



SOUTHERN STATES
BANCSHARES, INC.

Q4 2021

Investor Presentation

January 24, 2022

Important Notices and Disclaimers

Forward-Looking Statements

This presentation 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. Important factors that could cause actual results to differ from those in the forward-looking statements are set forth in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 under the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors". 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," "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 presentation and may include statements about business strategy and prospects for growth, operations, ability to pay dividends, competition, regulation and general economic conditions.

Non-GAAP Financial Measures

In addition to reporting GAAP results, the Company reports non-GAAP financial measures in this presentation and other disclosures. 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. 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. For a reconciliation of the non-GAAP measures we use to the most comparable GAAP measures, see the Appendix to this presentation.



Q4 2021 Results Highlights

Operating Results



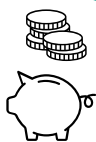
- **Net income** of \$4.1 million, or \$0.44 per diluted share and **core net income** of \$4.3 million ⁽¹⁾, or \$0.47 per diluted share ⁽¹⁾
- **ROAA** of 0.99% and **ROATCE** of 10.22%; **Core ROAA** of 1.04% ⁽¹⁾ and **Core ROATCE** of 10.72% ⁽¹⁾
- **Net interest margin** of 3.68%
- **Core efficiency ratio** of 59.07% ⁽¹⁾

Loans



- **Loan growth** of 10.3%, excluding Paycheck Protection Program (PPP) loans, from Q3 2021
- **Loan portfolio** of \$1.3 billion increased 9.2% from Q3 2021
- **Average yield on loans** of 4.75% declined from 4.92% for Q3 2021
- **Loans (excluding PPP loans) / deposits ratio** of 79.7% compared to 84.2% for Q3 2021

Deposits



- **Deposits** of \$1.6 billion increased \$220.1 million, or 16.5%, from Q3 2021 driven in part by \$100.0 million of noninterest-bearing deposits from two customers expected to be on deposit short-term
- **Average cost of total deposits** decreased to 0.27% from 0.31% for Q3 2021
- **Noninterest-bearing deposits** comprised 34.8% of total deposits compared to 28.4% at Q3 2021

Asset Quality



- **Nonperforming loans to gross loans** decreased to 0.16% from 0.29% at Q3 2021
- **Net recoveries** of \$15,000 or 0.00% of average loans
- **Allowance for loan losses to gross loans** of 1.18%
- **OREO balance** decreased to \$2.9 million from \$10.1 million at Q3 2021

Capital

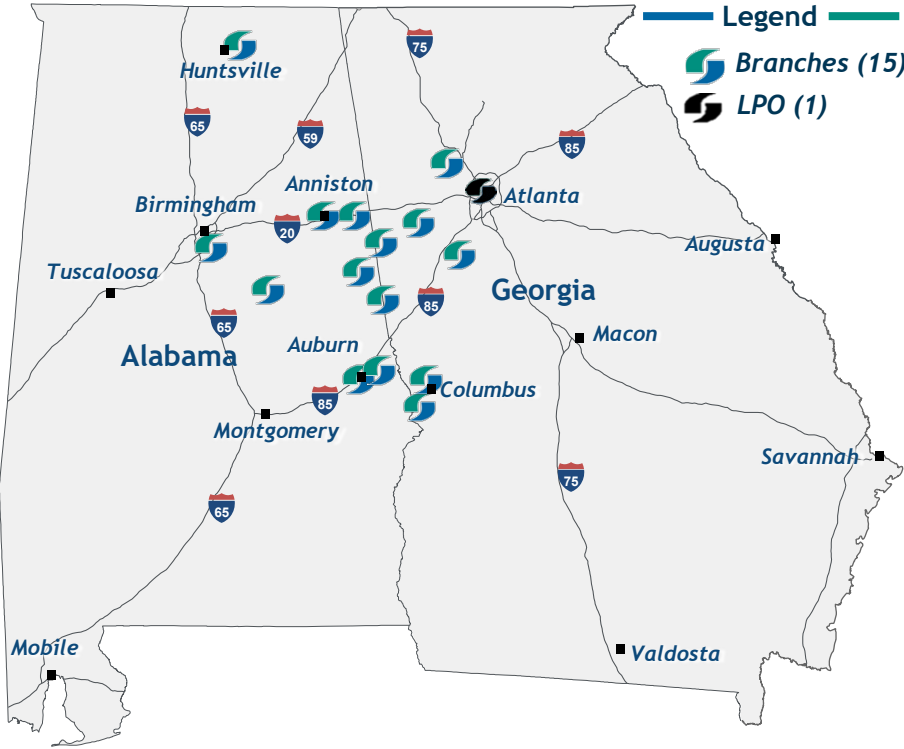


- **Announced and paid quarterly dividend** of \$0.09 per share
- **Tangible common equity to tangible assets** of 9.00% ⁽¹⁾
- **Tangible book value per share** of \$17.62 ⁽¹⁾ increased from \$17.29 ⁽¹⁾ in Q3 2021



Overview of Southern States Bancshares, Inc.

- **Southern States Bancshares (Nasdaq: SSBK)** was founded in August 2007 by current CEO and Chairman, Steve Whatley, and a group of organizing directors and priced its IPO on August 11, 2021
- Management team with **200 years of collective experience** in the banking industry and deep ties to local markets
- History of **solid growth, top-tier profitability** and a **strong credit culture**
- **Bifurcated growth strategy** through organic growth and disciplined M&A
- Focused on being a **dominant bank** in our smaller markets and a **competitive player** in the larger metropolitan areas
- **Diversified loan portfolio** complemented by **low-cost, core funding base**



Q4 '21 Financial Highlights

| | | | | | | | |
|-----------------------------------|-------|--------------------------|-------|---------------------------|-------|--|--------|
| Assets (\$B): | \$1.8 | YoY Asset Growth: | 33.8% | NPLs / Loans: | 0.16% | Core Net Income ⁽¹⁾ (\$M): | \$4.3 |
| Gross Loans (\$B): | \$1.3 | YoY Loan Growth: | 21.4% | LLR / Loans: | 1.19% | Core ROAA ⁽¹⁾ : | 1.04% |
| Deposits (\$B): | \$1.6 | YoY Deposit Growth: | 36.6% | YTD NCOs / Avg. Loans: | 0.00% | NIM: | 3.68% |
| Loans / Deposits ⁽²⁾ : | 79.7% | YoY Core Deposit Growth: | 38.4% | TCE / TA ⁽¹⁾ : | 9.00% | Core Efficiency Ratio ⁽¹⁾ : | 59.07% |

Source: S&P Global Market Intelligence; Company Documents
 Financial data as of the three months ended 12/31/21 unless otherwise noted
 Note: Core Deposits defined as total deposits less jumbo time deposits; jumbo time deposits classified as deposits larger than \$250,000

(1) Please refer to non-U.S. GAAP reconciliation in the appendix
 (2) Excludes PPP loans



Our History and Growth

August 2007

Established Anniston, AL headquarters and Opelika, AL Office with \$31 million in capital at \$10.00 per share

2008

Established a full-service banking office in Birmingham, AL

May 2012

Acquired Alabama Trust Bank in Sylacauga, AL

2015

Opened offices in Huntsville, AL, Carrollton, GA, and an LPO in Atlanta, GA

Acquired Columbus Community Bank in Columbus, GA and opened a second location in Columbus

2016

Opened Auburn, AL office

Issued \$4.5 million of 10-year subordinated notes
Completed \$41.2 million capital raise at \$14 per share

February 2017

Completed \$3.4 million local capital raise at \$14 per share

2018

Established a full-service banking office in Newnan, GA

September 2019

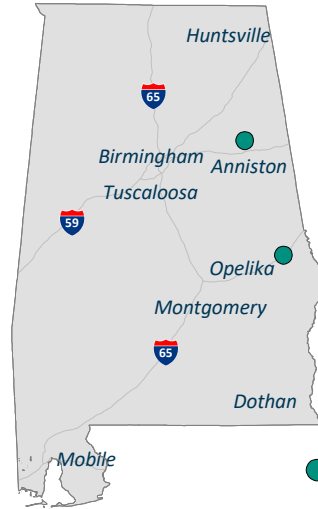
Closed acquisition of Small Town Bank in Wedowee, AL

2020 through 2021

Hired 4 commercial bankers in Georgia franchise
Priced initial public offering

2007

2 Branches



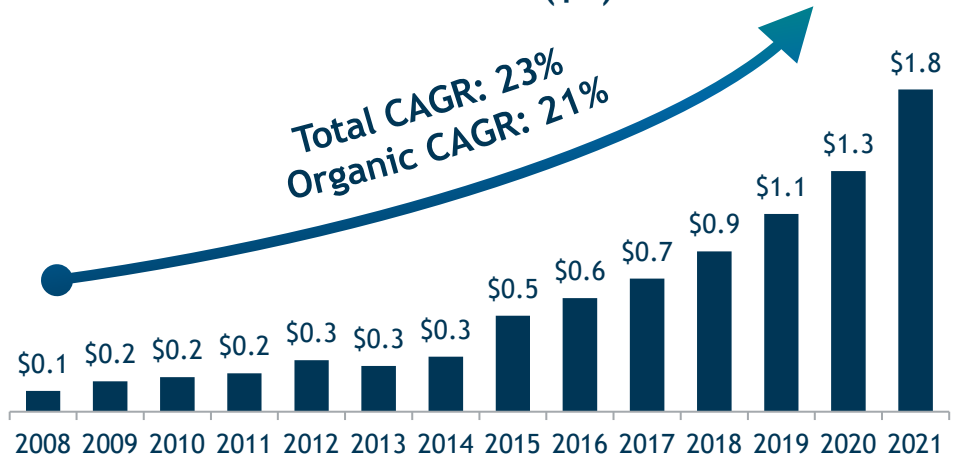
2021

15 Branches and an LPO



● Branch ● LPO

Total Assets (\$B)



Historical Highlights

5 Source: S&P Global Market Intelligence; Company Documents
Dollars in billions

Robust Market Dynamics Creates Growth Opportunities

Market Highlights

Atlanta, GA



- 9th largest Metro Area in the USA
- Voted 3rd metro area for corporate headquarters
- Ranked 13th Best Places for Business and Careers
- 16 Fortune 500 companies headquartered in Atlanta

Birmingham, AL



- Largest market in Alabama
- One of the lowest costs of living in America
- A top 10 moving destination for new college graduates
- University of Alabama Birmingham serves as an international leader in healthcare

Huntsville, AL



- Voted 3rd best place to live in the country by US News
- Highest concentration of engineers in the US
- A Top 10 best city for jobs in STEM
- Home of the Redstone Arsenal which includes the U.S. Space and Rocket Center, NASA's Marshall Space Flight Center, and the U.S. Army Aviation and Missile Command

Auburn / Opelika, AL



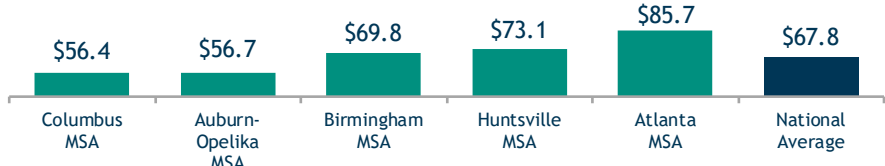
- One of the fastest growing MSAs in the Southeast
- Auburn University contributes \$5.6 billion annually and 27,000 jobs to the Alabama economy
- A U.S. city with most job growth per USA Today
- Ranked 4th MSA for migration growth

Columbus, GA

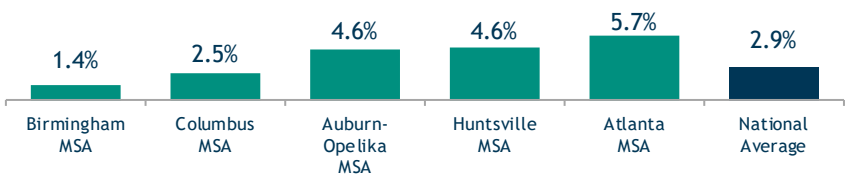


- Fort Benning Military Base
 - U.S. Army Infantry and Armor Training Post
 - Columbus Chamber of Commerce estimates annual economic impact of \$4.8 billion
- Major companies headquartered include Aflac and Total Systems Services, Inc.

'21 - '26 Projected Median HHI (\$M)



'21 - '26 Projected Population Growth (%)

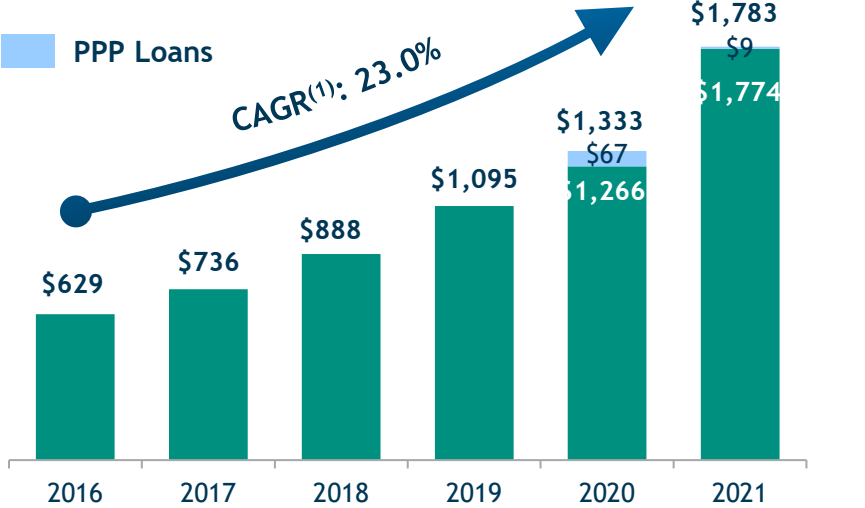


Major Employers

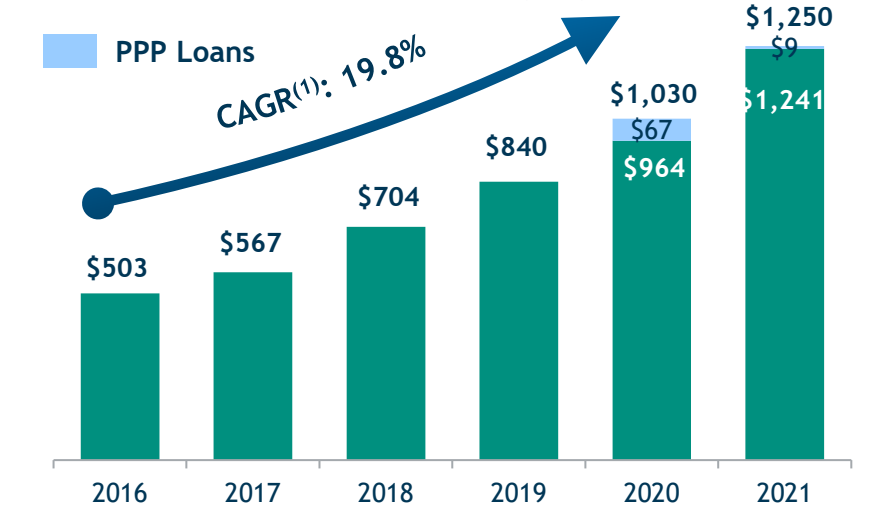


Balance Sheet Growth

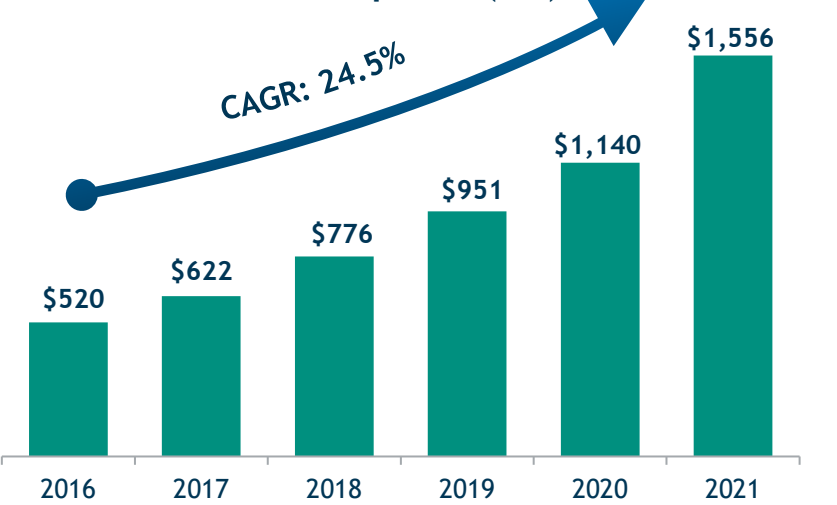
Total Assets (\$M)



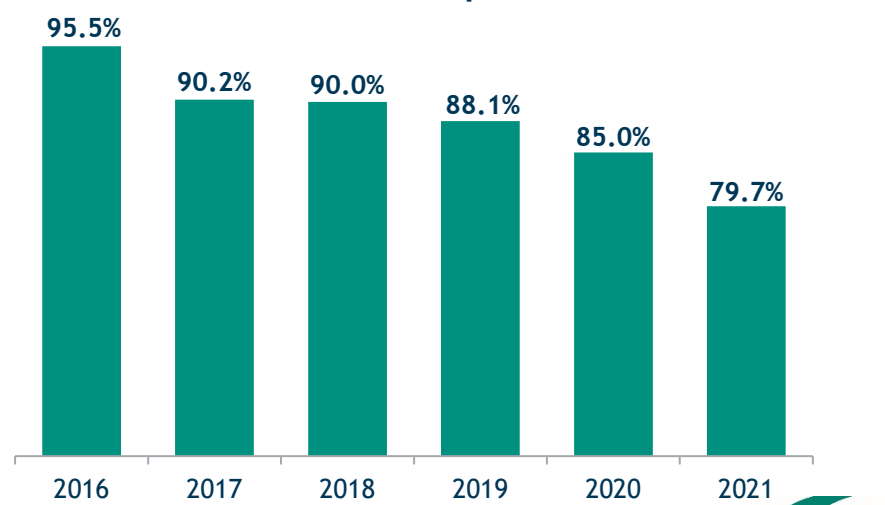
Total Loans (\$M)



Total Deposits (\$M)



Loans / Deposits⁽¹⁾



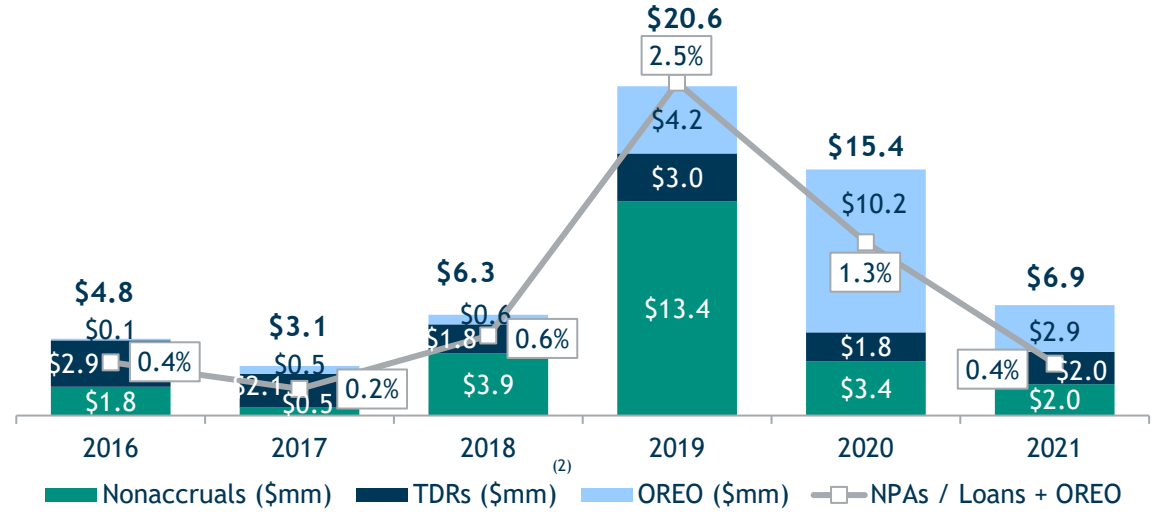
Source: S&P Global Market Intelligence; Company Documents
 (1) Excludes PPP loans



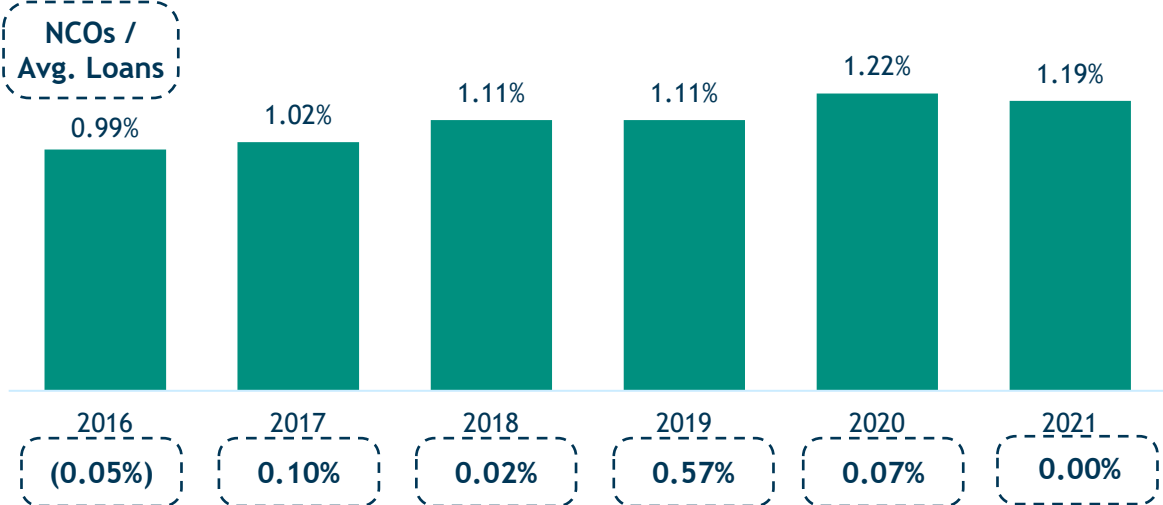
Asset Quality

- Comprehensive and conservative underwriting process
- Highly experienced bankers incentivized with equity ownership
- Commitment to a diverse loan portfolio while maintaining strong asset quality metrics
- Proactively manage loan concentrations with all collateral types capped at 50% of risk-based capital
 - Hospitality capped in January 2020
 - Multifamily capped in September 2020
- Proactive approach to managing problem credits
- Legacy Credit Issues:
 - OREO: Two-story multi-use facility in Birmingham, AL on balance sheet for \$2.9 million and an appraised value of \$3.9 million

Nonperforming Assets by Type



Reserves / Loans⁽¹⁾



Source: S&P Global Market Intelligence; Company Documents
Dollars in millions

(1) Excludes PPP loans
(2) TDRs reflect COVID-19 relief under the CARES Act and bank regulatory COVID-19 relief in 2020 and 2021

Building Shareholder Value

Our Strategic Focus

- Maintain focus on strong, profitable organic growth without compromising our credit quality
- Expand into new markets by hiring commercial bankers
- Focus on high growth markets and further scaling our Atlanta franchise
- Evaluate strategic acquisition opportunities
- Further grow our core deposit franchise
- Continue implementing technology to optimize customer service and provide efficient opportunities to scale the business
- Prudently manage capital between balance sheet growth and return to shareholders



Near-Term Outlook

- ☞ **Loan balances (excluding the impact of PPP loans)** expected to continue growing at a healthy pace supported by a robust pipeline
 - As of December 31, 2021, \$9.2 million of PPP loans remained outstanding
 - Loan growth aided by recent opportunistic commercial banker hires driven by talent dislocation from bank consolidation in our markets
- ☞ **Deposit balances** expected to decline as \$100.0 million of noninterest-bearing deposits received from two customers during Q4 2021 will likely be on deposit only temporarily
- ☞ **Net interest income** expected to increase incrementally from loan growth
 - Net interest margin (excluding the impact of PPP loans) expected to decrease modestly
- ☞ **Core noninterest income** expected to remain relatively stable
- ☞ Quarterly **adjusted noninterest expense** expected to be relatively stable
- ☞ Continued **strong credit metrics** are expected to allow for only modest provision levels
- ☞ **Balanced approach to capital deployment** with flexibility to support strong organic loan growth trajectory and cash dividend
- ☞ Well-positioned to capitalize on additional **accretive acquisition opportunities**



Appendix



SOUTHERN STATES
BANCSHARES, INC.

Non-GAAP Financial Measures Reconciliations

| (\$000) | December 31, 2021 | September 30, 2021 |
|---|-------------------------|--------------------------|
| Net income | \$4,058 | \$4,921 |
| Add: Net OREO write-downs | 227 | -- |
| Less: BOLI death benefits | -- | 742 |
| Less: Gain (loss) on securities | (40) | 189 |
| Less: Tax effect | 69 | (52) |
| Core net income | \$4,256 | \$4,042 |
| Average assets | \$1,628,804 | \$1,548,871 |
| Core return on average assets | 1.04% | 1.04% |
| | | |
| Total stockholders' equity | \$177,198 | \$174,221 |
| Less: Intangible assets | 18,362 | 18,428 |
| Tangible common equity | \$158,836 | \$155,793 |
| | | |
| Core net income | \$4,256 | \$4,042 |
| Diluted weighted average shares outstanding | 9,125,872 | 8,467,460 |
| Diluted core earnings per share | \$0.47 | \$0.48 |
| | | |
| Common shares outstanding at period end | 9,012,857 | 9,012,857 |
| Tangible book value per share | \$17.62 | \$17.29 |

Non-GAAP Financial Measures Reconciliations

| (\$000) | December 31, 2021 | September 30, 2021 |
|--|----------------------|-----------------------|
| Total assets at end of period | \$1,782,970 | \$1,559,062 |
| Less: Intangible assets | 18,362 | 18,428 |
| Adjusted assets at end of period | <u>\$1,764,608</u> | <u>\$1,540,634</u> |
| Tangible common equity to tangible assets | 9.00% | 10.11% |
| | | |
| Total average stockholders' equity | \$175,913 | \$162,305 |
| Less: Average intangible assets | 18,402 | 18,470 |
| Average tangible common equity | \$157,511 | \$143,835 |
| Net income to common shareholders | \$4,058 | \$4,921 |
| Return on average tangible common equity | 10.22% | 13.57% |
| | | |
| Core net income | \$4,256 | \$4,042 |
| Core return on average tangible common equity | 10.72% | 11.15% |
| | | |
| Net interest income | \$14,096 | \$13,640 |
| Add: Noninterest income | 1,751 | 2,509 |
| Less: BOLI death benefits | -- | 742 |
| Less: Gain (loss) on securities | (40) | 189 |
| Operating revenue | <u>\$15,887</u> | <u>\$15,218</u> |
| | | |
| Expenses: | | |
| Total noninterest expense | \$9,612 | \$9,185 |
| Less: Net OREO write-down (gains) | 227 | -- |
| Adjusted noninterest expenses | <u>\$9,385</u> | <u>\$9,185</u> |
| Core efficiency ratio | 59.07% | 60.36% |