

## SHAREHOLDER LETTER

# A Message from Ken Burgess

Dear Shareholder,

As we enter the fourth quarter of 2021, I hope that everyone is happy and healthy. After a very challenging 2020 and early 2021, the year continues to improve as the Covid pandemic slows down.

The Company continued a very strong performance trend in the third quarter. 2021 is proving to be the strongest earnings year in its history. Record earnings allowed us to pay out another special dividend at the end of the third quarter along with the regular quarterly dividends we began paying in early 2020.

Earnings for the nine months ended September 30, 2021 were \$20.8 million compared to \$11.7 million for the same period in 2020. 2020 earnings were impacted by the Covid shutdown of the economy. Earnings for the third quarter alone were \$6.9 million for 2021 compared to \$3.7 million in 2020.

In addition to the solid profitability, the Bank has continued to see notable growth in loans and deposits. Total assets at quarter end September 30, 2021 were just under \$2 billion compared to \$1.84 billion at year end 2020. This represents growth of 10.9% annualized.

We are seeing continuing improvement in the financial health of our customers as they recover from 2020. Some industries were impacted more severely than others and recovery for those most impacted has been slower.

During the last two years, the Bank supported many customers, both existing and new, through the federal Paycheck Protection Program (PPP). We made in excess of 2,900 loans totaling more than \$270 million through two separate rounds of funding. The bulk of those loans have been paid off by the Small Business Administration as participants in the program have completed their forgiveness applications. As of September 30, 2021, \$68 million in PPP loans remained outstanding, and we expect a majority of those to be forgiven by year end 2021.

As we enter the upcoming holiday season, we hope you are able to spend time with family and friends.

Attached you will find a detailed financial analysis which will



give you more information about the topics summarized to the left. If you have any questions, please feel free to call or e-mail us.

Sincerely,

A handwritten signature in black ink that reads "Ken L. Burgess, Jr." The signature is written in a cursive, flowing style.

Ken L. Burgess, Jr.  
CEO