

SHAREHOLDER LETTER

A Message from Ken Burgess

Dear Shareholder,

I am very happy to report that the Company has finished the strongest quarter in terms of earnings in its history. Earnings were \$7.4 million in the 2nd quarter as compared to \$3.1 million for the same period in 2020. Of course, the 2nd quarter of 2020 was in the middle of the pandemic outbreak which had some negative impact, but we, as a nation and a Company, have come back strong from that time. For the six months ended June 30, 2021, the Company earned \$13.9 million as compared to \$8.0 million for the same period last year, representing an increase of 73%.

Earnings per share for the first six months of 2021 were \$.83 vs. \$.48 for the same period in 2020, an increase of 73%. The Company paid dividends of \$.10 per share during the period.

Total assets of the Company increased from \$1.845 billion at December 31, 2020 to \$1.966 billion as of June 30, 2021. This represents growth of 6.5% or an annualized rate of almost 13%.

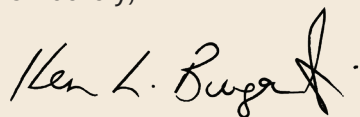
We are seeing improvement in many of our small business loans as they have been able to gear back up and improve sales. The energy, hospitality and retail sectors, which were particularly adversely impacted by the pandemic, have all seen marked improvement since the beginning of 2021. Customers in these sectors are experiencing improvements in operating performance, which translates to improved ability to perform on their credits. The Company worked with businesses during the pandemic to reduce or defer payments on loans until conditions improved and this has allowed many businesses to navigate through the storm. Early in 2021, we also participated in Round 2 of the Payroll Protection Program by making a significant number of loans to our customers under the Federal SBA loan program. As in Round 1, the Company opened the funding of these loans to customers and non-customers alike, and gained a significant number of new customers through the effort.

We are very optimistic about our performance for the remainder of the year as the economy continues to move out of the pandemic.

You will find attached a detailed analysis of the Company's performance for this quarter and for the first half of the year. If you have any questions, please reach out to us and we will be glad to discuss.

I hope each of you and your families are doing well.

Sincerely,



Ken L. Burgess, Jr.
CEO

