


2019 Year End

**POINTING OUR
SHAREHOLDERS
*FORWARD***

A portrait of J. Stephen Smith, Chairman, President and CEO of SouthPoint Bank. He is a middle-aged man with short brown hair, wearing a light blue dress shirt and a striped tie. He is smiling slightly and looking directly at the camera. The background is a blurred office interior with large windows showing greenery outside.

J. Stephen Smith
Chairman, President and CEO

Dear Shareholder,

I am extremely pleased to send you this letter and the attached charts showing the performance of SouthPoint Bank for the year 2019.

We had another record year in 2019 continuing the momentum from the last 5 years. Our Earnings per share were up 13%, Pre-Tax income this year was up 18% over 2018; return on Assets and Equity after-tax continues to be excellent at 1.26% and 14.34%, respectively.

With interest rates declining during the year, our margins were compressed, but this helped us have a great year in home mortgage production. Our mortgage division increased after tax earnings from \$737M to \$1,348M for the year. Almost doubling last year's performance! Our performance in this area is significantly better than the median community bank in Alabama when measured by the percentage of Non-Interest Income to our total Assets produced by the team and their business model. Hooray!!

Our growth rate in core loans and deposits continues to be extremely strong. Total loans this year net of payoffs (which were significant) grew by 12% and deposits grew by 17%.

Our entire team is focused on growing the bank in a safe and sound manner. Over time, we will consistently add value to our shares with our

existing business model and we will attempt to find partners in the community bank space that could enhance our franchise and/or increase our growth rate.

During the past year several of our shareholders have let me or other team members know of profitable opportunities for business that we should evaluate and pursue; others have let me know about specific bankers that may be a good fit to join our team; both of these actions help us continue to increase shareholder value and are much appreciated!! Please continue to keep our bank in mind as a great place for businesses you know to move their banking relationship and/or quality bankers that would find this to be a great place to work.

Our entire staff and the board of directors Thank You for your investment and support of our bank. We are all excited about 2020, we have plenty of capital to grow, we have a stable team, and expect another record year for our company.

Let me know if you have any suggestions on how we could improve the bank.

Sincerely,

A handwritten signature in black ink that reads "J. Stephen Smith". The signature is stylized with a large "J" and a prominent "S".

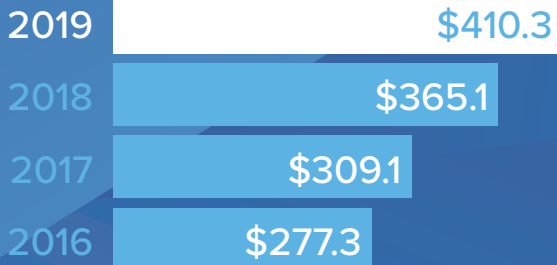
Steve Smith
Chairman, President and CEO

2019

\$18.38

BOOK VALUE
PER SHARE

ASSETS
in millions



87

**TOTAL
EMPLOYEES**

4,838

ACCOUNTS CALL SOUTHPPOINT THEIR BANK

**NEW
MORTGAGE
BRANCH**

**ALEX
CITY**





