CDCI **ANNUAL USE OF CAPITAL SURVEY - 2016**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Southern Bancorp, Inc.

Person to be contacted regarding this report:	Dominik Mjartan	RSSD: (For Bank Holding Companies)	1248939
UST Sequence Number:	490	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	33,689,310	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	31,434,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	08/10/2010	City:	Arkadelphia
Date Repaid[1]:	11/29/2016	State:	Arkansas

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	In 2016, Southern reached a record loan balance. Majority of the loans Southern makes are in distressed markets and many are in some of the most persistently poor markets in America.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Most of Southern's loans by # of loans are small consumer and business loans. Over 50% of Southern's loans are for less than $10,000 and over 50% of Southern's commercial loans are microloans (less than $50,000).
☐	Increase securities purchased (ABS, MBS, etc.).	

☐	Make other investments	
☐	Increase reserves for non-performing assets	
☐	Reduce borrowings	
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☐	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

During the worst economic downturn since the Great Depression, Southern increased its size and provision of critical financial services in America's most distressed rural communities, primarily in the Delta region. Many other financial institutions decreased their lending while Southern continued to grow its support to small businesses, individuals and families. Using CDCI proceeds, Southern was able to acquire three banks serving primarily distressed rural markets (one of them was an FDIC assisted acquisition) and to avoid reducing lending and other financial services.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

See above

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

See above

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