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**FOR IMMEDIATE RELEASE**

**SouthPoint Bancshares, Inc. and Merchants Financial Services, Inc. Announce a Strategic Merger**

Birmingham, Ala. – August 24, 2021 – SouthPoint Bancshares, Inc. (“SouthPoint”), the parent company of SouthPoint Bank, and Merchants Financial Services, Inc. (“Merchants”), parent of Merchants Bank of Alabama, jointly announced today the execution of a definitive merger agreement under which Merchants will merge with SouthPoint in a merger (the “merger”) in which 50% of the aggregate consideration will be paid in cash and the remaining 50% will be exchanged for shares of SouthPoint common stock.

With the merger, SouthPoint will extend its banking franchise from metro Birmingham up the I-65 corridor to include locations in Cullman, Hanceville, and Arab. Based on June 30, 2021 financials, the combined organization will have approximately \$1.0 billion in assets, \$895 million in deposits, and 10 branches.

Merchants Bank of Alabama will continue to operate under its current name as a division of SouthPoint Bank after completion of the merger. Merchants President, CEO and Senior Lender Charles R. NeSmith will become President of North Alabama for SouthPoint and likewise, EVP and CFO W. Clark Rainwater will become CFO of the combined organization. Additionally, three directors from Merchants will join the Board(s) of Directors of SouthPoint and SouthPoint Bank.

“We are extremely excited to join with the Merchants Bank team and serve their markets in Cullman and Marshall counties. We look forward to a bright future together.” said J. Stephen Smith, the Chairman, President and CEO of SouthPoint.

Steven R. Glasscock, Chairman of Merchants, commented, “Merchants Bank of Alabama is proud to partner with SouthPoint Bank in this transaction and looks forward to the continued community bank benefits the combined organizations will bring to our customers, employees, stockholders and communities.”

The consideration per share of Merchant’s stock will be \$30.00 cash or 1.1538 SouthPoint shares, or a combination of a portion of each. Subject to overall limitations and circumstances, Merchants shareholders will have the ability to vary the proportions of cash and stock consideration. For SouthPoint, the merger is expected to be accretive to 2022 earnings per share with a tangible book value earnback period of less than three years.

The merger, which has been unanimously approved by the Board of Directors of each company, is expected to close early in the first quarter of 2022. This remains subject to approval by both companies’ shareholders and federal and state regulatory authorities as well as the satisfaction of other customary closing conditions provided in the merger agreement.

Compton Jones Drescher served as legal advisor to SouthPoint and Performance Trust Capital Partners, LLC served as exclusive financial advisor. Gerrish Smith Tuck served as legal and financial advisor to Merchants and Vining Sparks rendered a fairness opinion to Merchants.

### **About SouthPoint Bancshares, Inc.**

SouthPoint Bancshares, Inc. is the parent company of SouthPoint Bank. SouthPoint Bank was founded in 2005 in Birmingham, Alabama to create a local community bank dedicated to superior customer service for its customers. The bank has assets of approximately \$634 million and has five bank branches in Birmingham, Vestavia (Liberty Park), Gardendale, Trussville and Wilsonville. The bank also operates a full-service mortgage division with five branches throughout the state of Alabama.

### **About Merchants Financial Services, Inc.**

Founded in 1907, Cullman, Alabama-based Merchants Bank of Alabama is the wholly-owned subsidiary of Merchants Financial Services, Inc. The bank has \$389 million in total assets, and operates five full-service banking centers in the northern Alabama markets of Cullman, Hanceville, and Arab.

### **Forward-Looking Statements:**

Certain statements in this release contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which statements can generally be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “target,” “plan,” “project,” “continue,” or the negatives thereof, or other variations thereon or similar terminology, and are made on the basis of management’s plans and current analyses of SouthPoint and Merchants, and their respective businesses and the industry as a whole. These forward-looking statements are subject to risks and uncertainties, including, but not limited to, economic conditions, competition, interest rate sensitivity and exposure to regulatory and legislative changes. The above factors, in some cases, have affected, and in the future could affect financial performance and could cause actual results to differ materially from those expressed or implied in such forward-looking statements, even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

#### *For Media*

Mackenzie Brown  
AVP – Marketing  
[mbrown@southpoint.bank](mailto:mbrown@southpoint.bank)  
205-637-2309

#### *For Investor Relations*

Jeanne Noto  
Investor Relations  
[jnoto@southpoint.bank](mailto:jnoto@southpoint.bank)  
205-503-5018