



August 27, 2025

Dear Fellow Shareholders,

I am pleased to present the Bank's results for the six-month period ending June 30, 2025.

### **Financial Performance**

Total assets increased slightly to \$478 million, supported by a conservative balance sheet. Construction and development loans declined significantly following the completion of major projects, while deposits held steady at \$419 million, driven by growth in demand and core deposits. Capital rose 11.5% to \$47 million, further strengthening the balance sheet.

Net income grew 6% to \$4.61 million, supported by higher net interest income and improved yields, despite a slight decline in loan interest income. Non-current assets remained low at 0.07% of total assets indicating good asset quality.

### **Income and Expenses**

Interest income increased due to stronger investment yields, while interest expense declined as deposit and borrowing costs fell. Non-interest income decreased by about 12%, primarily from lower fee income tied to reduced loan production. Non-interest expenses rose modestly, but overall net overhead expenses remained favorable compared to peers.

### **Outlook and Dividends**

The Federal Reserve is expected to reduce the Fed Funds rate in September which may compress the Bank's net interest margin but could also stimulate loan demand. Despite these headwinds, the Bank remains on track for a good year.

The Board of Directors has declared a distribution of \$0.75 per share, payable on September 5, 2025, to shareholders of record as of August 21, 2025.

Sincerely,

William Gary Holemon  
Director, President & CEO