, Alabama, as required by applicable Law and provide Patriot a certificate from the Judge of Probate in Calhoun County, Alabama evidencing that the Third Articles of Amendment is in full force and effect as of a date within five Business Days after the date of the Shareholders' Meeting.

(i) Davis Partnership, L.P. may have the right for one representative to be elected or appointed to the Board of Directors as set forth in the Davis Partnership Letter Agreement.

4.18 **Notice of Certain Events.**

Each party hereto shall promptly notify the other party hereto of (a) any event, condition, fact, circumstance, occurrence, transaction or other item of which such party becomes aware prior to the Closing that would constitute a violation or breach of the Transaction Documents (or a breach of any representation or warranty contained herein or therein) or, if the same were to continue to exist as of the Closing Date, would constitute the non-satisfaction of any of the conditions set forth in Sections 5.1 or 5.2 hereof, and (b) any event, condition, fact, circumstance, occurrence, transaction or other item of which such party becomes aware that would have been required to have been disclosed pursuant to the terms of this Agreement had such event, condition, fact, circumstance, occurrence, transaction or other item existed as of the date hereof; provided that delivery of any notice pursuant to this Section 4.18 shall not modify the representations, warranties, covenants, agreements or obligations of the parties (or remedies with respect thereto) or the conditions to the obligations of the parties under this Agreement. Notwithstanding the foregoing, neither party shall be required to take any action that would jeopardize such party's attorney-client privilege.

4.19 **Shareholder Litigation.**

The Company shall promptly inform the Qualified Purchasers of any claim, action, suit, arbitration, mediation, demand, hearing, investigation or proceeding ("Shareholder Litigation") against the Company, its Subsidiary or any of the past or present executive officers or directors of the Company or its Subsidiary that is threatened in writing or initiated by or on behalf of any shareholder of the Company in connection with or relating to the transactions contemplated hereby or by the Transaction Documents. The Company shall consult with the Qualified Purchasers and keep the Qualified Purchasers informed of all material filings and developments relating to any such Shareholder Litigation.

ARTICLE 5
CONDITIONS PRECEDENT TO CLOSING

5.1 **Conditions Precedent to the Obligations of the Purchasers to Purchase Shares.**

The obligation of each Purchaser to acquire Shares at the Closing is subject to the fulfillment to the Qualifying Purchasers' satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by a Qualifying Purchaser (as to itself and other Purchasers who are not Qualifying Purchasers only):

(a) **Representations and Warranties**. The representations and warranties of the Company contained herein shall be true and correct as of the date when made and as of the Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date.

(b) **Performance**. The Company shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by it at or prior to the Closing.

(c) **No Injunction**. No statute, rule, regulation, executive order, decree, ruling, or injunction shall have been enacted, entered, promulgated, or endorsed by any court or governmental authority of competent jurisdiction, nor shall there have been any regulatory communication, that prohibits the consummation of any of the transactions contemplated by the Transaction Documents or restricts any Purchaser or any of a Purchaser's Affiliates from owning or voting any securities of the Company in accordance with the terms thereof.

(d) **Consents**. The Company shall have obtained in a timely fashion any and all consents, permits, approvals, non-objections, registrations, and waivers necessary for consummation of the sale of the Shares (including all Required Approvals of the Company), all of which shall be and remain so long as necessary in full force and effect.

(e) **Company Deliverables**. The Company shall have delivered the Company Deliverables in accordance with Section 2.3(a).

(f) **Minimum Offering Amount**. At the Closing, the number of shares of the Common Stock and Series B Preferred Stock to be sold under this Agreement shall result in gross proceeds to the Company of $41.2 million (including at least $29.9 million from the sale of Common Stock).

(g) **Termination**. This Agreement shall not have been terminated as to such Purchaser in accordance with Section 6.16 herein.

(h) **No Burdensome Condition**. Since the date hereof, there shall not be imposed any Burdensome Condition.

(i) **Registration Rights Agreement**. The Company and each Qualifying Purchaser shall have executed and delivered the Registration Rights Agreement.

(j) **Non-Control Determination**. Each Purchaser who, together with its Affiliates and persons who share a common investment advisor with such Purchaser, has committed to acquire a beneficial ownership of 5% or more of the outstanding shares of Common Stock (collectively, the "9.9% Purchaser" and each a "9.9% Purchaser") has received, in each 9.9% Purchaser's sole discretion, satisfactory feedback from the Federal Reserve (which may be the absence of any communication from the Federal Reserve) that such 9.9% Purchaser will not have "control" of the Company or the Bank for purposes of the BHCA and that no notice is required under the CIBC Act.

(k) **Ownership Limitation**. The purchase of the Shares by each Purchaser shall not (i) cause such Purchaser or any of its affiliates to violate any banking regulation, (ii) require such Purchaser or any of its affiliates to file a prior notice under the CIBC Act, or otherwise seek prior approval of any banking regulator, (iii) require such Purchaser or any of its affiliates to become a bank holding company or otherwise serve as a source of strength for the Company or its Subsidiary, or (iv) cause such Purchaser, together with any other person whose Company securities would be aggregated with such Purchaser's Company securities for purposes of any banking regulation or law, to collectively be deemed to own, control, or have the power to vote securities which (assuming, for this purpose only, full conversion and/or exercise of such securities by the Purchaser and such other Persons) would represent more than 9.9% of any class of Voting Securities of the Company outstanding at such time.

(l) **Material Adverse Effect**. No Material Adverse Effect shall have occurred since the date of this Agreement.

(m) **Information Agreements**. The Company and Patriot shall have executed and delivered the Patriot VCOC Letter Agreement. The Company and each other Qualifying Purchasers shall have executed and delivered the Information Rights Letter Agreements.

(n) **No Change in Control**. The Company shall not have agreed to enter into or entered into (i) any agreement or transaction in order to raise capital, or (ii) any transaction that resulted in, or would result in if consummated, a Change in Control of the Company, in each case, other than in connection with the transactions contemplated by the Transaction Documents.

(o) **Second Articles of Amendment**. At the Closing, the Company shall have filed with the Judge of Probate in Calhoun County, Alabama (and the Judge of Probate in Calhoun County, Alabama shall have issued a certificate of amendment evidencing the effectiveness of) the Second Articles of Amendment.

(p) **Board Representatives**. At the Closing, the Board Representative designated by Patriot shall be elected or appointed to the Board of Directors in accordance with the terms of Section 4.17(a).

(q) **Purchase of Starboard Shares**. Starboard Fund for New Bancs LLC owns 300,000 shares of the Company's common stock. Effective at the Closing, certain members of management of the Company shall purchase approximately 200,000 of such shares at a per share price of $14.00. The remainder of such shares, if not otherwise purchased at the Closing, shall be sold as part of the offering to non-institutional investors as referenced in Section 4.16(a)(iv) and such shares shall be sold first before authorized but unissued shares are issued by the Company.

5.2 **Conditions Precedent to the Obligations of the Company to sell the Shares.**

The Company's obligation to sell and issue the Shares to each Purchaser at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date (except to the extent made only as of a different specified date, in which case as of such date) of the following conditions, any of which may be waived by the Company:

(a) **Representations and Warranties**. The representations and warranties of the Purchasers contained herein shall be true and correct as of the date when made and as of the Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date.

(b) **Performance**. Such Purchaser shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by such Purchaser at or prior to the Closing Date.

(c) **No Injunction**. No statute, rule, regulation, executive order, decree, ruling, or injunction shall have been enacted, entered, promulgated, or endorsed by any court or governmental authority of competent jurisdiction, nor shall there have been any regulatory communication, that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

(d) **Ownership Limitation**. The purchase of the Shares by each Purchaser shall not cause the Federal Reserve to require such Purchaser or any of its affiliates (i) to file a prior notice under the CIBC Act, or (ii) to become a bank holding company or otherwise serve as a source of strength for the Company or its Subsidiary.

(e) **Purchaser Deliverables**. Each Purchaser shall have delivered its Purchaser Deliverables in accordance with Section 2.3(b).

(f) **Termination**. This Agreement shall not have been terminated as to such Purchaser in accordance with Section 6.16 herein.

ARTICLE 6
MISCELLANEOUS

6.1 **Fees and Expenses.**

Other than as set forth in the Expense Reimbursement Agreement, or elsewhere in the Transaction Documents, the parties hereto shall be responsible for the payment of all expenses incurred by them in connection with the preparation and negotiation of the Transaction Documents and the consummation of the transactions contemplated hereby. The Company shall pay all amounts owed to the Placement Agent relating to or arising out of the transactions contemplated hereby. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the sale and issuance of the Shares to the Purchasers.

6.2 **Entire Agreement.**

The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, discussions, and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits, and schedules. At or after the Closing, and without further consideration, the Company and the Purchasers will execute and deliver to the other such further documents as may be reasonably requested in order to give practical effect to the intention of the parties under the Transaction Documents.

6.3 **Notices.**

Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile or e-mail (provided the sender receives a machine-generated confirmation of successful facsimile transmission or e -mail notification or confirmation of receipt of an e-mail transmission) at the facsimile number or e -mail address specified in this Section prior to 5:00 p.m., Eastern time, on a Business Day, (b) the next Business Day after the date

of transmission, if such notice or communication is delivered via facsimile or e -mail at the facsimile number or e-mail address specified in this Section on a day that is not a Business Day or later than 5:00 p.m., Eastern time, on any Business Day, (c) if sent by U.S. nationally recognized overnight courier service with next day delivery specified (receipt requested) the Business Day following delivery to such courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Company:	Southern States Bancshares, Inc. 615 Quintard Avenue Anniston, Alabama 36201 Attention: Stephen W. Whatley
with a copy to:	Jones Walker LLP 1819 5th Ave N, Ste 1100 Birmingham, Alabama 35203 Attention: Michael D. Waters
If to a Purchaser:	Only to the address set forth under such Purchaser's name on the signature page hereof;

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

6.4 **Amendments; Waivers; No Additional Consideration.**

No amendment or waiver of any provision of this Agreement will be effective with respect to any party unless made in writing and signed by a duly authorized representative of such party. No waiver of any default with respect to any provision, condition, or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition, or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right. No consideration shall be offered or paid to any Purchaser to amend or consent to a waiver or modification of any provision of any Transaction Document unless the same consideration is also offered to all Purchasers who then hold Shares.

6.5 **Construction.**

The headings herein are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. This Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement or any of the Transaction Documents.

6.6 **Successors and Assigns.**

The provisions of this Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns. This Agreement, or any rights or obligations hereunder, may not be assigned by (a) the Company without the prior written consent of the Purchasers or (b) by the Purchaser without the prior written consent of the Company, except as set forth in the following

sentence. Without the prior written consent of the Company, any Purchaser may assign its rights hereunder in whole or in part to any Affiliate of such Purchaser, provided such Affiliate shall agree in writing to be bound by the terms and conditions of this Agreement that apply to the "Purchasers."

6.7 **No Third-Party Beneficiaries.**

This Agreement is intended for the benefit of the parties hereto, their respective successors and permitted assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, other than, solely with respect to the provisions of Section 4.7, the Purchaser Parties.

6.8 **Governing Law.**

All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof that would cause the laws of another jurisdiction to apply. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective Affiliates, employees or agents) shall be commenced on an exclusive basis in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

6.9 **Survival.**

The representations, warranties, agreements, and covenants contained herein shall survive the Closing and the delivery of the Shares as follows: (i) the representations and warranties of the Company set forth in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(e), 3.1(f), 3.1(g), 3.1(i), 3.1(v), and 3.1(bb), and shall survive indefinitely, (ii) the representations and warranties of the Company set forth in Sections 3.1(j), 3.1(1), 3.1(qq) shall survive for the applicable statute of limitations, and (iii) all other representations and warranties of the Company set forth in Sections 3.1 shall survive for a period of 24 months following the Closing and the delivery of the Shares. All representations and warranties of the Purchasers set forth in Section 3.2 shall survive for a period of 12 months following the Closing Date.

6.10 **Execution.**

This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that the parties need

not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf' format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof

6.11 **Severability.**

If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

6.12 **Replacement of Shares.**

If any certificate or instrument evidencing any Shares is mutilated, lost, stolen, or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company and the Transfer Agent of such loss, theft, or destruction and the execution by the holder thereof of a customary lost certificate affidavit of that fact and an agreement to indemnify and hold harmless the Company and the Transfer Agent for any losses in connection therewith and, if required by the Transfer Agent, a bond in such form and amount as is required by the Transfer Agent. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Shares. If a replacement certificate or instrument evidencing any Shares is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

6.13 **Remedies.**

In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to seek specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation (other than in connection with any action for a temporary restraining order) the defense that a remedy at law would be adequate.

6.14 **Payment Set Aside.**

To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by, or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver, or any other person under any law (including, without limitation, any bankruptcy law, state, or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

6.15 **Independent Nature of Purchasers' Obligations and Rights.**

The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser under any Transaction Document. The decision of each Purchaser to purchase Shares pursuant to the Transaction Documents has been made by such Purchaser independently of any other Purchaser and independently of any information, materials, statements, or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise), or prospects of the Company or its Subsidiary which may have been made or given by any other Purchaser or by any agent or employee of any other Purchaser, and no Purchaser and none of its agents or employees shall have any liability to any other Purchaser (or any other Person) relating to or arising from any such information, materials, statements, or opinions. Nothing contained herein or in any Transaction Document, and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser acknowledges that no other Purchaser has acted as agent for such Purchaser in connection with making its investment hereunder and that no Purchaser will be acting as agent of such Purchaser in connection with monitoring its investment in the Shares or enforcing its rights under the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Purchaser, solely, and not between the Company and the Purchasers collectively and not between and among the Purchasers.

6.16 **Termination.**

(a) This Agreement may be terminated and the sale and purchase of the Shares abandoned at any time prior to the Closing:

(i) by the written consent of the Company and any Purchaser (with respect to itself only);

(ii) by any Purchaser (with respect to itself only) upon written notice to the other parties, if the Closing has not been consummated on or prior to 11:59 p.m., Eastern Time, on the Outside Date; provided, however, that the right to terminate this Agreement under this Section 6.16(a)(ii) shall not be available to any Person whose failure to comply with its obligations under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or before such time;

(iii) by the Company or any Purchaser, upon written notice to the other parties, in the event that any Governmental Entity shall have issued any order, decree or injunction or taken any other action restraining, enjoining or prohibiting any of the transactions contemplated by this Agreement, and such order, decree, injunction or other action shall have become final and nonappealable;

(iv) by any Purchaser (with respect to itself only), upon written notice to the Company, if there has been a breach of any representation, warranty, covenant or agreement made by the Company in this Agreement, or any such representation or warranty shall have become untrue after the date of this Agreement, in each case such that a closing condition in Section 5.1(a) or Section 5.1(b) would not be satisfied;

(v) by the Company, upon written notice to any Purchaser, if there has been a breach of any representation, warranty, covenant or agreement made by such a Purchaser in this

Agreement, or any such representation or warranty shall have become untrue after the date of this Agreement, in each case such that a closing condition in Section 5.2(a) or Section 5.2(b) would not be satisfied with respect to such Purchaser; provided, however, that such termination by the Company shall only be as to the breaching Purchaser and that notice of such termination shall be provided to the non-breaching Purchaser(s); or

(vi) by any Purchaser, with respect to such Purchaser, if the Company directly or indirectly effects or causes to be effected any transaction with a third party with respect to an Acquisition Proposal or that would reasonably be expected to result in a Change in Control.

(b) The Company shall give prompt notice of any such termination to each other Purchaser, and, as necessary, work in good faith to restructure the transaction to allow each Purchaser the does not exercise a termination right to purchase the full number of Shares set forth below such Purchaser's name on the signature page of this Agreement while remaining in compliance with Section 4.13. Nothing in this Section 6.16 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents. In the event of a termination pursuant to this Section, the Company shall promptly notify all non-terminating Purchasers. Upon a termination in accordance with this Section, the Company and the terminating Purchaser(s) shall not have any further obligation or liability (including arising from such termination) to the other, and no Purchaser will have any liability to any other Purchaser under the Transaction Documents as a result therefrom.

6.17 **Rescission and Withdrawal Right.**

Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever any Purchaser exercises a right, election, demand, or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

6.18 **Adjustments in Common Stock Numbers and Prices.**

In the event of any stock split, subdivision, dividend, or distribution payable in shares of Common Stock (or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly shares of Common Stock), combination, or other similar recapitalization or event occurring after the date hereof and prior to the Closing, each reference in any Transaction Document to a number of shares or a price per share shall be deemed to be amended to appropriately account for such event.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Stock Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

"Company"

SOUTHERN STATES BANCSHARES, INC.

By: /s/ Stephen W. Whatley

Name: Stephen W. Whatley

Title: Chairman, President and CEO

[Signature Page to Stock Purchase Agreement]

"Purchaser"

PATRIOT FINANCIAL PARTNERS II, L.P.

By: /s/ James J. Lynch

Name: James J. Lynch

Title: Managing Partner

Number of Purchased Shares at Closing:

Common Stock: 237,947

Series B Preferred Stock: 144,304

Tax ID No:

Address for Notice:

Patriot Financial Partners, L.P.

Circa Centre

2929 Arch Street, 27th Floor

Philadelphia, PA 19104

Delivery Instructions:
(if different than above)

"Purchaser"

PATRIOT FINANCIAL PARTNERS PARALLEL II, L.P.

By: /s/ James J. Lynch

Name: James J. Lynch

Title: Managing Partner

Number of Purchased Shares at Closing:

Common Stock: 27,767

Series B Preferred Stock: 16,839

Tax ID No:

Address for Notice:

Patriot Financial Partners, L.P.

Circa Centre

2929 Arch Street, 27th Floor

Philadelphia, PA 19104

Delivery Instructions:
(if different than above)

"Purchaser"

EJF SIDECAR FUND, SERIES LLC - SERIES E

By: /s/ Neal J. Wilson

By: EJF Capital LLC
Its: Manager

Name: Neal J. Wilson

Title: Chief Operating Officer

Number of Purchased Shares at Closing:

Common Stock: 503,571

Tax ID No:

Address for Notice:

EJF Capital LLC

2107 Wilson Blvd., Suite 400

Arlington, VA 22201

Delivery Instructions:
Citi
Attn: Winsome White/Galina Levina
399 Park Avenue, Level B
New York, NY 10022
Attn: Custody/Transfer

"Purchaser"

ITHAN CREEK INVESTORS USB, LLC

By: Wellington Management Company LLP,
As investment adviser

By: /s/ Emily Babalas

Name: Emily Babalas

Title: Managing Director and Counsel

Number of Purchased Shares at Closing:

Common Stock: 503,571

Tax ID No:

Address for Notice:

c/o Wellington Management Company LLP

280 Congress St.

Boston, MA 02210

Delivery Instructions:
(if different than above)

"Purchaser"

DAVIS PARTNERSHIP, L.P.

By: /s/ Lansing Davis

Name: Lansing Davis

Title: Managing Member of the General Partner Davis Capital Partners, LLC

Number of Purchased Shares at Closing:

Common Stock: 503,571

Tax ID No:

Address for Notice:

3 Harbor Drive, Suite 301

Sausalito, CA 94965

Delivery Instructions:
(if different than above)

"Purchaser"

BANC FUND IX, L.P.
By: MidBan IX L.P. an Illinois limited partnership, Its General Partner
By: THE BANC FUNDS COMPANY, L.L.C. an Illinois limited liability company, Its General Partner

By: /s/ Charles J. Moore

Name: Charles J. Moore

Title: Member

Number of Purchased Shares at Closing:

Common Stock: 116,143

Tax ID No: Address for Notice:

20 North Wacker Drive

Suite 3300

Chicago, IL 60606

Delivery Instructions:
(if different than above)

"Purchaser"

BANC FUND VIII, L.P.
By: MidBanc VIII L.P. an Illinois limited partnership, Its General Partner
By: THE BANC FUNDS COMPANY, L.L.C. an Illinois limited liability company, Its General Partner

By: /s/ Charles J. Moore

Name: Charles J. Moore

Title: Member

Number of Purchased Shares at Closing:

Common Stock: 116,000

Tax ID No:

Address for Notice:

20 North Wacker Drive

Suite 3300

Chicago, IL 60606

Delivery Instructions:
(if different than above)

"Purchaser"

SIENA CAPITAL PARTNERS I, L.P.

By: Siena Capital Management LLC

By: /s/ David Abraham

Name: David Abraham

Title: Executive Vice President

Number of Purchased Shares at Closing:

Common Stock: 34,715

Tax ID No:

Address for Notice:

100 North Riverside Plaza

Suite 1630

Chicago, IL 60606

Delivery Instructions:
(if different than above)

"Purchaser"

SIENA CAPITAL PARTNERS ACCREDITED, L.P.

By: Siena Capital Management LLC

By: /s/ David Abraham

Name: David Abraham

Title: Executive Vice President

Number of Purchased Shares at Closing:

Common Stock: 1,000

Tax ID No:

Address for Notice:

100 North Riverside Plaza

Suite 1630

Chicago, IL 60606

Delivery Instructions:
(if different than above)

"Purchaser"

JCSD PARTNERS, LP

By: /s/ Steven J. Didron

Name: Steven J. Didron

Title: General Partner

Number of Purchased Shares at Closing:

Common Stock: 92,858

Tax ID No:

Address for Notice:

1676 N. California Blvd., #630

Walnut Creek, CA 94596

Delivery Instructions: Physical certificate
(if different than above)

Exhibit 21.1

LIST OF SUBSIDIARIES OF SOUTHERN STATES BANCSHARES, INC.

Entity	Jurisdiction
Southern States Bank	Alabama

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated March 12, 2021, relating to our audit of the consolidated balance sheets of Southern States Bancshares, Inc. and subsidiary as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the years in the two year period ended December 31, 2020 appearing in the Prospectus, which is part of the Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Mauldin & Jenkins, LLC

Birmingham, Alabama
July 15, 2021