



***STRATEGIC PLAN***

***EXECUTIVE SUMMARY***

***2019-2021***



*Karama Neal, PhD*

For the last nine months, Southern Bancorp Community Partners has used the lessons of our prior three decades of service to plan our way forward. In collaboration with Southern Bancorp Bank and Southern Bancorp, Inc., we had already committed to focus on affordable housing, jobs and entrepreneurship, and savings. We recognize that those priorities are key to creating economic opportunity and facilitating economic mobility for individuals, families, and communities in our service areas.

The 2019-2021 strategic plan shows how SBCP will contribute those priorities and notes four key themes:

- **Impact**—ensuring our work has a sustainable, replicable, positive impact on helping people reach their goals.
- **Scale**—ensuring that we serve as many people as possible with the resources we have
- **Innovation**—ensuring that our programs and services are evidence-based and that we lead the field in using and developing best practices.
- **Self-sufficiency**—ensuring that we used our human, financial, and other resources in ways that facilitate long term sustainability.

SBCP will continue to provide financial development services, development loans, and public policy research and advocacy, and will work to further integrate those activities so that each informs the other leading to more meaningful results for the people we serve.

We appreciate your interest and hope you'll join us as we continue to invest in rural towns, under-capitalized communities, and people's dreams.

***Karama Neal, PhD***

*President*

*Southern Bancorp Community Partners*

*March 2019*

***BACKGROUND***



Southern Bancorp Community Partners (“SBCP”) is a 501(c)(3) loan fund designated by the United States Department of Treasury as a Community Development Financial Institution (“CDFI”). SBCP was incorporated in 1987 in order to stabilize and revitalize low-income communities in rural Arkansas by providing responsible and responsive financial services critical to a community’s economic development and an individual’s economic security.

Today, SBCP works across Arkansas and Mississippi to promote economic mobility through development lending, financial development services, and public policy advocacy and research.

SBCP is a shareholder of Southern Bancorp, Inc., a bank holding company (the “Corporation” or “SBI”) and CDFI that was established in 1986 with a stated purpose of encouraging and promoting economic development in rural communities. Southern Bancorp Bank (the “Bank” or “SBB”) is a 100% owned subsidiary of the Corporation. The Bank is also a CDFI.

SBCP, the Corporation and the Bank work cooperatively toward their shared mission and share three “Big Hairy Audacious Goals” (BHAGs) which we working to accomplish:

- **10,000 people supported in attaining and/or sustaining affordable housing**
- **100,000 jobs created or retained**
- **1,000,000 people empowered to save**

Research has shown the families with access to affordable housing, good jobs, and savings have greater net worth and those with greater net worth show higher positive economic mobility. Those who work for the Southern companies understand themselves as “*wealth builders for everyone.*”



### ***Vision***

To sustainably provide responsible, responsive and innovative financial products and financially-related development services to people, businesses and communities across the rural Mid-South, with a particular focus on low wealth people and the un/underbanked, while developing a sustainable and scalable CDFI model.

### ***Mission Statement***

To create economic opportunity in SBCP's target market.

### ***Strategic Guiding Principles***

The Board has adopted strategic guiding principles to direct the work of SBCP. SBCP shares these strategic guiding principles with the Corporation and the Bank.

### ***Core Values***

SBCP operates in the context of five core values – relationship, accountability, innovation, sustainability, and empowerment.

- R** *Relationship*
- A** *Accountability*
- I** *Innovation*
- S** *Sustainability*
- E** *Empowerment*

# STRATEGIC GUIDING PRINCIPLES

1

## One Southern

Focus on maximizing collective mission impact regardless of legal entity, structure or position.

2

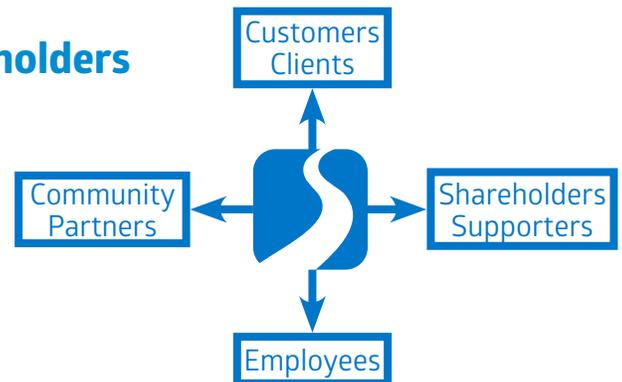
## Guided by our mission, sustained by our financial stability



Margin + Mission

3

## Balance the needs of all stakeholders



4

## Focus on Target Market

- Distressed rural communities in the Mid-South
- Un/underbanked & low wealth people

5

## Community Accountability & Engagement

***PROGRAMMATIC  
ACTIVITIES***

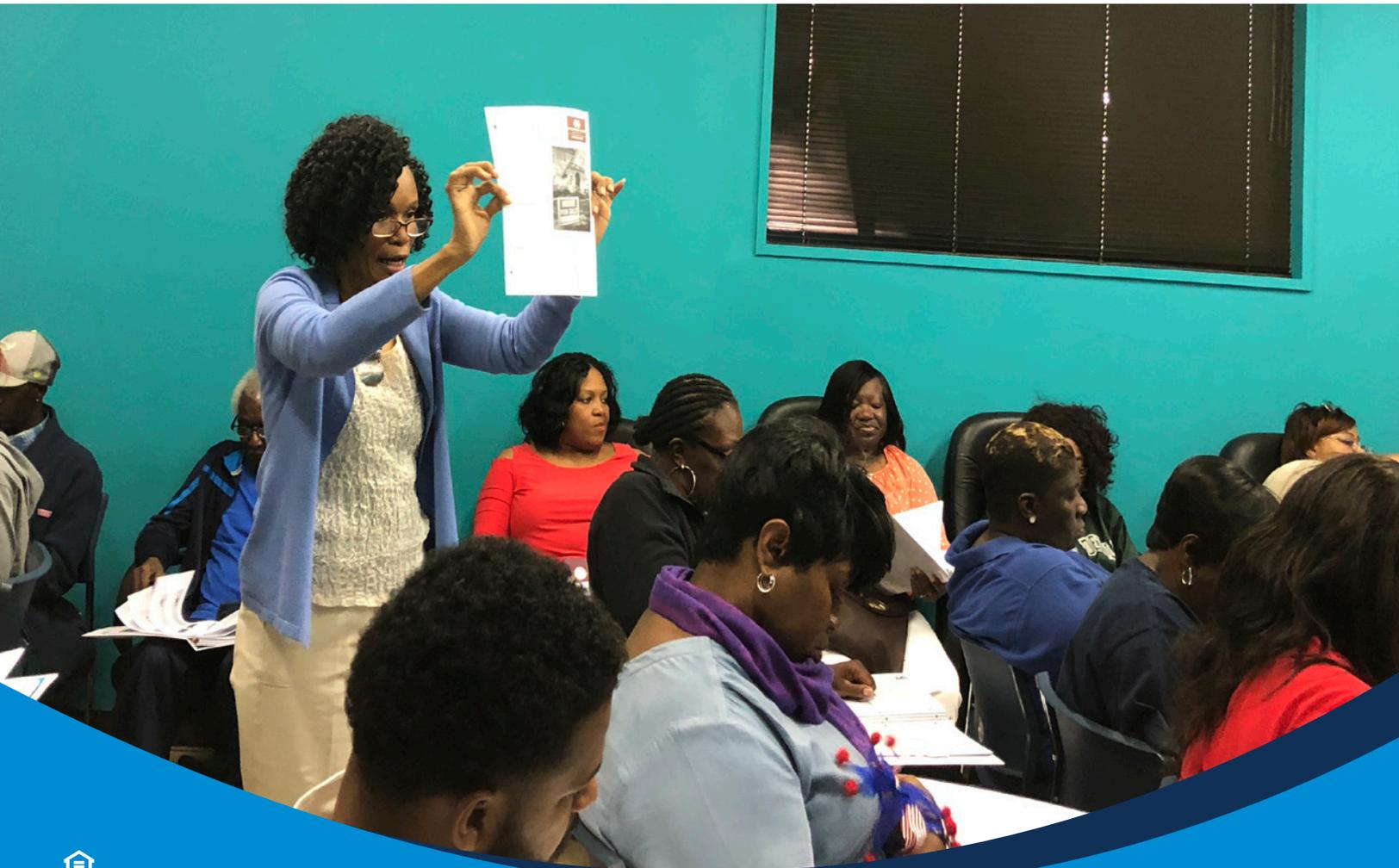
A decorative graphic element consisting of a thick, dark blue curved line that sweeps across the bottom of the page, transitioning into a solid, vibrant blue area that fills the lower portion of the frame.

SBCP's programs, products, services, and activities fall into three broad categories:

- **Financial development services**
- **Development lending**
- **Public policy and advocacy**

These are described below along with the financial management practices that make them possible. This discussion provides context for the strategic themes of impact, scale, and innovation and the strategic goals described later in this document.

*HUD Certified SBCP Credit Counselor Charlestien Harris teaching a credit history workshop in Clarksdale, Miss.*





***FINANCIAL  
DEVELOPMENT  
SERVICES***

SBCP's financial development services (FDS) were initiated in recognition of the strong positive impact of one-on-one and other direct services with individuals working to reach their goals. They have grown in response to expressed needs. For example, SBCP has operated an Individual Development Account (IDA) program since 1999. When IDA participants who were saving for a new home had trouble qualifying for a mortgage, SBCP initiated a HUD-certified housing counseling program.

SBCP currently operates several financial development services:

- **Volunteer Income Tax Assistance (VITA)** is a free tax preparation program certified by the IRS. We have operated this program since 2006 and it has grown significantly over the years from just two sites the first year to availability in all markets in 2018. In addition to achieving this scale, the VITA program has shown significant economic impact through the return of more than \$5 million in refunds and credits annually and has shown innovation through the development of widely recognized tax-time savings initiatives.
- **Housing and Credit Counseling** offers one-on-one counseling and group education for people wanting to establish or repair their credit history, purchase or maintain a home, or learn about key financial and homeownership skills. Counseling is available in person and remotely (often through the assistance of the Opportunity Center and Southern Bancorp Bank). Classes are offered in person through this program and also via our eHome America online homeownership education class. Together, these programs have deep and significant impact in part because they help people with their particular issues and help them reach their (often large) financial goals. As the Opportunity Center grows and as we increase and improve our relationships with other financial institutions, we will need to ensure we can continue to provide high quality services to more and more clients across a larger geographic region.
- **Individual Development Accounts (IDAs or matched savings accounts)** allow income-eligible participants who save a certain amount of money and complete general financial education classes to receive match funds. These funds along with the savings are used toward appreciable asset purchases like small business

development, homeownership, home repairs, and higher education. In the last three years, federal and Arkansas funding has been eliminated. This significant funding reduction has caused us to limit enrollment severely, depending on available funding.

In addition, we have a limited scale pilot program in business counseling and technical assistance. Together, our financial development services serve as the main engine for Southern Bancorp Bank's Opportunity Center and are available to other financial institutions, currently Bank of America and Diamond Lakes Credit Union.



# DEVELOPMENT LENDING



SBCP was founded as a loan fund to provide access to capital in ways that highly-regulated depository institutions may not be able to do. That can be through direct loans to borrowers or through participations with other lenders to reduce their risk to an acceptable level. As a loan fund and part of the One Southern family, SBCP does not compete with banks but still seeks borrowers with ability and willingness to repay.

SBCP's loan fund contributes both to our margin and mission. Finding the appropriate balance between those two goals is critical for long term success. In the past, SBCP has had difficulty identifying and/or maintaining the appropriate balance—sometimes prioritizing loans to borrowers without the ability and/or willingness to repay or other times focusing on loans that provide income for the organization but do not increase access to capital. In addition, SBCP's lending has generally been centered in certain limited geographic areas.

Our new lending strategy, developed and implemented during the plan period, requires our lending efforts to consider the follow factors in product development:

- Alignment with the BHAGs
- Availability of capital
- Demand for loan products
- Availability of support services
- Staff capacity

Given those requirements and in close collaboration with SBB, products will represent the following loan types during the plan period:

- Small business loans where the owner's personal credit is the business credit
- Loan participations with SBB and other financial institutions
- Innovation lending (e.g. payday loan alternatives)
- Expanded niche lending (e.g. mortgage lending)
- Funder-driven lending that is not counter to our goals, values or target market



***PUBLIC POLICY***

*Opposite: Ceremonial bill signing of the "Add-a-line" bill, Southern's initiative to promote savings during tax time. L to R: Darrin L. Williams, CEO of Southern Bancorp, Inc. Nathan Pittman, SVP of Policy & Communications. Karama Neal, President of Southern Bancorp Community Partners. Asa Hutchinson, Arkansas Governor, Monte Hodges, Commerical Loan Officer. Janie Ginocchio, Dir. of Public Policy & Advocacy.*

SBCP's Public Policy Program is an extension of Southern's mission-focused efforts to increase net worth and help families and communities build wealth through the balanced use of thought leadership and advocacy activities aimed at affecting policy and regulatory change.

SBCP started a public policy program in recognition of the large-scale impact resulting from previous strategic policy success. The program has had significant victories with initiatives related to children's savings, payday loan availability, community college education, minimum wage and more. Unlike many others, SBCP's public policy program benefits from a close relationship with SBCP's FDS program, with each informing the other. For example, our work directly with children and families to help them save for college informed our policy work that resulted in the (now defunct) Arkansas Aspiring Scholars Matching Grant 529 program. It is worth noting that these and other successes occurred in different political and organizational environments than exist today.

While the Public Policy Program supports each of Southern's three focus areas (Jobs, Housing, and Savings), *Savings* is the primary focus. The reason for this is two-fold. First, Southern's Savings' BHAG is to empower one million people to save. Such a goal is unattainable through traditional product and service offerings within our communities due to population sizes and staffing capacity. However, public policy changes have the capability of affecting hundreds of thousands of individuals both within and far beyond our market boundaries and customer numbers.

The Public Policy Program's efforts are guided by the SBI CEO, the SBCP President, and SBI's SVP of Policy and Communications, and implemented by Southern's Director of Public Policy and Advocacy. Additional support is provided by in-market Community Relations Leaders who provide local support and guidance.

2019 signals a new approach for SBCP's Policy Program, with new staff and a focus shift from one that has traditionally been primarily research-based to one that provides more balance to advocacy and thought leadership. For the first time in SBCP's history, we are developing strategies to engage and inform policymakers outside the capitol buildings about Southern's unique mission and build support for our work, focusing particularly on those that represent Southern's markets.

Additionally, we are developing methods to activate Southern employees and community members around issues and legislation that impacts them through internal and external communications mechanisms ranging from media relations to digital messaging.

Finally, we intend to increase our engagement with coalitions and partners at all levels, from federal partners that represent industry positions and statewide issue coalitions to local committees working to affect change. Together, these activities represent a new era in Southern's policy work that will be based on sound research combined with a strong foundation of relationships and on the ground partnerships.

This advocacy growth will be balanced with a continued focus on thought leadership. SBCP has engaged a former gubernatorial policy director as a research and writing consultant to help us develop communications tools ranging from blog posts to research papers to opinion editorials that will support our advocacy efforts and position us as a leader on policy issues impacting our communities.

*Mississippi State Capitol*



***RESOURCE  
DEVELOPMENT***



SBCP has had significant success in generating funding in the past few years with an emphasis on recruiting loan capital to increase its lending efforts. SBCP's fundraising strategy will not only continue to pursue traditional funding sources that are consistent with this plan but also emphasize the development of new and non-traditional funding sources and options that focus on impact, scale, and innovation.

SBCP will pursue traditional and innovative funding opportunities that are consistent with the following criteria:

- *Mission fit* that is scalable across SBCP's market and provides maximum flexibility
- *Expected impact on SBCP's mission, goals, and the three BHAGs*
- *Geographic fit* that enables SBCP's services and initiatives to be available throughout its market
- *Programmatic fit* that supports impact, scale, and innovation

### ***Service Area and Customer Demographics***

The SBCP target market consists of the entire state of Arkansas and Bolivar, Coahoma, Quitman, Sunflower, Tate, Tunica, and Washington Counties in western Mississippi where the organization provides financial development services, development lending, public policy and advocacy activities. The SBCP target market is completely contained within that of Southern Bancorp Bank. Public policy initiatives are primarily aimed at state policies in Arkansas and Mississippi.

The target market was intentionally chosen because of the organizational focus on financially underserved people and places. Key characteristics of select locations are listed in the table below:

Metric	AR	MS	US	BHAG	Source
Homeownership rate	65%	71%	63.9%	Affordable Housing	St. Louis Fed, 2017
Non-mortgage median housing costs	\$336	\$346	\$474	Affordable Housing	Census, 2018
Jobs that are low wage jobs	33.7%	34.1%	22.5%	Jobs	Prosperity Now, 2016
Micro-enterprise ownership	7.9%	8.4%	7.8%	Jobs	Prosperity Now, 2016
Unemployment rate	3.6%	4.7%	3.9%	Jobs	Bureau of Labor Statistics, Dec 2018
Employment rate	57.4%	57%	63.1%	Jobs	Bureau of Labor Statistics, Dec 2018
% Underbanked + unbanked	26.5%	38.3%	25.2%	Savings	FDIC, 2017
Liquid asset poverty rate	53.3%	57.3%	40.0%	Savings	Prosperity Now, 2016
Households with zero net worth	20.3%	18.0%	16.5%	Savings	Prosperity Now, 2016
Those with prime credit	44.5%	36.5%	51.9%	Savings	Prosperity Now, 2016

***GOALS &  
ACTION STEPS***



The goals listed below are critical for promoting economic mobility by providing responsible and responsive financial services. Staff members participate in goal development, implementation, execution, and evaluation and the organization seeks to meet or exceed all stated goals.

All the goals outlined in this section are intended to lead to meaningful sustainable change, accomplished by realizing the three ten-year Big Hairy Audacious Goals adopted by the three Southern companies:

- ***10,000 people supported in attaining and/or sustaining affordable housing***
- ***100,000 jobs created or retained***
- ***1,000,000 people empowered to save***

Accomplishment of these goals depends on securing sufficient financial and human capital and operating in ways that maximize efficiency and effectiveness.

### ***Goals for the 2019-2021 Plan Period***

SBCP is committed to the following broad goals for the three year plan period:

- Use a data-driven, evidence-based approach to understanding and increase the *impact* of our programs and activities in alignment with our mission and the One Southern culture.
- Use communications technology, staffing, and other tools to increase the *scale* of our programs and activities so that they can serve more people and are aligned with the expanding One Southern footprint.
- Leverage the unique feature of SBCP and its partner organizations to demonstrate *innovation*, best practices, and thought leadership in our various sectors or work.
- Use our financial, human, and other resources in ways that facilitate sustainability and *self-sufficiency* through a focus on efficiency, proactive problem solving, and accountability in our program and general operations in the context of our One Southern culture.

Selected details on these goals are found below.

**1. Offer meaningful financial development services throughout the Southern markets and expand national thought leadership on best and innovative practices in the sector.**

**In 2019:**

- Work with SBB and SBI to install *video conferencing equipment* in all Southern markets to facilitate one-on-one service provision of housing counseling, credit counseling, and the like in a broader area.
- Develop robust referral *partnerships* with existing entrepreneurial support organizations such as the Arkansas Small Business Development and Technology Center, SCORE, Higher Purpose Co., and/or Arkansas Women's Business Development Center.
- Achieve at least a *two star AERIS impact rating*. SBCP will be rated for the first time in 2019. The highest rating is four stars.

**During the plan period:**

- *Expand certified counseling staff* to meet needs and strategically place them in areas without in person counselors.
- Consider incorporating *FAFSA completion* into the VITA program.
- Develop methods of *packaging the FDS* for sale to other financial institutions.
- Use an evidence-based approach to *refine existing programs*.
- Annually *review program policies and procedures* and revise as needed.
- Intentionally *seek and implement relevant best practices*.
- *Identify and share successful internal initiatives* to establish best practices and thought leadership.

- Ensure all programs, projects, and activities are *audit ready at all times*.
- Maintain organizational, *counselor HUD, and other counseling certifications*.
- Scale the services to *align with SBB's planned growth*.



## **2. Develop and implement an evidence-based development lending strategy that provides access to capital in a fiscally sustainable manner.**

### **In 2019:**

- Achieve at least a *BBB- AERIS rating*. SBCP will be rated for the first time in 2019. The highest rating is AAA.
- Begin *reporting consumer loan payments* to the credit reporting agencies.
- Implement a lending strategy that does not compete with SBB and prioritizes *small businesses loans based on personal credit* that can be financed with capital from the USDA Intermediary Relending Program.

### **During the plan period:**

- Consider expanding the lending focus through the *inclusion of other traditional products* for mortgage lending, credit builder loans, and/or small dollar loans that do not compete with SBB.
- Consider expanding the lending focus through the development of *innovative loan products*. These could include payday loan alternatives, manufactured housing financing, financing cooperatives, financing national board certification of teachers, education completing lending, property assessed clean energy financing (PACE) financing, resident-owned communities financing, etc. that do not compete with SBB.
- Be responsive to *funder-driven lending requests* facilitated by program-related investments that are aligned with or not counter to SBCP or Southern priorities.
- Develop and implement a supplemental *economic lens social governance lending policy* that excludes loans to borrowers that extract individual and family wealth (e.g. payday lender) and prioritizes loans to borrowers that help build individual and family wealth (e.g. businesses that pay a family supporting wage).

- Consider methods for allowing *online loan payments* by borrowers.
- *Identify and share successful internal initiatives* to establish best practices and thought leadership.
- Ensure all programs, projects, and activities are *audit ready at all times*.
- *Maintain CDFI certification*.
- Scale the services to *align with SBB's planned growth*.

### **3. Create a nationally recognized public policy program that engages all Southern stakeholders around policy that facilitates savings and supports Southern's overall mission and operations.**

#### **In 2019:**

- Establish an *advocacy presence in Arkansas* around savings-related policy issues. Legislation, writing, and other objectives could focus on America Saves Week, tax time savings, asset limit reform, refundable state Earned Income Tax Credit (EITC), payday lending, and the like.
- Identify and engage with *partners and coalitions* working on savings and related issues.
- Identify opportunities for policy staff and organizational leaders to *speak at events, seminars, meetings, and conferences* so that we can share successes and best practices and influence the work of other organizations.
- Achieve the *Policy Plus AERIS rating*. SBCP will be rated for the first time in 2019.
- Work with SBB and SBI to install *video conferencing equipment* in all Southern markets to facilitate communication with legislators, voters, customers, partners, and others throughout a broader area.

#### **During the plan period:**

- Continue to *build advocacy presence in Arkansas* around savings-related policy issues.
- *Begin advocacy work in Mississippi* through partnerships and possible contract advocates.
- Work with the fundraising team to consider and pass *legislation that facilitates donations and investments* such as an IDA tax credit or CDFI tax credit.

- Engage and respond at the federal level to facilitate *funding of organizations like SBCP* through, for example, the CDFI Fund, the US Department of Housing and Urban Development, the Internal Revenue Service, and USDA Rural Development.
- Intentionally *seek and implement relevant best practices*.
- *Identify and share successful internal initiatives* to establish best practices and thought leadership.
- *Annually review program policies and procedures* and revise as needed.
- Ensure all programs, projects, and activities are *audit ready at all times*.
- Scale the services to *align with SBB's planned growth*.

**4. Continue to develop a comprehensive resource development and fundraising program that emphasizes SBCP's vision for increasing impact, scale and innovation of its financial development services, public policy and lending.**

**In 2019:**

- *Increase retail donations* by 10 percent with an emphasis on new donors.
- Double usage of and income from the eHome America online homeownership education program through outreach to aspiring homeowners, real estate agents, mortgage lenders, and others.

**During the plan period:**

- Consider methods of *increasing earned income through offering financial development services* through other financial institutions.
- Consider pursuing *grants and loan capital from depository institutions* in addition to SBB and SBI.
- Scale the services to *align with SBCP's planned growth*.
- Ensure all funding records are *audit ready at all times*.

**5. Promote a culture that prioritizes accountability, efficiency, self-sufficiency, proactive problem solving, and impact in alignment with the SBCP mission and One Southern strategy.**

**In 2019:**

- Work with SBB and SBI to install *video conferencing equipment* in all Southern markets to facilitate a consistent culture over a broad service area.

**During the plan period:**

- Align personnel management activities and organizational priorities with *Southern's five core values*—relationship, accountability, innovation, sustainability, and empowerment.
- Receive an *unqualified annual audit*.
- *Annually review operational policies and procedures* and revise as needed to keep them relevant and facilitate and ensure efficient operations.
- Use an evidence-based approach to *refine existing work*.
- *Strategically recruit interns* to assist in program implementation and evaluation, and to develop a pipeline of future employees.
- Develop and implement an *organizational social governance policy* that seeks to maximize the mission impact of all activities through methods such as local purchasing, living wage continuance, and diversity/equity/inclusion initiatives.