2019 Year End

POINTING OUR SHAREHOLDERS *FORWARD*

SOUTH POINT BANK

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,

Steve Smith
Chairman, President and CEO

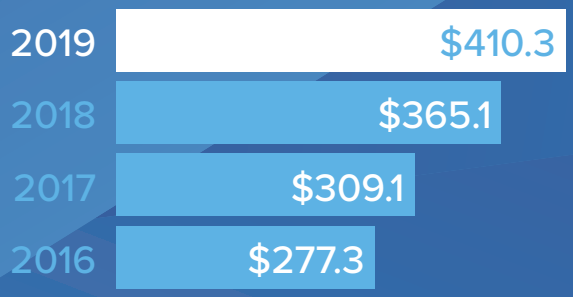
SOUTHPOINT

2019

$18.38
BOOK VALUE PER SHARE

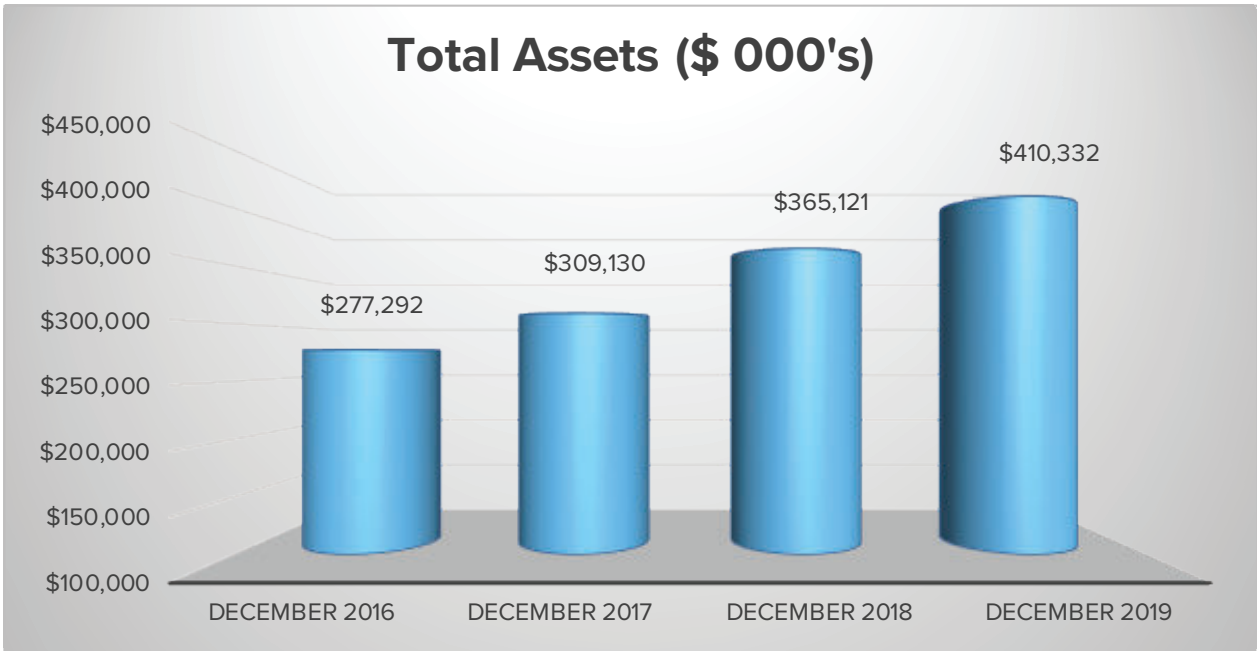
87
TOTAL EMPLOYEES

ASSETS
in millions



4,838
ACCOUNTS CALL SOUTHPOINT THEIR BANK

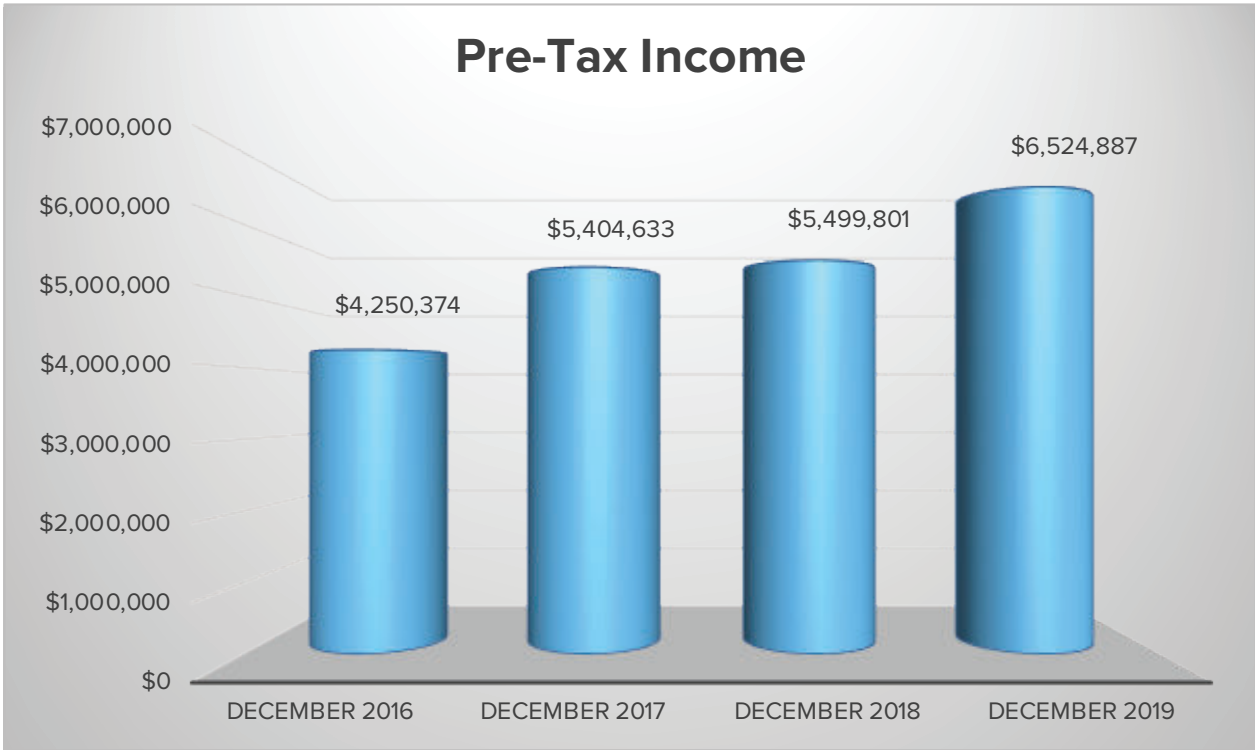
NEW MORTGAGE BRANCH
ALEX CITY

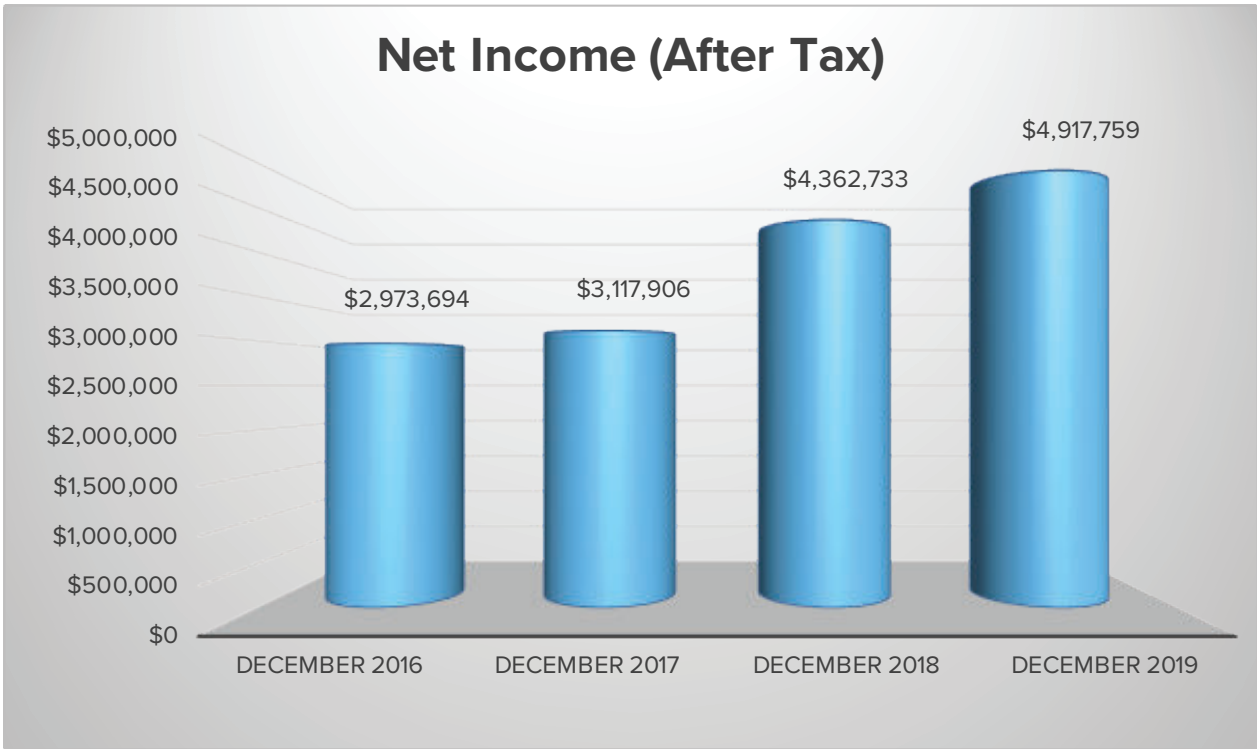

Total Assets ($ 000's)
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$277,292
$309,130
$365,121
$410,332
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019

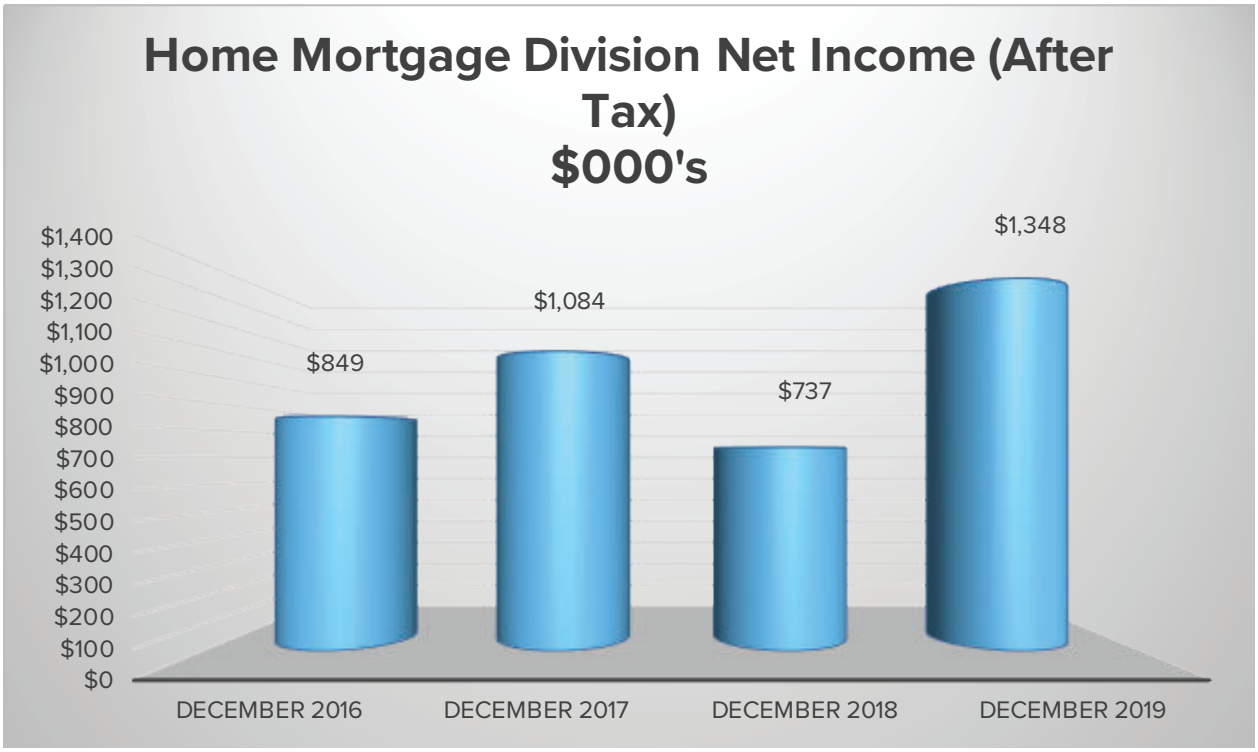
Total Loans ($ 000's)
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$211,506
$244,370
$300,896
$336,077
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019

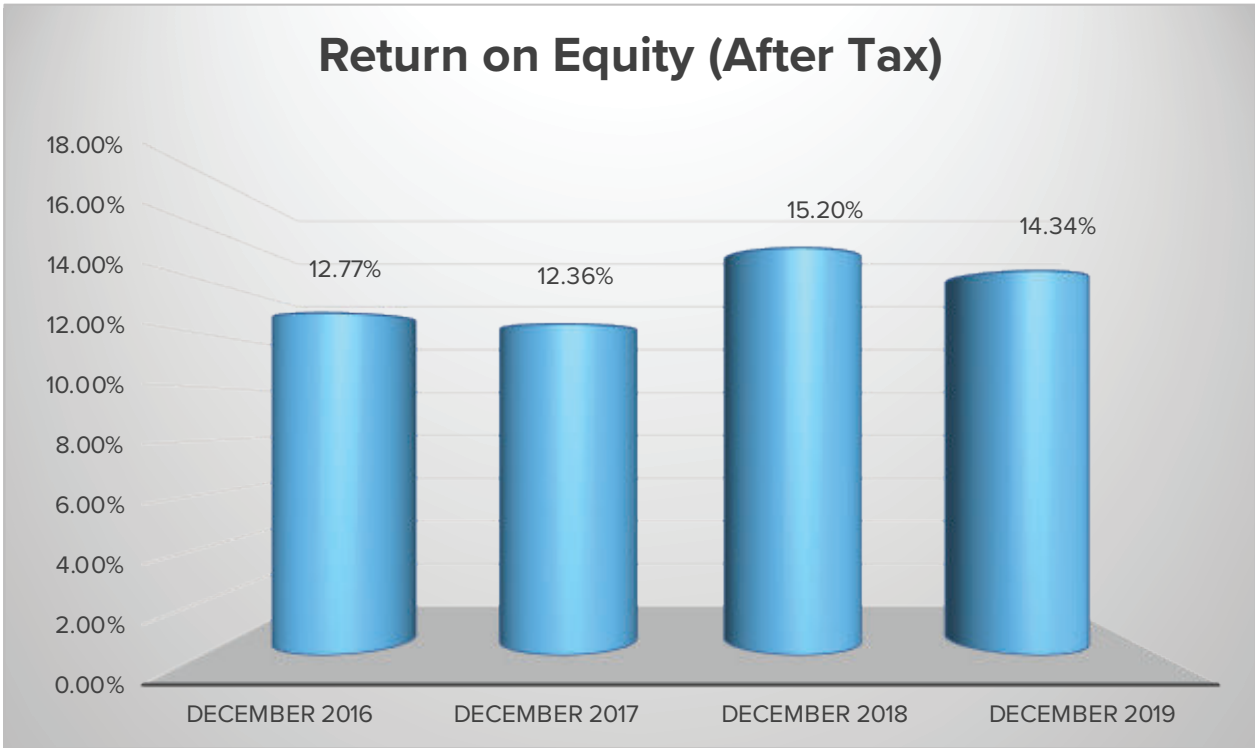
Total Deposits ($ 000's)
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$247,763
$249,356
$313,977
$368,272
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019

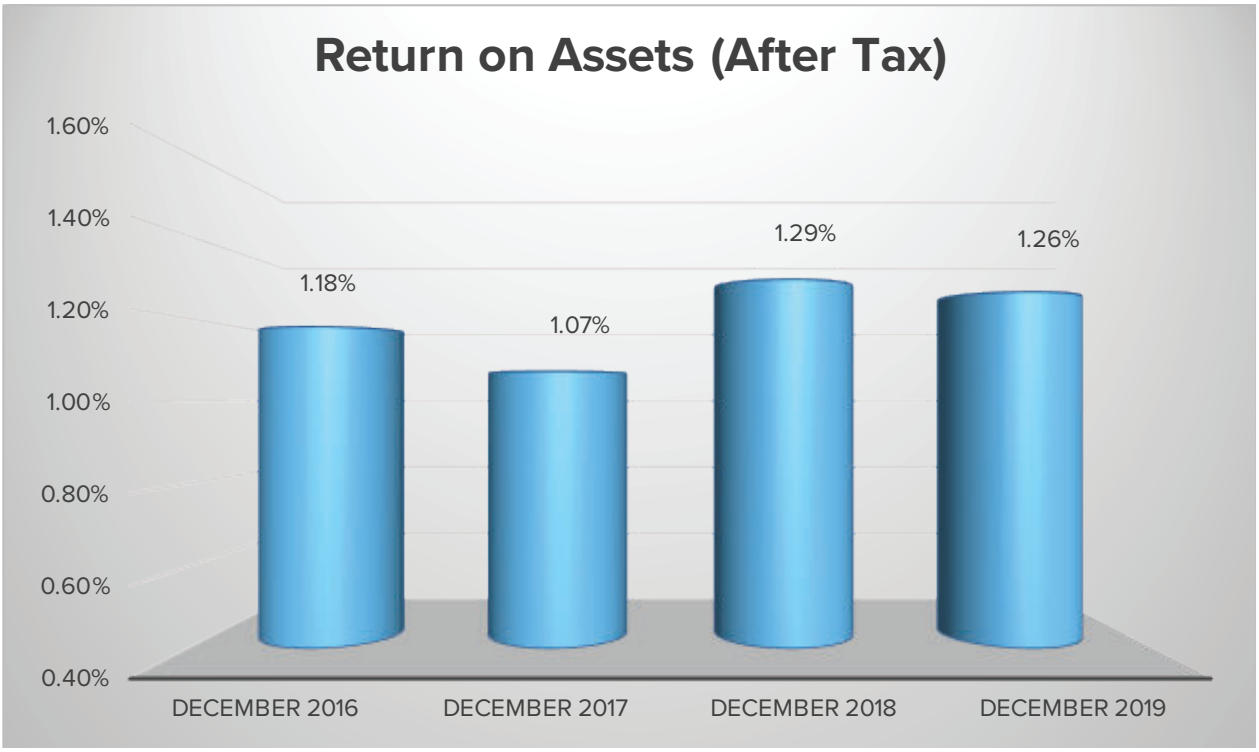
Earnings Per Share (12 Months)
$2.50
$2.00
$1.50
$1.00
$0.50
$-
$1.46
$1.57
$2.18
$2.46
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019

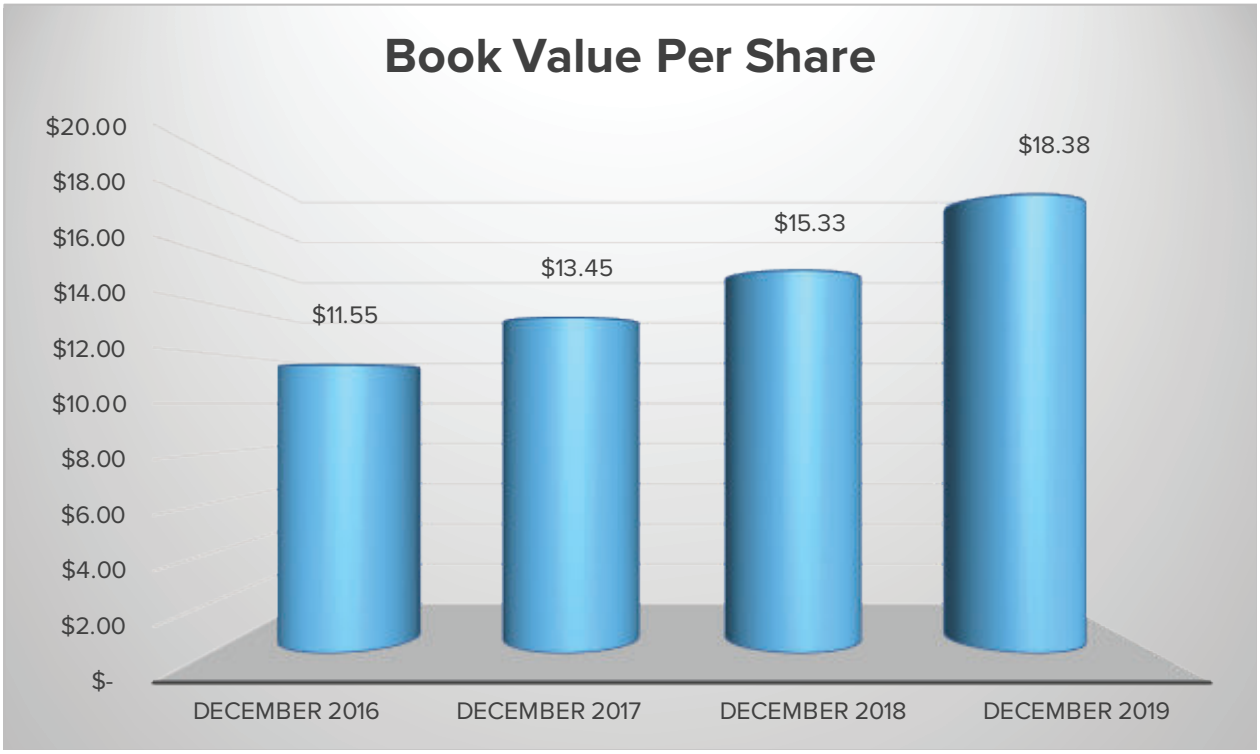

Pre-Tax Income
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
$4,250,374
$5,404,633
$5,499,801
$6,524,887
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019


Net Income (After Tax)
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$2,973,694
$3,117,906
$4,362,733
$4,917,759
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019


Home Mortgage Division Net Income (After Tax)
$000's
$1,400
$1,300
$1,200
$1,100
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
$849
$1,084
$737
$1,348
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019


Return on Equity (After Tax)
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
12.77%
12.36%
15.20%
14.34%
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019


Return on Assets (After Tax)
1.60%
1.40%
1.20%
1.00%
0.80%
0.60%
0.40%
1.18%
1.07%
1.29%
1.26%
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019


Book Value Per Share
$20.00
$18.00
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$-
$11.55
$13.45
$15.33
$18.38
DECEMBER 2016
DECEMBER 2017
DECEMBER 2018
DECEMBER 2019