

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

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of Report (Date of earliest event reported): January 23, 2023



**Southern States Bancshares, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Alabama**  
(State or Other Jurisdiction  
of Incorporation)  
**615 Quintard Ave.**  
**Anniston, AL**  
(Address of Principal Executive Offices)

**001-40727**  
(Commission  
File Number)

**26-2518085**  
(IRS Employer  
Identification No.)

**36201**  
(Zip Code)

Registrant's telephone number, including area code: (256) 241-1092

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock, \$5.00 par value

Trading  
Symbols(s)  
SSBK

Name of exchange  
on which registered  
The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On January 23, 2023, Southern States Bancshares, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter ended December 31, 2022 (the "Earnings Release"). A copy of the Earnings Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this "Report").

The information set forth under Item 7.01 is also furnished pursuant to this Item 2.02

**Item 7.01 Regulation FD Disclosure.**

The Company has prepared a presentation of its results for the fourth quarter ended December 31, 2022 (the "Presentation") to be used from time to time during meetings with members of the investment community. A copy of the Presentation is furnished as Exhibit 99.2 to this Report. The Presentation will also be made available on the Company's investor relations website at [ir.southernstatesbank.net](http://ir.southernstatesbank.net) under the Presentations section.

The information contained in Items 2.02 and 7.01, including Exhibits 99.1 and 99.2 furnished herewith, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference into any registration statement or other documents pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
99.1	<a href="#">Earnings Release issued January 23, 2023 for the Fourth Quarter Ended December 31, 2022.</a>
99.2	<a href="#">Southern States Bancshares, Inc. Presentation of Results for the Fourth Quarter Ended December 31, 2022.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 24, 2023

**SOUTHERN STATES BANCSHARES, INC.**

By: /s/ Lynn Joyce  
Name: Lynn Joyce  
Title: Senior Executive Vice President and Chief Financial Officer

## Southern States Bancshares, Inc. Announces Fourth Quarter 2022 Financial Results

### Fourth Quarter 2022 Performance and Operational Highlights

- **Net income of \$10.6 million, or \$1.18 per diluted share**
- **Core net income<sup>(1)</sup> of \$8.1 million, or \$0.90 per diluted share<sup>(1)</sup>**
- **Net interest income of \$20.9 million, an increase of \$1.4 million from the prior quarter**
- **Net interest margin ("NIM") of 4.38%, up 23 basis points from the prior quarter**
- **NIM of 4.39% on a fully-taxable equivalent basis ("NIM - FTE")<sup>(1)</sup>**
- **Return on average assets ("ROAA") of 2.11%; return on average stockholders' equity ("ROAE") of 23.77%; and return on average tangible common equity ("ROATCE")<sup>(1)</sup> of 26.49%**
- **Core ROAA<sup>(1)</sup> of 1.61%; and core ROATCE<sup>(1)</sup> of 20.21%**
- **Efficiency ratio of 40.81%, an improvement from 48.94% for the prior quarter**
- **Linked-quarter loan growth was 18.1% annualized<sup>(2)</sup>**
- **Linked-quarter deposit growth was 4.6% annualized<sup>(2)</sup>**
- **Completed the sale of two branches resulting in a \$2.4 million net gain**

(1) See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

(2) The sale of two branches on October 1, 2022 resulted in a \$7.3 million reduction in loans and a \$66.0 million reduction in deposits. The growth percentages are net of the accounts sold.

ANNISTON, Ala., January 23, 2023 – Southern States Bancshares, Inc. (NASDAQ: SSBK) ("Southern States" or the "Company"), the holding company for Southern States Bank, an Alabama state-chartered commercial bank (the "Bank"), today reported net income of \$10.6 million, or \$1.18 diluted earnings per share, for the fourth quarter of 2022. This compares to net income of \$6.7 million, or \$0.75 diluted earnings per share, for the third quarter of 2022, and net income of \$4.1 million, or \$0.44 diluted earnings per share, for the fourth quarter of 2021. The Company reported core net income of \$8.1 million, or \$0.90 diluted core earnings per share, for the fourth quarter of 2022. This compares to core net income of \$6.8 million, or \$0.77 diluted core earnings per share, for the third quarter of 2022, and core net income of \$4.3 million, or \$0.47 diluted core earnings per share, for the fourth quarter of 2021 (see "Reconciliation of Non-GAAP Financial Measures").

## CEO Commentary

Stephen Whatley, Chairman and Chief Executive Officer of Southern States, said, "We are very pleased with our fourth-quarter and full-year results. Our talented bankers identified compelling opportunities throughout 2022, driving strong new business development. At the same time, we maintained underwriting discipline and excellent credit quality."

"We grew loans by 18.1% annualized in the fourth quarter and 27.7% for the full year, culminating a year of robust production across our economically dynamic markets. This growth, combined with an increased net interest margin, fueled the expansion of our fourth-quarter net interest income, which increased by 7.5% from the prior quarter and by 48.2% from the fourth quarter of 2021."

Mr. Whatley continued, "While our markets are healthy and our clients are cautiously optimistic, we are mindful of the slowing economic environment heading into 2023 and the lagging impact of rising interest rates on deposit costs. Our long-term commitment to prudent, selective lending and proactive expense management give us confidence in our ability to navigate the changing landscape and continue to drive strong risk-adjusted returns for our shareholders."

"To that end, during the fourth quarter, we completed the sale of two branches as part of an ongoing effort to optimize our physical footprint. The branch sales resulted in a net gain of \$2.4 million."

## Net Interest Income and Net Interest Margin



	Three Months Ended			% Change December 31, 2022 vs.	
	December 31, 2022	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Dollars in thousands)				
Average interest-earning assets	\$ 1,893,069	\$ 1,859,104	\$ 1,519,490	1.8 %	24.6 %
Net interest income	\$ 20,884	\$ 19,435	\$ 14,096	7.5 %	48.2 %
Net interest margin	4.38 %	4.15 %	3.68 %	23 bps	70 bps

Net interest income for the fourth quarter of 2022 was \$20.9 million, an increase of 7.5% from \$19.4 million for the third quarter of 2022. The increase was primarily attributable to growth, accompanied by an increase in net interest margin.

Relative to the fourth quarter of 2021, net interest income increased \$6.8 million, or 48.2%. The increase was substantially the result of growth, accompanied by an increase in net interest margin.

Net interest margin for the fourth quarter of 2022 was 4.38%, compared to 4.15% for the third quarter of 2022. The increase was primarily due to the Company's asset sensitive balance sheet as rates increased.

Relative to the fourth quarter of 2021, net interest margin increased from 3.68%. The increase was primarily due to the Company's asset sensitive balance sheet as rates increased, coupled with the deployment of excess liquidity.

## Noninterest Income



	Three Months Ended			% Change December 31, 2022 vs.	
	December 31, 2022	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	<i>(Dollars in thousands)</i>				
Service charges on deposit accounts	\$ 431	\$ 508	\$ 428	(15.2)%	0.7 %
Swap fees	2	11	(6)	(81.8)%	(133.3)%
SBA/USDA fees	70	95	533	(26.3)%	(86.9)%
Mortgage origination fees	98	218	269	(55.0)%	(63.6)%
Net gain (loss) on securities	(86)	(143)	(40)	(39.9)%	115.0 %
Other operating income	4,088	650	567	528.9 %	621.0 %
<b>Total noninterest income</b>	<b>\$ 4,603</b>	<b>\$ 1,339</b>	<b>\$ 1,751</b>	<b>243.8 %</b>	<b>162.9 %</b>

Noninterest income for the fourth quarter of 2022 was \$4.6 million, an increase of 243.8% from \$1.3 million for the third quarter of 2022. The fourth quarter 2022 results included a \$2.6 million gain on the sale of two branches and a bank owned life insurance ("BOLI") benefit claim of \$774,000. This decrease was partially offset by a decrease in mortgage fees.

Relative to the fourth quarter of 2021, noninterest income increased 162.9% from \$1.8 million. The fourth quarter 2022 results included a \$2.6 million gain on the sale of two branches and a BOLI benefit claim of \$774,000. This increase was partially offset by a decrease in SBA/USDA fees and mortgage fees during the fourth quarter of 2022.

## Noninterest Expense



	Three Months Ended			% Change December 31, 2022 vs.	
	December 31, 2022	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	<i>(Dollars in thousands)</i>				
Salaries and employee benefits	\$ 6,738	\$ 6,152	\$ 5,563	9.5 %	21.1 %
Equipment and occupancy expenses	730	764	943	(4.5)%	(22.6)%
Data processing fees	711	599	563	18.7 %	26.3 %
Regulatory assessments	165	235	263	(29.8)%	(37.3)%
Other operating expenses	2,092	2,487	2,280	(15.9)%	(8.2)%
<b>Total noninterest expenses</b>	<b>\$ 10,436</b>	<b>\$ 10,237</b>	<b>\$ 9,612</b>	<b>1.9 %</b>	<b>8.6 %</b>

Noninterest expense for the fourth quarter of 2022 was \$10.4 million, an increase of 1.9% from \$10.2 million for the third quarter of 2022. The increase was primarily attributable to an increase in salaries and benefits as a result of expense related to the issuance of restricted stock units in a deferred compensation plan. Also included in the fourth quarter of 2022 was \$200,000 in expenses associated with the sale of the branches. The increase was partially offset by a decrease in fraud losses as a portion was recovered in the fourth quarter of 2022.

Relative to the fourth quarter of 2021, noninterest expense increased 8.6% from \$9.6 million. The increase was primarily attributable to an increase in salaries and benefits as a result of additional incentive accruals based on operating results along with expense related to the issuance of restricted stock units in a deferred compensation plan.

Loans and Credit Quality



	Three Months Ended			% Change December 31, 2022 vs.	
	December 31, 2022	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	<i>(Dollars in thousands)</i>				
Core loans	\$ 1,592,707	\$ 1,530,129	\$ 1,244,914	4.1 %	27.9 %
PPP loans	—	—	9,203	— %	NM
Gross loans	1,592,707	1,530,129	1,254,117	4.1 %	27.0 %
Unearned income	(5,543)	(5,139)	(3,817)	7.9 %	45.2 %
Loans, net of unearned income ("Loans")	\$ 1,587,164	\$ 1,524,990	\$ 1,250,300	4.1 %	26.9 %
Average loans, net of unearned ("Average loans")	\$ 1,563,255	\$ 1,480,735	\$ 1,191,688	5.6 %	31.2 %
Nonperforming loans ("NPL")	\$ 2,245	\$ 3,950	\$ 1,972	(43.2)%	13.8 %
Provision for loan losses	\$ 1,938	\$ 1,663	\$ 732	16.5 %	164.8 %
Allowance for loan losses ("ALLL")	\$ 20,156	\$ 18,423	\$ 14,844	9.4 %	35.8 %
Net charge-offs (recoveries)	\$ 205	\$ 47	\$ (15)	336.2 %	(1466.7)%
NPL to gross loans	0.14 %	0.26 %	0.16 %		
Net charge-offs (recoveries) to average loans <sup>(1)</sup>	0.05 %	— %	— %		
ALLL to loans	1.27 %	1.21 %	1.19 %		

(1) Ratio is annualized.  
 NM = Not meaningful

Loans, net of unearned income were \$1.6 billion at December 31, 2022, up \$62.2 million from September 30, 2022 and up \$336.9 million from December 31, 2021. The linked-quarter increase in loans was primarily attributable to growth across our footprint.

Nonperforming loans totaled \$2.2 million, or 0.14% of gross loans, at December 31, 2022, compared with \$4.0 million, or 0.26% of gross loans, at September 30, 2022, and \$2.0 million, or 0.16% of gross loans, at December 31, 2021. The \$1.7 million net decrease in nonperforming loans in the fourth quarter was primarily attributable to one commercial real estate loan that was moved back to accruing status. The \$273,000 net increase in nonperforming loans from December 31, 2021 was primarily attributable to loans being added and removed from nonaccrual status, none of which were significant.

The Company recorded a provision for loan losses of \$1.9 million for the fourth quarter of 2022, compared to \$1.7 million for the third quarter of 2022. The provision was primarily due to changes in our qualitative economic factors.

Net charge-offs for the fourth quarter of 2022 were \$205,000, or 0.05% of average loans, compared to net charge-offs of \$47,000, or 0.00% of average loans, for the third quarter of 2022, and net recoveries of \$15,000, or 0.00% of average loans, for the fourth quarter of 2021.

The Company's allowance for loan losses was 1.27% of total loans and 897.82% of nonperforming loans at December 31, 2022, compared with 1.21% of total loans and 466.41% of nonperforming loans at September 30, 2022.

## Deposits



	Three Months Ended			% Change December 31, 2022 vs.	
	December 31, 2022	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	<i>(Dollars in thousands)</i>				
Noninterest-bearing deposits	\$ 460,977	\$ 499,613	\$ 541,546	(7.7)%	(14.9)%
Interest-bearing deposits	1,259,766	1,267,479	1,014,905	(0.6)%	24.1%
<b>Total deposits</b>	<b>\$ 1,720,743</b>	<b>\$ 1,767,092</b>	<b>\$ 1,556,451</b>	<b>(2.6)%</b>	<b>10.6%</b>

Total deposits were \$1.7 billion at December 31, 2022, compared with \$1.8 billion at September 30, 2022 and \$1.6 billion at December 31, 2021. The \$46.3 million decrease in total deposits in the fourth quarter was substantially due to the sale of two branches in October, which resulted in a \$66.0 million reduction in total deposits. Excluding the sale, total deposits had a net increase of \$19.7 million due to a \$43.7 million increase in interest-bearing account balances that more than offset a decrease of \$24.0 million in noninterest-bearing deposits.

## Capital



	December 31, 2022		September 30, 2022		December 31, 2021	
	Company	Bank	Company	Bank	Company	Bank
Tier 1 capital ratio to average assets	8.82 %	12.17 %	8.44 %	11.49 %	9.74 %	10.44 %
Risk-based capital ratios:						
Common equity tier 1 ("CET1") capital ratio	8.82 %	12.17 %	8.73 %	11.89 %	10.35 %	11.09 %
Tier 1 capital ratio	8.82 %	12.17 %	8.73 %	11.89 %	10.35 %	11.09 %
<b>Total capital ratio</b>	<b>14.29 %</b>	<b>13.18 %</b>	<b>12.26 %</b>	<b>12.87 %</b>	<b>11.33 %</b>	<b>12.07 %</b>

As of December 31, 2022, total stockholders' equity was \$181.7 million, compared with \$170.3 million at September 30, 2022. The increase of \$11.4 million was substantially due to strong earnings growth.

## About Southern States Bancshares, Inc.

Headquartered in Anniston, Alabama, Southern States Bancshares, Inc. is a bank holding company that operates primarily through its wholly-owned subsidiary, Southern States Bank. 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 its communities. The Bank operates 13 branches in Alabama and Georgia and two loan production offices in Atlanta.



## Forward-Looking Statements

This press release 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 inflationary environment, the COVID-19 pandemic and governmental responses. 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 materially 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, 2022 and in other SEC filings under the section 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 press release and may include statements about business strategy and prospects for growth, operations, ability to pay dividends, competition, regulation and general economic conditions.

## Contact Information

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**SELECT FINANCIAL DATA**

*(In thousands, except share and per share amounts)*



	Three Months Ended			Year Ended December 31,	
	December 31, 2022	September 30, 2022	December 31, 2021	2022	2021
<b>Results of Operations</b>					
Interest income	\$ 26,706	\$ 22,520	\$ 15,171	\$ 82,850	\$ 57,777
Interest expense	5,822	3,085	1,075	11,512	4,864
Net interest income	20,884	19,435	14,096	71,338	52,913
Provision for loan losses	1,938	1,663	732	5,605	2,982
Net interest income after provision	18,946	17,772	13,364	65,733	49,931
Noninterest income	4,603	1,339	1,751	8,677	10,803
Noninterest expense	10,436	10,237	9,612	39,614	36,435
Income tax expense <sup>(1)</sup>	2,521	2,174	1,445	7,725	5,732
Net income	\$ 10,592	\$ 6,700	\$ 4,058	\$ 27,071	\$ 18,567
Core net income <sup>(2)</sup>	\$ 8,081	\$ 6,806	\$ 4,256	\$ 24,975	\$ 15,956
<b>Share and Per Share Data</b>					
Shares issued and outstanding	8,706,920	8,705,920	9,012,857	8,706,920	9,012,857
Weighted average shares outstanding:					
Basic	8,707,026	8,693,745	9,012,857	8,774,860	8,198,188
Diluted	8,932,585	8,871,116	9,125,872	8,949,669	8,316,536
<b>Earnings per share:</b>					
Basic	\$ 1.22	\$ 0.77	\$ 0.45	\$ 3.08	\$ 2.26
Diluted	\$ 1.18	\$ 0.75	\$ 0.44	\$ 3.02	\$ 2.23
Core - diluted <sup>(2)</sup>	\$ 0.90	\$ 0.77	\$ 0.47	\$ 2.79	\$ 1.92
Book value per share	\$ 20.87	\$ 19.56	\$ 19.66	\$ 20.87	\$ 19.66
Tangible book value per share <sup>(2)</sup>	\$ 18.79	\$ 17.48	\$ 17.62	\$ 18.79	\$ 17.62
Cash dividends declared	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.36	\$ 0.36
<b>Performance and Financial Ratios</b>					
ROAA	2.11 %	1.35 %	0.99 %	1.43 %	1.23 %
ROAE	23.77 %	15.42 %	9.15 %	15.55 %	11.80 %
Core ROAA <sup>(2)</sup>	1.61 %	1.37 %	1.04 %	1.32 %	1.06 %
ROATCE <sup>(2)</sup>	26.49 %	17.24 %	10.22 %	17.37 %	13.38 %
Core ROATCE <sup>(2)</sup>	20.21 %	17.51 %	10.72 %	16.02 %	11.50 %
NIM	4.38 %	4.15 %	3.68 %	3.99 %	3.78 %
NIM - FTE <sup>(2)</sup>	4.39 %	4.17 %	3.70 %	4.01 %	3.80 %
Net interest spread	3.84 %	3.86 %	3.54 %	3.68 %	3.63 %
Yield on loans	6.05 %	5.37 %	4.75 %	5.27 %	4.89 %
Yield on interest-bearing assets	5.60 %	4.81 %	3.96 %	4.64 %	4.13 %
Cost of interest-bearing liabilities	1.76 %	0.95 %	0.42 %	0.96 %	0.50 %
Cost of funds <sup>(3)</sup>	1.29 %	0.69 %	0.30 %	0.68 %	0.36 %
Cost of interest-bearing deposits	1.52 %	0.82 %	0.39 %	0.79 %	0.47 %
Cost of total deposits	1.09 %	0.58 %	0.27 %	0.55 %	0.33 %
Noninterest deposits to total deposits	26.79 %	28.27 %	34.79 %	26.79 %	34.79 %
Total loans to total deposits	92.24 %	86.30 %	80.33 %	92.24 %	80.33 %
Efficiency ratio	40.81 %	48.94 %	60.50 %	49.12 %	57.13 %
Core efficiency ratio <sup>(2)</sup>	45.98 %	48.94 %	59.07 %	50.97 %	60.13 %

(1) Three months ended and year ended December 31, 2022 include a \$540,000 investment tax credit.

(2) See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

(3) Includes total interest-bearing liabilities and noninterest deposits.

**SELECT FINANCIAL DATA**

*(In thousands)*



	Three Months Ended			Year Ended December 31,	
	December 31, 2022	September 30, 2022	December 31, 2021	2022	2021
<b>Financial Condition (ending)</b>					
Total loans	\$ 1,587,164	\$ 1,524,990	\$ 1,250,300	\$ 1,587,164	\$ 1,250,300
Total securities	175,196	170,375	151,844	175,196	151,844
Total assets	2,044,866	2,052,725	1,782,592	2,044,866	1,782,592
Total noninterest bearing deposits	460,977	499,613	541,546	460,977	541,546
Total deposits	1,720,743	1,767,092	1,556,451	1,720,743	1,556,451
Total borrowings	117,295	93,020	38,448	117,295	38,448
Total liabilities	1,863,147	1,882,400	1,605,394	1,863,147	1,605,394
Total shareholders' equity	\$ 181,719	\$ 170,325	\$ 177,198	\$ 181,719	\$ 177,198
<b>Financial Condition (average)</b>					
Total loans	\$ 1,563,255	\$ 1,480,735	\$ 1,191,688	\$ 1,421,376	\$ 1,118,386
Total securities	188,765	185,670	140,201	178,755	122,425
Other interest-earning assets	141,049	192,699	187,601	187,263	158,243
Total interest-bearing assets	1,893,069	1,859,104	1,519,490	1,787,394	1,399,054
Total assets	1,994,087	1,966,556	1,628,804	1,893,044	1,510,114
Noninterest-bearing deposits	477,301	491,917	439,142	496,486	378,868
Interest-bearing deposits	1,216,492	1,207,797	965,457	1,127,637	922,870
Total deposits	1,693,793	1,699,714	1,404,599	1,624,123	1,301,738
Total borrowings	99,111	75,039	38,448	76,379	41,733
Total interest-bearing liabilities	1,315,603	1,282,836	1,003,905	1,204,016	964,603
Total shareholders' equity	\$ 176,769	\$ 172,402	\$ 175,913	\$ 174,107	\$ 157,277
<b>Asset Quality</b>					
Nonperforming loans	\$ 2,245	\$ 3,950	\$ 1,972	\$ 2,245	\$ 1,972
Other real estate owned ("OREO")	\$ 2,930	\$ 2,930	\$ 2,930	\$ 2,930	\$ 2,930
Nonperforming assets ("NPA")	\$ 5,175	\$ 6,880	\$ 4,902	\$ 5,175	\$ 4,902
Net charge-offs (recovery) to average loans <sup>(1)</sup>	0.05 %	— %	— %	0.02 %	— %
Provision for loan losses to average loans <sup>(1)</sup>	0.49 %	0.45 %	0.24 %	0.39 %	0.27 %
ALLL to loans	1.27 %	1.21 %	1.19 %	1.27 %	1.19 %
ALLL to gross loans	1.27 %	1.20 %	1.18 %	1.27 %	1.18 %
ALLL to NPL	897.82 %	466.41 %	752.74 %	897.82 %	752.74 %
NPL to loans	0.14 %	0.26 %	0.16 %	0.14 %	0.16 %
NPL to gross loans	0.14 %	0.26 %	0.16 %	0.14 %	0.16 %
NPA to gross loans and OREO	0.32 %	0.45 %	0.39 %	0.32 %	0.39 %
NPA to total assets	0.25 %	0.34 %	0.27 %	0.25 %	0.27 %
<b>Regulatory and Other Capital Ratios</b>					
Total shareholders' equity to total assets	8.89 %	8.30 %	9.94 %	8.89 %	9.94 %
Tangible common equity to tangible assets <sup>(2)</sup>	8.07 %	7.48 %	9.00 %	8.07 %	9.00 %
Tier 1 capital ratio to average assets	8.82 %	8.44 %	9.74 %	8.82 %	9.74 %
Risk-based capital ratios:					
CET1 capital ratio	8.82 %	8.73 %	10.35 %	8.82 %	10.35 %
Tier 1 capital ratio	8.82 %	8.73 %	10.35 %	8.82 %	10.35 %
Total capital ratio	14.29 %	12.26 %	11.33 %	14.29 %	11.33 %

(1) Ratio is annualized.

(2) See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(In thousands)



	December 31, 2022 (Unaudited)	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>Assets</b>			
Cash and due from banks	\$ 15,260	\$ 17,394	\$ 6,397
Interest-bearing deposits in banks	90,198	165,637	203,537
Federal funds sold	63,041	63,031	74,022
Total cash and cash equivalents	168,499	246,062	283,956
Securities available for sale, at fair value	155,544	150,718	132,172
Securities held to maturity, at amortized cost	19,652	19,657	19,672
Other equity securities, at fair value	5,243	5,694	9,232
Restricted equity securities, at cost	3,134	2,791	2,600
Loans held for sale	1,047	1,643	2,400
Loans, net of unearned income	1,587,164	1,524,990	1,250,300
Less allowance for loan losses	20,156	18,423	14,844
Loans, net	1,567,008	1,506,567	1,235,456
Premises and equipment, net	27,345	28,585	27,044
Accrued interest receivable	6,963	5,699	4,170
Bank owned life insurance	29,186	29,677	22,201
Annuities	15,478	15,564	12,888
Foreclosed assets	2,930	2,930	2,930
Goodwill	16,862	16,862	16,862
Core deposit intangible	1,226	1,302	1,500
Other assets	24,749	18,974	9,509
<b>Total assets</b>	<b>\$ 2,044,866</b>	<b>\$ 2,052,725</b>	<b>\$ 1,782,592</b>
<b>Liabilities and Stockholders' Equity</b>			
Liabilities:			
Deposits:			
Noninterest-bearing	\$ 460,977	\$ 499,613	\$ 541,546
Interest-bearing	1,259,766	1,267,479	1,014,905
Total deposits	1,720,743	1,767,092	1,556,451
Other borrowings	(19)	19,978	12,498
FHLB advances	31,000	26,000	25,950
Subordinated notes	86,314	47,042	—
Accrued interest payable	584	359	132
Other liabilities	24,525	21,929	10,363
<b>Total liabilities</b>	<b>1,863,147</b>	<b>1,882,400</b>	<b>1,605,394</b>
Stockholders' equity:			
Common stock	43,714	43,529	45,064
Capital surplus	76,785	75,835	80,640
Retained earnings	73,764	63,956	49,858
Accumulated other comprehensive income (loss)	(11,048)	(12,403)	2,113
Unvested restricted stock	(477)	(592)	(477)
Vested restricted stock units	(1,019)	—	—
<b>Total stockholders' equity</b>	<b>181,719</b>	<b>170,325</b>	<b>177,198</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,044,866</b>	<b>\$ 2,052,725</b>	<b>\$ 1,782,592</b>

**CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except per share amounts)



	Three Months Ended			Year Ended December 31,	
	December 31, 2022 (Unaudited)	September 30, 2022 (Unaudited)	December 31, 2021 (Unaudited)	2022 (Unaudited)	2021 (Audited)
<b>Interest income:</b>					
Loans, including fees	\$ 23,853	\$ 20,052	\$ 14,280	\$ 74,936	\$ 54,709
Taxable securities	1,206	1,010	459	3,622	1,593
Nontaxable securities	322	323	294	1,253	1,023
Other interest and dividends	1,325	1,135	138	3,039	452
<b>Total interest income</b>	<b>26,706</b>	<b>22,520</b>	<b>15,171</b>	<b>82,850</b>	<b>57,777</b>
<b>Interest expense:</b>					
Deposits	4,655	2,489	955	8,906	4,310
Other borrowings	1,167	596	120	2,606	554
<b>Total interest expense</b>	<b>5,822</b>	<b>3,085</b>	<b>1,075</b>	<b>11,512</b>	<b>4,864</b>
<b>Net interest income</b>	<b>20,884</b>	<b>19,435</b>	<b>14,096</b>	<b>71,338</b>	<b>52,913</b>
<b>Provision for loan losses</b>	<b>1,938</b>	<b>1,663</b>	<b>732</b>	<b>5,605</b>	<b>2,982</b>
<b>Net interest income after provision for loan losses</b>	<b>18,946</b>	<b>17,772</b>	<b>13,364</b>	<b>65,733</b>	<b>49,931</b>
<b>Noninterest income:</b>					
Service charges on deposit accounts	431	508	428	1,863	1,528
Swap fees	2	11	(6)	49	931
SBA/USDA fees	70	95	533	646	3,968
Mortgage origination fees	98	218	269	815	1,465
Net gain (loss) on securities	(86)	(143)	(40)	(632)	(57)
Other operating income	4,088	650	567	5,936	2,968
<b>Total noninterest income</b>	<b>4,603</b>	<b>1,339</b>	<b>1,751</b>	<b>8,677</b>	<b>10,803</b>
<b>Noninterest expenses:</b>					
Salaries and employee benefits	6,738	6,152	5,563	24,597	21,667
Equipment and occupancy expenses	730	764	943	2,918	3,640
Data processing fees	711	599	563	2,444	2,128
Regulatory assessments	165	235	263	925	952
Other operating expenses	2,092	2,487	2,280	8,730	8,048
<b>Total noninterest expenses</b>	<b>10,436</b>	<b>10,237</b>	<b>9,612</b>	<b>39,614</b>	<b>36,435</b>
<b>Income before income taxes</b>	<b>13,113</b>	<b>8,874</b>	<b>5,503</b>	<b>34,796</b>	<b>24,299</b>
Income tax expense	2,521	2,174	1,445	7,725	5,732
<b>Net income</b>	<b>\$ 10,592</b>	<b>\$ 6,700</b>	<b>\$ 4,058</b>	<b>\$ 27,071</b>	<b>\$ 18,567</b>
<b>Basic earnings per share</b>	<b>\$ 1.22</b>	<b>\$ 0.77</b>	<b>\$ 0.45</b>	<b>\$ 3.08</b>	<b>\$ 2.26</b>
<b>Diluted earnings per share</b>	<b>\$ 1.18</b>	<b>\$ 0.75</b>	<b>\$ 0.44</b>	<b>\$ 3.02</b>	<b>\$ 2.23</b>

## AVERAGE BALANCE SHEET AND NET INTEREST MARGIN

(Dollars in thousands)



	Three Months Ended								
	December 31, 2022			September 30, 2022			December 31, 2021		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets:</b>									
Interest-earning assets:									
Loans, net of unearned income <sup>(1)</sup>	\$ 1,563,255	\$ 23,853	6.05 %	\$ 1,480,735	\$ 20,052	5.37 %	\$ 1,191,688	\$ 14,280	4.75 %
Taxable securities	132,222	1,206	3.62 %	128,932	1,010	3.11 %	86,292	459	2.11 %
Non-taxable securities	56,543	322	2.26 %	56,738	323	2.26 %	53,909	294	2.16 %
Other interest-earning assets	141,049	1,325	3.73 %	192,699	1,135	2.34 %	187,601	138	0.29 %
Total interest-earning assets	\$ 1,893,069	\$ 26,706	5.60 %	\$ 1,859,104	\$ 22,520	4.81 %	\$ 1,519,490	\$ 15,171	3.96 %
Allowance for loan losses	(19,374)			(17,250)			(14,421)		
Noninterest-earning assets	120,392			124,702			123,735		
Total Assets	\$ 1,994,087			\$ 1,966,556			\$ 1,628,804		
<b>Liabilities and Stockholders' Equity:</b>									
Interest-bearing liabilities:									
Interest-bearing transaction accounts	98,978	22	0.09 %	114,517	26	0.09 %	101,863	25	0.10 %
Savings and money market accounts	794,692	3,126	1.56 %	811,349	1,644	0.80 %	599,948	625	0.41 %
Time deposits	322,822	1,507	1.85 %	281,931	819	1.15 %	263,646	305	0.46 %
FHLB advances	22,739	147	2.56 %	27,380	102	1.47 %	25,950	22	0.34 %
Other borrowings	76,372	1,020	5.30 %	47,659	494	4.12 %	12,498	98	3.11 %
Total interest-bearing liabilities	\$ 1,315,603	\$ 5,822	1.76 %	\$ 1,282,836	\$ 3,085	0.95 %	\$ 1,003,905	\$ 1,075	0.42 %
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	\$ 477,301			\$ 491,917			\$ 439,142		
Other liabilities	24,414			19,401			9,844		
Total noninterest-bearing liabilities	\$ 501,715			\$ 511,318			\$ 448,986		
Stockholders' Equity	176,769			172,402			175,913		
Total Liabilities and Stockholders' Equity	\$ 1,994,087			\$ 1,966,556			\$ 1,628,804		
Net interest income		\$ 20,884			\$ 19,435			\$ 14,096	
Net interest spread <sup>(2)</sup>			3.84 %			3.86 %			3.54 %
Net interest margin <sup>(3)</sup>			4.38 %			4.15 %			3.68 %
Net interest margin - FTE <sup>(4)(5)</sup>			4.39 %			4.17 %			3.70 %
Cost of funds <sup>(6)</sup>			1.29 %			0.69 %			0.30 %
Cost of interest-bearing deposits			1.52 %			0.82 %			0.39 %
Cost of total deposits			1.09 %			0.58 %			0.27 %

(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.

(4) Net interest margin - FTE is a ratio of fully-taxable equivalent net interest income to average interest earning assets for the same period. It assumes a 24.0% tax rate for the three months ended December 31, 2022 and September 30, 2022 and a 23.5% tax rate for the three months ended December 31, 2021.

(5) Refer to "Reconciliation of Non-GAAP Financial Measures".

(6) Includes total interest-bearing liabilities and noninterest deposits.

**AVERAGE BALANCE SHEET AND NET INTEREST MARGIN**  
(Dollars in thousands)



	Year Ended December 31,					
	2022			2021		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans, net of unearned income <sup>(1)</sup>	\$ 1,421,376	\$ 74,936	5.27 %	\$ 1,118,386	\$ 54,709	4.89 %
Taxable securities	122,500	3,622	2.96 %	77,281	1,593	2.06 %
Non-taxable securities	56,255	1,253	2.23 %	45,144	1,023	2.27 %
Other interest-earning assets	187,263	3,039	1.62 %	158,243	452	0.29 %
Total interest-earning assets	\$ 1,787,394	\$ 82,850	4.64 %	\$ 1,399,054	\$ 57,777	4.13 %
Allowance for loan losses	(16,883)			(13,276)		
Noninterest-earning assets	122,533			124,336		
Total Assets	\$ 1,893,044			\$ 1,510,114		
<b>Liabilities and Stockholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing transaction accounts	109,786	100	0.09 %	96,503	91	0.09 %
Savings and money market accounts	754,830	5,988	0.79 %	527,484	2,680	0.51 %
Time deposits	263,021	2,818	1.07 %	298,883	1,539	0.51 %
FHLB advances	25,264	291	1.15 %	30,636	143	0.47 %
Other borrowings	51,115	2,315	4.53 %	11,097	411	3.72 %
Total interest-bearing liabilities	\$ 1,204,016	\$ 11,512	0.96 %	\$ 964,603	\$ 4,864	0.50 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	\$ 496,486			\$ 378,868		
Other liabilities	18,435			9,366		
Total noninterest-bearing liabilities	\$ 514,921			\$ 388,234		
Stockholders' Equity	174,107			157,277		
Total Liabilities and Stockholders' Equity	\$ 1,893,044			\$ 1,510,114		
Net interest income						
		\$ 71,338			\$ 52,913	
Net interest spread <sup>(2)</sup>						
			3.68 %			3.63 %
Net interest margin <sup>(3)</sup>						
			3.99 %			3.78 %
Net interest margin - FTE <sup>(4),(5)</sup>						
			4.01 %			3.80 %
Cost of funds <sup>(6)</sup>						
			0.68 %			0.36 %
Cost of interest-bearing deposits						
			0.79 %			0.47 %
Cost of total deposits						
			0.55 %			0.33 %

(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.

(4) Net interest margin - FTE is a ratio of fully-taxable equivalent net interest income to average interest earning assets for the same period. It assumes a 24.0% tax rate for the year ended December 31, 2022 and a 23.5% tax rate for the year ended December 31, 2021.

(5) Refer to "Reconciliation of Non-GAAP Financial Measures".

(6) Includes total interest-bearing liabilities and noninterest deposits.

**LOAN COMPOSITION**  
(Dollars in thousands)



	December 31, 2022		September 30, 2022		December 31, 2021	
	Amount	% of gross	Amount	% of gross	Amount	% of gross
Real estate mortgages:						
Construction and development	\$ 255,736	16.1 %	\$ 222,159	14.5 %	\$ 174,480	13.9 %
Residential	167,891	10.5 %	164,296	10.7 %	147,490	11.8 %
Commercial	904,872	56.8 %	889,942	58.2 %	716,541	57.1 %
Commercial and industrial	256,553	16.1 %	243,577	15.9 %	197,694	15.8 %
PPP loans	—	— %	—	— %	9,203	0.7 %
Consumer and other	7,655	0.5 %	10,155	0.7 %	8,709	0.7 %
Gross loans	1,592,707	100.0 %	1,530,129	100.0 %	1,254,117	100.0 %
Unearned income	(5,543)		(5,139)		(3,817)	
Loans, net of unearned income	1,587,164		1,524,990		1,250,300	
Allowance for loan losses	(20,156)		(18,423)		(14,844)	
Loans, net	\$ 1,567,008		\$ 1,506,567		\$ 1,235,456	

**DEPOSIT COMPOSITION**  
(Dollars in thousands)



	December 31, 2022		September 30, 2022		December 31, 2021	
	Amount	% of total	Amount	% of total	Amount	% of total
Noninterest-bearing transaction	\$ 460,977	26.8 %	\$ 499,613	28.3 %	\$ 541,546	34.8 %
Interest-bearing transaction	837,127	48.6 %	855,350	48.4 %	704,326	45.3 %
Savings	49,235	2.9 %	78,687	4.5 %	56,715	3.6 %
Time deposits, \$250,000 and under	307,145	17.8 %	266,491	15.0 %	224,556	14.4 %
Time deposits, over \$250,000	66,259	3.9 %	66,951	3.8 %	29,308	1.9 %
Total deposits	\$ 1,720,743	100.0 %	\$ 1,767,092	100.0 %	\$ 1,556,451	100.0 %



**Nonperforming Assets**  
(Dollars in thousands)



	December 31, 2022	September 30, 2022	December 31, 2021
Nonaccrual loans	\$ 2,245	\$ 3,950	\$ 1,478
Past due loans 90 days or more and still accruing interest	—	—	494
Total nonperforming loans	<u>2,245</u>	<u>3,950</u>	<u>1,972</u>
OREO	2,930	2,930	2,930
Total nonperforming assets	<u>\$ 5,175</u>	<u>\$ 6,880</u>	<u>\$ 4,902</u>
Troubled debt restructured loans – nonaccrual <sup>(1)</sup>	832	1,011	940
Troubled debt restructured loans - accruing	1,292	1,307	1,072
Total troubled debt restructured loans	<u>\$ 2,124</u>	<u>\$ 2,318</u>	<u>\$ 2,012</u>
Allowance for loan losses	\$ 20,156	\$ 18,423	\$ 14,844
Loans, net of unearned income at the end of the period	\$ 1,587,164	\$ 1,524,990	\$ 1,250,300
Gross loans outstanding at the end of period	\$ 1,592,707	\$ 1,530,129	\$ 1,254,117
Total assets	\$ 2,044,866	\$ 2,052,725	\$ 1,782,592
Allowance for loan losses to nonperforming loans	897.82 %	466.41 %	752.74 %
Nonperforming loans to loans, net of unearned income	0.14 %	0.26 %	0.16 %
Nonperforming loans to gross loans	0.14 %	0.26 %	0.16 %
Nonperforming assets to gross loans and OREO	0.32 %	0.45 %	0.39 %
Nonperforming assets to total assets	0.25 %	0.34 %	0.27 %
Nonaccrual loans by category:			
Real estate mortgages:			
Construction & Development	\$ 67	\$ 70	\$ 346
Residential Mortgages	565	550	167
Commercial Real Estate Mortgages	1,278	2,888	674
Commercial & Industrial	312	434	285
Consumer and other	23	8	6
Total	<u>\$ 2,245</u>	<u>\$ 3,950</u>	<u>\$ 1,478</u>

(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.

**Allowance for Loan Losses**  
(Dollars in thousands)



	Three Months Ended			Year Ended December 31,	
	December 31, 2022	September 30, 2022	December 31, 2021	2022	2021
Average loans, net of unearned income	\$ 1,563,255	\$ 1,480,735	\$ 1,191,688	\$ 1,421,376	\$ 1,118,386
Loans, net of unearned income	\$ 1,587,164	\$ 1,524,990	\$ 1,250,300	\$ 1,587,164	\$ 1,250,300
Gross loans	\$ 1,592,707	\$ 1,530,129	\$ 1,254,117	\$ 1,592,707	\$ 1,254,117
Allowance for loan losses at beginning of the period	\$ 18,423	\$ 16,807	\$ 14,097	\$ 14,844	\$ 11,859
Charge-offs:					
Construction and development	—	—	—	66	—
Residential	—	—	—	7	44
Commercial	—	—	—	—	—
Commercial and industrial	210	269	—	479	—
Consumer and other	18	1	—	26	2
<b>Total charge-offs</b>	<b>228</b>	<b>270</b>	<b>—</b>	<b>578</b>	<b>46</b>
Recoveries:					
Construction and development	—	—	—	—	—
Residential	4	11	13	50	25
Commercial	—	—	—	—	—
Commercial and industrial	1	204	1	205	15
Consumer and other	18	8	1	30	9
<b>Total recoveries</b>	<b>23</b>	<b>223</b>	<b>15</b>	<b>285</b>	<b>49</b>
<b>Net charge-offs (recoveries)</b>	<b>\$ 205</b>	<b>\$ 47</b>	<b>\$ (15)</b>	<b>\$ 293</b>	<b>\$ (3)</b>
Provision for loan losses	\$ 1,938	\$ 1,663	\$ 732	\$ 5,605	\$ 2,982
Balance at end of period	\$ 20,156	\$ 18,423	\$ 14,844	\$ 20,156	\$ 14,844
Allowance to loans, net of unearned income	1.27 %	1.21 %	1.19 %	1.27 %	1.19 %
Allowance to gross loans	1.27 %	1.20 %	1.18 %	1.27 %	1.18 %
Net charge-offs (recoveries) to average loans, net of unearned income <sup>(1)</sup>	0.05 %	— %	— %	0.02 %	— %
Provision for loan losses to average loans, net of unearned income <sup>(1)</sup>	0.49 %	0.45 %	0.24 %	0.39 %	0.27 %

(1) Ratio is annualized.

**Reconciliation of Non-GAAP Financial Measures**

In addition to reporting GAAP results, the Company reports non-GAAP financial measures in this earnings release 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.

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

**Reconciliation of Non-GAAP Financial Measures**  
(Dollars in thousands, except share and per share amounts)



	Three Months Ended			Year Ended December 31,	
	December 31, 2022	September 30, 2022	December 31, 2021	2022	2021
Net income	\$ 10,592	\$ 6,700	\$ 4,058	\$ 27,071	\$ 18,567
Add: Net OREO gains	—	—	227	—	219
Less: Gain on sale of USDA loan	—	—	—	—	2,806
Less: Net gain on sale of branches	2,372	—	—	2,372	—
Less: BOLI benefit claim	774	—	—	774	742
Less: Loss on securities	(86)	(143)	(40)	(632)	(57)
Less: Tax effect	(549)	37	69	(418)	(661)
<b>Core net income</b>	<b>\$ 8,081</b>	<b>\$ 6,806</b>	<b>\$ 4,256</b>	<b>\$ 24,975</b>	<b>\$ 15,956</b>
Average assets	\$ 1,994,087	\$ 1,966,556	\$ 1,628,804	\$ 1,893,044	\$ 1,510,114
<b>Core return on average assets</b>	<b>1.61 %</b>	<b>1.37 %</b>	<b>1.04 %</b>	<b>1.32 %</b>	<b>1.06 %</b>
Net income	\$ 10,592	\$ 6,700	\$ 4,058	\$ 27,071	\$ 18,567
Add: Net OREO gains	—	—	227	—	219
Add: Provision	1,938	1,663	732	5,605	2,982
Less: Gain on sale of USDA loan	—	—	—	—	2,806
Less: Net gain on sale of branches	2,372	—	—	2,372	—
Less: BOLI benefit claim	774	—	—	774	742
Less: Loss on securities	(86)	(143)	(40)	(632)	(57)
Add: Income taxes	2,521	2,174	1,445	7,725	5,732
<b>Pretax pre-provision core net income</b>	<b>\$ 11,991</b>	<b>\$ 10,680</b>	<b>\$ 6,502</b>	<b>\$ 37,887</b>	<b>\$ 24,009</b>
Average assets	\$ 1,994,087	\$ 1,966,556	\$ 1,628,804	\$ 1,893,044	\$ 1,510,114
<b>Pretax pre-provision core return on average assets</b>	<b>2.39 %</b>	<b>2.15 %</b>	<b>1.58 %</b>	<b>2.00 %</b>	<b>1.59 %</b>
Net interest income	\$ 20,884	\$ 19,435	\$ 14,096	\$ 71,338	\$ 52,913
Add: Fully-taxable equivalent adjustments <sup>(1)</sup>	84	86	77	335	276
<b>Net interest income - FTE</b>	<b>\$ 20,968</b>	<b>\$ 19,521</b>	<b>\$ 14,173</b>	<b>\$ 71,673</b>	<b>\$ 53,189</b>
Net interest margin	4.38 %	4.15 %	3.68 %	3.99 %	3.78 %
Effect of fully-taxable equivalent adjustments <sup>(1)</sup>	0.01 %	0.02 %	0.02 %	0.02 %	0.02 %
<b>Net interest margin - FTE</b>	<b>4.39 %</b>	<b>4.17 %</b>	<b>3.70 %</b>	<b>4.01 %</b>	<b>3.80 %</b>
Total stockholders' equity	\$ 181,719	\$ 170,325	\$ 177,198	\$ 181,719	\$ 177,198
Less: Intangible assets	18,088	18,164	18,362	18,088	18,362
<b>Tangible common equity</b>	<b>\$ 163,631</b>	<b>\$ 152,161</b>	<b>\$ 158,836</b>	<b>\$ 163,631</b>	<b>\$ 158,836</b>

<sup>1)</sup> Assumes a 24.0% tax rate for the three months ended December 31, 2022 and September 30, 2022 and a 23.5% tax rate for the three months ended December 31, 2021. Assumes a 24.0% tax rate for the year ended December 31, 2022 and a 23.5% tax rate for the year ended December 31, 2021.

**Reconciliation of Non-GAAP Financial Measures**  
(Dollars in thousands, except share and per share amounts)



	Three Months Ended			Year Ended December 31,	
	December 31, 2022	September 30, 2022	December 31, 2021	2022	2021
Core net income	\$ 8,081	\$ 6,806	\$ 4,256	\$ 24,975	\$ 15,956
Diluted weighted average shares outstanding	8,932,585	8,871,116	9,125,872	8,949,669	8,316,536
<b>Diluted core earnings per share</b>	<b>\$ 0.90</b>	<b>\$ 0.77</b>	<b>\$ 0.47</b>	<b>\$ 2.79</b>	<b>\$ 1.92</b>
Common shares outstanding at year or period end	8,706,920	8,705,920	9,012,857	8,706,920	9,012,857
<b>Tangible book value per share</b>	<b>\$ 18.79</b>	<b>\$ 17.48</b>	<b>\$ 17.62</b>	<b>\$ 18.79</b>	<b>\$ 17.62</b>
Total assets at end of period	\$ 2,044,866	\$ 2,052,725	\$ 1,782,592	\$ 2,044,866	\$ 1,782,592
Less: Intangible assets	18,088	18,164	18,362	18,088	18,362
Adjusted assets at end of period	\$ 2,026,778	\$ 2,034,561	\$ 1,764,230	\$ 2,026,778	\$ 1,764,230
<b>Tangible common equity to tangible assets</b>	<b>8.07 %</b>	<b>7.48 %</b>	<b>9.00 %</b>	<b>8.07 %</b>	<b>9.00 %</b>
Total average shareholders equity	\$ 176,769	\$ 172,402	\$ 175,913	\$ 174,107	\$ 157,277
Less: Average intangible assets	18,134	18,203	18,402	18,236	18,501
Average tangible common equity	\$ 158,635	\$ 154,199	\$ 157,511	\$ 155,871	\$ 138,776
Net income to common shareholders	\$ 10,592	\$ 6,700	\$ 4,058	\$ 27,071	\$ 18,567
<b>Return on average tangible common equity</b>	<b>26.49 %</b>	<b>17.24 %</b>	<b>10.22 %</b>	<b>17.37 %</b>	<b>13.38 %</b>
Average tangible common equity	\$ 158,635	\$ 154,199	\$ 157,511	\$ 155,871	\$ 138,776
Core net income	\$ 8,081	\$ 6,806	\$ 4,256	\$ 24,975	\$ 15,956
<b>Core return on average tangible common equity</b>	<b>20.21 %</b>	<b>17.51 %</b>	<b>10.72 %</b>	<b>16.02 %</b>	<b>11.50 %</b>
Net interest income	\$ 20,884	\$ 19,435	\$ 14,096	\$ 71,338	\$ 52,913
Add: Noninterest income	4,603	1,339	1,751	8,677	10,803
Less: Gain on sale of USDA loan	—	—	—	—	2,806
Less: Gain on sale of branches	2,600	—	—	2,600	—
Less: BOLI benefit claim	774	—	—	774	742
Less: Loss on securities	(86)	(143)	(40)	(632)	(57)
Operating revenue	\$ 22,199	\$ 20,917	\$ 15,887	\$ 77,273	\$ 60,225
Expenses:					
Total noninterest expense	\$ 10,436	\$ 10,237	\$ 9,612	\$ 39,614	\$ 36,435
Less: Net OREO gains	—	—	227	—	219
Less: Loss on sale of branches	228	—	—	228	—
Adjusted noninterest expenses	\$ 10,208	\$ 10,237	\$ 9,385	\$ 39,386	\$ 36,216
<b>Core efficiency ratio</b>	<b>45.98 %</b>	<b>48.94 %</b>	<b>59.07 %</b>	<b>50.97 %</b>	<b>60.13 %</b>



SOUTHERN STATES  
BANCSHARES, INC.

**Q4 2022**

**Investor Presentation**

January 2023

## Important Notices and Disclaimers

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### 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 inflationary environment, the COVID-19 pandemic and governmental responses. 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 materially from those in the forward-looking statements are set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and in other SEC filings 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 press release 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 2022 Results Highlights

## Operating Results



- **Net income** of \$10.6 million, or \$1.18 per diluted share, and **core net income** <sup>(1)</sup> of \$8.1 million, or \$0.90 per diluted share <sup>(1)</sup>
- **ROAA** of 2.11% and **ROATCE** of 26.49%; **Core ROAA** <sup>(1)</sup> of 1.61% and **Core ROATCE** <sup>(1)</sup> of 20.21%
- **Completed** sale of two branches resulting in a \$2.4 million net gain
- **Net interest margin** of 4.39%
- **Core efficiency ratio** <sup>(1)</sup> of 45.98%

## Loans



- **Annualized loan growth** of 18.1% from Q3 2022 <sup>(2)</sup>
- **Loan portfolio** of \$1.6 billion increased 4.1% from Q3 2022
- **Average yield on loans** of 6.05% improved from 5.37% for Q3 2022
- **Loans / deposits ratio** of 92.24% compared to 86.30% for Q3 2022

## Deposits



- **Deposits** of \$1.7 billion increased \$19.7 million, or 1.2%, from Q3 2022 <sup>(3)</sup>
- **Average cost of total deposits** increased to 1.09% from 0.58% in Q3 2022
- **Noninterest-bearing deposits** comprised 26.79% of total deposits compared to 28.27% at Q3 2022

## Asset Quality



- **Nonperforming loans to gross loans** of 0.14% improved from 0.26% at Q3 2022
- **Net charge-offs** at \$205,000
- **Allowance for loan losses to gross loans** of 1.27% compared to 1.20% at Q3 2022
- **OREO balance** remained flat from Q3 at \$2.9 million

## Capital



- **Announced and paid quarterly dividend** of \$0.09 per share
- **Tangible common equity to tangible assets** <sup>(1)</sup> of 8.07%, up from 7.48% at Q3 2022
- **Tangible book value per share** <sup>(1)</sup> of \$18.79, up 7.5% from Q3 2022

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<sup>(1)</sup> Please refer to non-U.S. GAAP reconciliation in the appendix

<sup>(2)</sup> The sale of two branches on October 1, 2022 resulted in a \$7.3 million reduction in loans; the growth percentage is net of the accounts sold

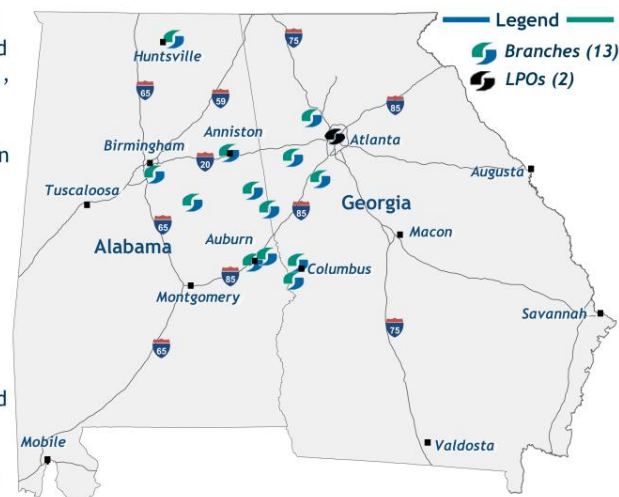
<sup>(3)</sup> The sale of two branches on October 1, 2022 resulted in a \$66.0 million reduction in deposits; the growth represented is net of the accounts sold



SOUTHERN STATES  
BANCSHARES, INC.

# 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 '22 Financial Highlights

Assets (\$B):	\$2.0	YoY Asset Growth:	14.7%	NPLs / Loans:	0.14%	Core Net Income <sup>(1)</sup> (\$M):	\$8.1
Gross Loans (\$B):	\$1.6	YoY Loan Growth:	26.9%	LLR / Loans:	1.27%	Core ROAA <sup>(1)</sup> :	1.61%
Deposits (\$B):	\$1.7	YoY Deposit Growth:	10.6%	YTD NCOs / Avg. Loans:	0.05%	NIM:	4.39%
Loans / Deposits:	92.24%	YoY Core Deposit Growth:	8.3%	TCE / TA <sup>(1)</sup> :	8.07%	Core Efficiency Ratio <sup>(1)</sup> :	45.98%

Source: S&P Global Market Intelligence; Company Documents

Financial data as of the three months ended 12/31/22 unless otherwise noted

Note: Core Deposits defined as total deposits less jumbo time deposits; jumbo time deposits classified as deposits larger than \$250,000

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



SOUTHERN STATES  
BANCSHARES, INC.



## Experienced Management Team

Our senior management team has an average of over 30 years of experience in the banking industry



**Steve Whatley**

*Founder, Chairman & CEO*

- **1982-2006** Market President Colonial Bank
- **1980-1982** Vice President Commercial Lender AmSouth Bank
- **1978-1980** Vice President Trust Company Bank
- **1973-1978** Loan Officer / Mgt. Trainee Security Pacific Bank



**Mark Chambers**

*President*

- **2007-2019** SEVP & President Southeast Region Southern States Bank
- **2004-2007** Market President Wachovia Bank
- **1998-2004** Commercial Lender Aliant Bank



**Lynn Joyce**

*SEVP & Chief Financial Officer*

- **1992-2013** EVP & CFO First Financial Bank, a NASDAQ listed Financial Institution
- **1986-1992** Arthur Andersen & Co



**Greg Smith**

*SEVP & Chief Risk and Credit Officer*

- **2006-2019** SEVP & CCO Southern States Bank
- **1986-2006** Credit Admin, Commercial Loan Officer and Market President Regions Bank



**Jack Swift**

*SEVP & Chief Operating Officer*

- **2006-2019** SEVP & President Central Region Southern States Bank
- **1996-2006** Senior Vice President Colonial Bank
- **1992-1996** Vice President SouthTrust Bank

Company insiders own 15.9% of the common shares and equivalents<sup>(1)</sup>

5 (1) Refers to management and directors, excludes institutional owners or direct representatives of an institutional owner



# Our History and Growth

Historical Highlights

- 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**

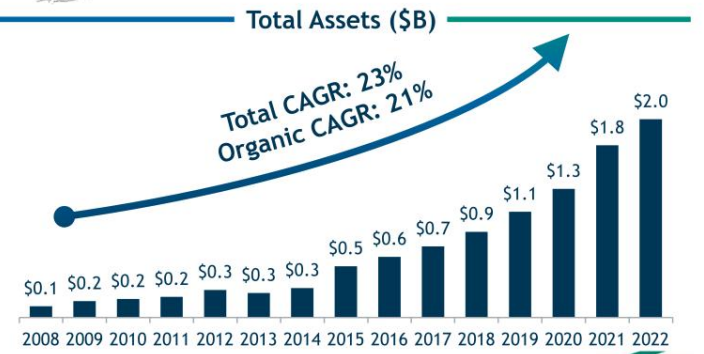
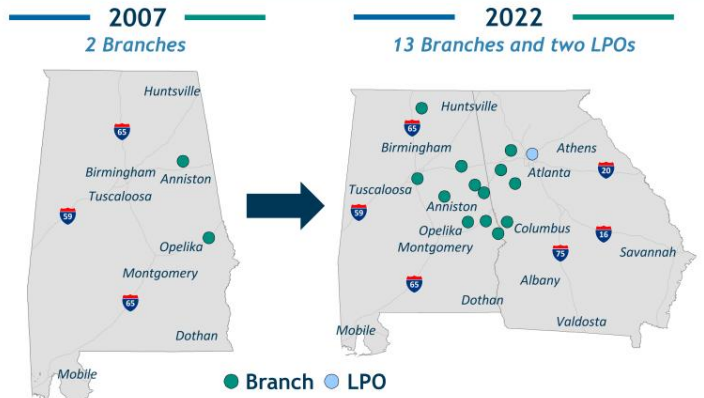
Opened Auburn, AL office  
Issued \$4.5 million of 10-year subordinated notes  
Completed \$41.2 million capital raise at \$14 per share
- February 2017**

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 Q4 2022**

Hired 4 commercial bankers in Georgia franchise  
Completed \$48.0 million subordinated debt offering



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



# Robust Market Dynamics Creates Growth Opportunities

## Market Highlights

### Atlanta, GA



- 9<sup>th</sup> largest Metro Area in the USA
- Voted 3<sup>rd</sup> metro area for corporate headquarters
- Ranked 13<sup>th</sup> 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 3<sup>rd</sup> 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 4<sup>th</sup> MSA for migration growth

### Columbus, GA

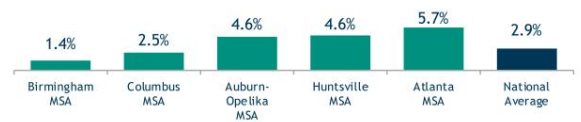


- Fort Benning Military Base
  - U.S. Army Infantry and Armor Training Post
  - Columbus Chamber of Commerce estimates annual economic impact of \$4.8 billion
- Major companies headquartered include Aflac and Total Systems Services, Inc.

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



## '21 - '26 Projected Population Growth (%)

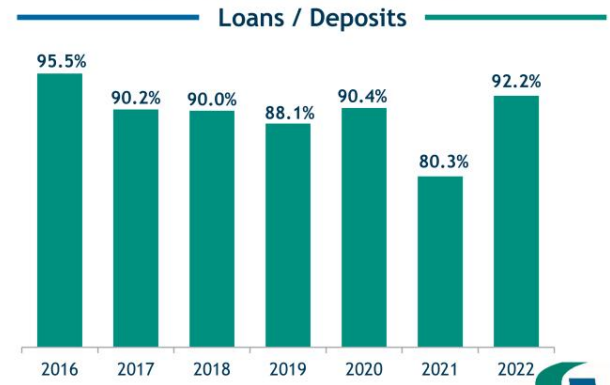
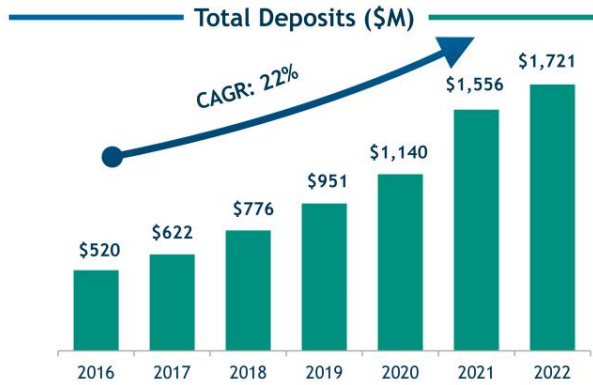
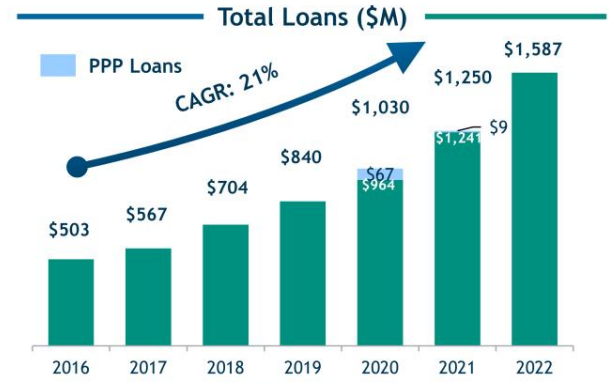
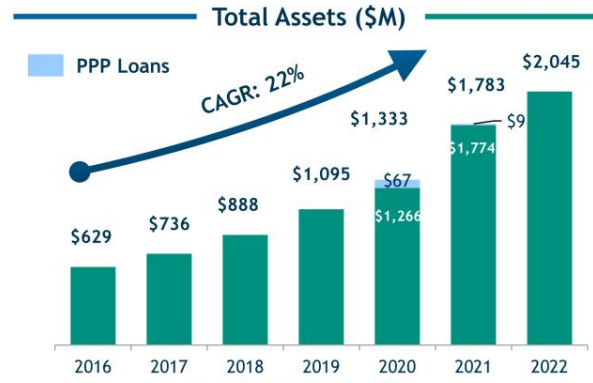


## Major Employers



7 Source: U.S. Bureau of Labor Statistics; S&P Global Market Intelligence; Forbes; Money.com; Business Facilities; USA Today; Smartasset Financial Technology; US News; Auburn.edu

# Balance Sheet Growth



# 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 approximately 50% of risk-based capital
  - Caps periodically utilized when needed
- Proactive approach to resolving problem credits

Nonperforming Assets by Type



Reserves / Loans



9 Source: S&P Global Market Intelligence; Company Documents  
 Dollars in millions  
 (1) TDRs reflect COVID-19 relief under the CARES Act and bank regulatory COVID-19 relief in 2020 and 2021

# Building Shareholder Value

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## 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 expanding 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

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- 🌀 **Loan balances** expected to continue to grow at a modest pace compared to 2022
- 🌀 **Deposit balances** expected to increase slightly
- 🌀 **Net interest income** expected to increase modestly as loans grow, though this will be somewhat offset by net interest margin declines
  - NIM expected to decrease as deposit betas increase
- 🌀 **Core noninterest income** expected to be fairly consistent with Q4 2022
- 🌀 Quarterly **adjusted noninterest expense** is expected to increase slightly
- 🌀 **Credit metrics** are currently strong and future provision levels are expected to consider both current and evolving economic conditions, as well as changes in credit
- 🌀 **Balanced approach to capital deployment** with flexibility to support organic loan growth trajectory and cash dividend while evaluating stock repurchases
- 🌀 Well-positioned to capitalize on additional **accretive acquisition opportunities**

## Appendix





## Non-GAAP Financial Measures Reconciliations

(\$000)	(Three Months Ended)			(Year Ended December 31)	
	December 31, 2022	September 30, 2022	December 31, 2021	2022	2021
Net Income	\$10,592	\$6,700	\$4,058	\$27,071	\$18,567
Add: Net OREO gains	—	—	227	—	219
Less: Gain on sale of USDA loan	—	—	—	—	2,806
Less: Net gain on sale of branches	2,372	—	—	2,372	—
Less: BOLI benefit claim	774	—	—	774	742
Less: Loss on securities	(86)	(143)	(40)	(632)	(57)
Less: Tax effect	(549)	37	69	(418)	(661)
<b>Core net income</b>	<b>\$8,081</b>	<b>\$6,806</b>	<b>\$4,256</b>	<b>\$24,975</b>	<b>\$15,956</b>
Average assets	\$1,994,087	\$1,966,556	\$1,628,804	\$1,893,044	\$1,510,114
<b>Core return on average assets</b>	<b>1.61%</b>	<b>1.37%</b>	<b>1.04%</b>	<b>1.32%</b>	<b>1.06%</b>
Net Income	\$10,592	\$6,700	\$4,058	\$27,071	\$18,567
Add: Net OREO gains	—	—	227	—	219
Add: Provision	1,938	1,663	732	5,605	2,982
Less: Gain on sale of USDA loan	—	—	—	—	2,806
Less: Net gain on sale of branches	2,372	—	—	2,372	—
Less: BOLI death benefits	774	—	—	774	742
Less: Loss on securities	(86)	(143)	(40)	(632)	(57)
Add: Income Taxes	2,521	2,174	1,445	7,725	5,732
<b>Pretax pre-provision core net income</b>	<b>\$11,991</b>	<b>\$10,680</b>	<b>\$6,502</b>	<b>\$37,887</b>	<b>\$24,009</b>
Average assets	\$1,994,087	\$1,966,556	\$1,628,804	\$1,893,044	\$1,510,114
<b>Pretax pre-provision core return on average assets</b>	<b>2.39%</b>	<b>2.15%</b>	<b>1.58%</b>	<b>2.00%</b>	<b>1.59%</b>
Net interest income	\$20,884	\$19,435	\$14,096	\$71,338	\$52,913
Add: Fully-taxable equivalent adjustments <sup>1</sup>	84	86	77	335	276
<b>Net interest income - FTE</b>	<b>\$20,968</b>	<b>\$19,521</b>	<b>\$14,173</b>	<b>\$71,673</b>	<b>\$53,189</b>
Net interest margin	4.38%	4.15%	3.68%	3.99%	3.78%
Effect of fully-taxable equivalent adjustments <sup>1</sup>	0.01%	0.02%	0.02%	0.02%	0.02%
<b>Net interest margin - FTE</b>	<b>4.39%</b>	<b>4.17%</b>	<b>3.70%</b>	<b>4.01%</b>	<b>3.80%</b>
Total stockholders' equity	\$181,719	\$170,325	\$177,198	\$181,719	\$177,198
Less: Intangible assets	18,088	18,164	18,362	18,088	18,362
<b>Tangible common equity</b>	<b>\$163,631</b>	<b>\$152,161</b>	<b>\$158,836</b>	<b>\$163,631</b>	<b>\$158,836</b>

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Diluted weighted average shares outstanding	8,932,585	8,871,116	9,125,872	8,949,669	8,316,536
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Common shares outstanding at year or period end	8,706,920	8,705,920	9,012,857	8,706,920	9,012,857
<b>Tangible book value per share</b>	<b>\$18.79</b>	<b>\$17.48</b>	<b>\$17.62</b>	<b>\$18.79</b>	<b>\$17.62</b>
Total assets at end of period	\$2,044,866	\$2,052,725	\$1,782,592	\$2,044,866	\$1,782,592
Less: Intangible assets	18,088	18,164	18,362	18,088	18,362
Adjusted assets at end of period	\$2,026,778	\$2,034,561	\$1,764,230	\$2,026,778	\$1,764,230
<b>Tangible common equity to tangible assets</b>	<b>8.07%</b>	<b>7.48%</b>	<b>9.00%</b>	<b>8.07%</b>	<b>9.00%</b>
Total average shareholders equity	\$176,769	\$172,402	\$175,913	\$174,107	\$157,277
Less: Average intangible assets	18,134	18,203	18,402	18,236	18,501
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Adjusted noninterest expenses	\$10,208	\$10,237	\$9,385	\$39,386	\$36,216
<b>Core efficiency ratio</b>	<b>45.98%</b>	<b>48.94%</b>	<b>59.07%</b>	<b>50.97%</b>	<b>60.13%</b>

<sup>14</sup> <sup>1</sup> Assumes a 24.0% tax rate for the three and nine months ended September 30, 2022 and 2021; and a 23.5% tax rate for the three months ended June 30, 2022

