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YEAR END





J. Stephen Smith
Chairman, President and CEO

Hello all,

I hope everyone is staying safe and free of the Covid-19 virus and can get a vaccine soon!

SouthPoint Bank, like all of us, had an unusual year in 2020 due to the Pandemic. We ultimately had an outstanding year both in total profits and the amount of businesses and people that we assisted in managing the crisis. I believe you will be very pleased with the metrics in the graphs as attached, representing excellent results for our Shareholders.

Short-term and long-term interest rates dropped significantly in the first quarter (Q1) due to the recession caused by the Coronavirus. As I have mentioned many times, our fundamental margin business is harmed by low short-term interest rates (especially sudden drops), but our home mortgage business is helped by low long-term rates. This well-demonstrated business balance is the main reason we added the home mortgage division secondary-sell line of business years ago.

In the first round of the Payroll Protection Program (PPP), we completed 650 loans out of 650 applications, totaling \$73,000,000 in loans.

SouthPoint Bank funded these PPP loans with the Federal Reserve PPP funding facility, as use of this facility exempted our bank from counting these loans in our regulatory capital ratios. \$53,178,000 of the original amount are still on our balance sheet now awaiting the customers to apply for forgiveness from the SBA, which will result in payoffs to SouthPoint Bank. We are now in PPP Round 2 and have completed \$14,000,000 in loans thus far, with more to come. However, we expect significantly less volume of PPP loans than were funded in Round 1. Mark Woods, Rob Richardson and Steve Brogdon finalized the largest share of the aforementioned PPP Round 1 loans and worked extremely hard to get the first group approved in the SBA government-controlled system which was not working well, if at all, from 8-5pm daily. Several other SouthPoint Bank team members were involved in different ways to get these First Rounders 100% completed and funded. I am personally proud of the work that this group did to help small business people in need! Some small business owners were truly in desperate need, as we had several customers get emotional once we told them that they would get the PPP loan! One customer told me, "If I didn't get this loan in time, I would lose everything that I have worked for in the last 26 years". Yet another said, "My business

has been banking with AmSouth since 1968 and I cannot get my PPP loan done, can you help me?" These were two of the 650 loans that closed and funded with SouthPoint Bank. On a personal note, I will always look back on our bank's service to our community as a great source of pride in the team we have built. SouthPoint Bank was able to accomplish what most big banks could not.

Our mortgage team grew significantly during the year, both in volume of closed loans and new origination offices in Anniston and Alexander City, now occupied by the best loan originators in the business. Please take note of the significant net income growth for our mortgage division for 2020. This group had an outstanding year, successfully navigating an immense amount of work and several team members contracting Covid-19. The low long-term interest rates allowed SouthPoint to close significantly more refinance loans than our normal volume. Most of our normal mortgage lending is centered in home purchase loans. This type of business is more stable in the long run, but during a large and sudden drop in interest rates, a huge number of people were interested in refinancing their mortgage loans with us. This refinance business is amazing when it is at a high volume, but not sustainable in the long run, since rates eventually either stabilize or rise. Congratulations to all of the mortgage team!! Our mortgage-only offices outside of our full-service branches are in Decatur, Anniston/Oxford, Prattville/Millbrook, Alexander City (Lake Martin), Daphne (Baldwin County), Muscle Shoals and growing!

SouthPoint Bank's retail team in our branches operated all year serving the public and our customers under Covid-19 safety guidelines which resulted in no staff contracting Covid-19, for which we are very thankful! We opened a new Branch location in Liberty Park, Vestavia, Alabama, and it is off to a great start gathering deposits! This is our 5th branch opening since inception, including the Main Office (Grandview 280), Trussville, Gardendale,

Wilsonville, and now Liberty Park. I constantly get rave reviews from people about how nice our people are to customers and non-customers.

Our Commercial lending team also had an outstanding year. The Commercial team grew loans by 20% net after payoffs, not including PPP loans. This 2020 growth is more than double the bank median loan growth rate in Alabama. The Commercial team also made a significant contribution in the PPP lending process, as did many of our staff. It was an all-hands-on-deck type of situation, and I have never been prouder of our team culture! Howie Myers leads the Commercial lending group and they are consistent long-term contributors to SouthPoint Bank's continued financial success.

Overall, we had great year of financial performance, with record profits and a grand contribution to the communities where we operate and live.

As you can probably tell, I am extremely proud of all of our team during this strange and risky pandemic environment.

On an overall historical note, we started SouthPoint Bank in 2005 with \$17,418m in capital, and after taking a step back during the financial crisis of 2008-2012, at 2020 year-end, we have created capital, including our loan loss reserves of \$52,717m.

Thank you for your support of SouthPoint Bank in these stellar growth years by allowing the bank to keep our capital to grow the business!

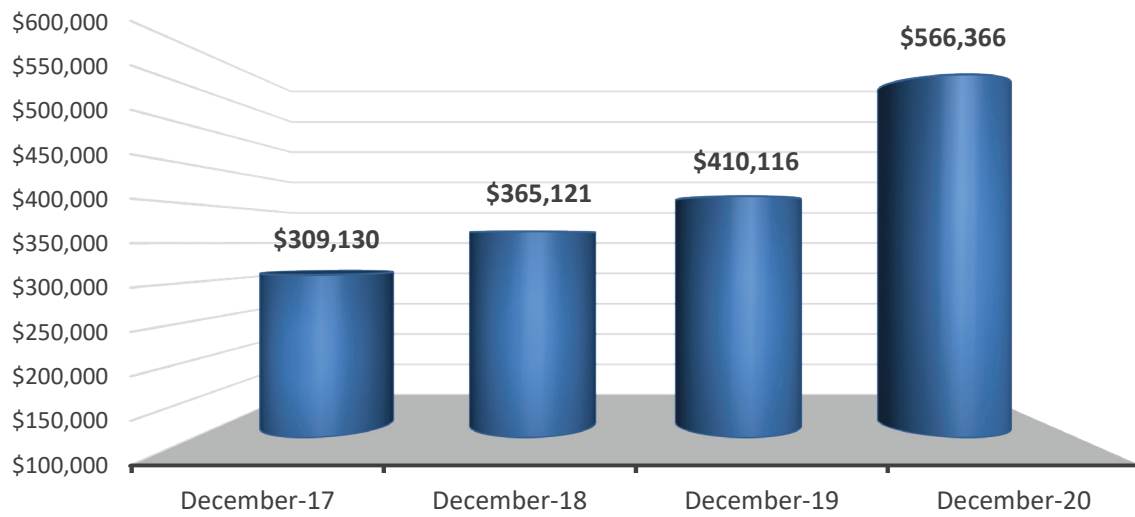
Sincerely,



Steve Smith
Chairman, President and CEO

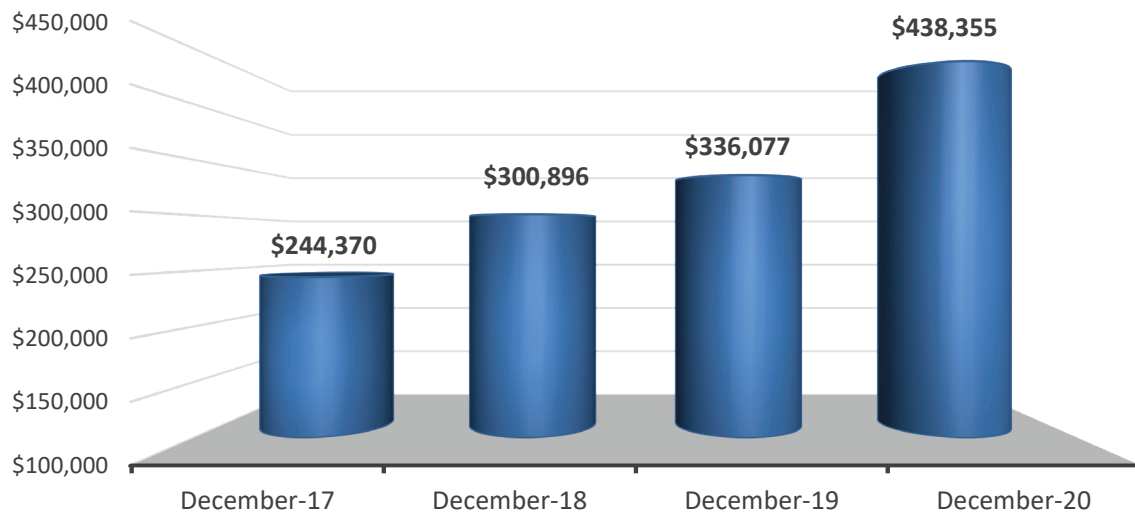
(Graphs from 2020 results are unaudited)

Total Assets (\$ 000's)

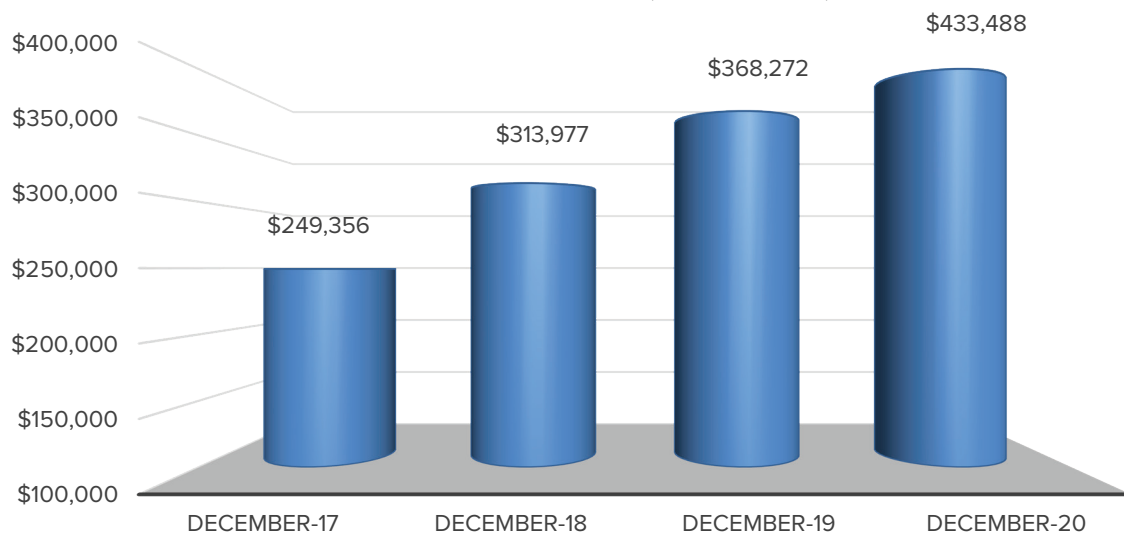


(Graphs from 2020 results are unaudited)

Total Loans (\$ 000's)

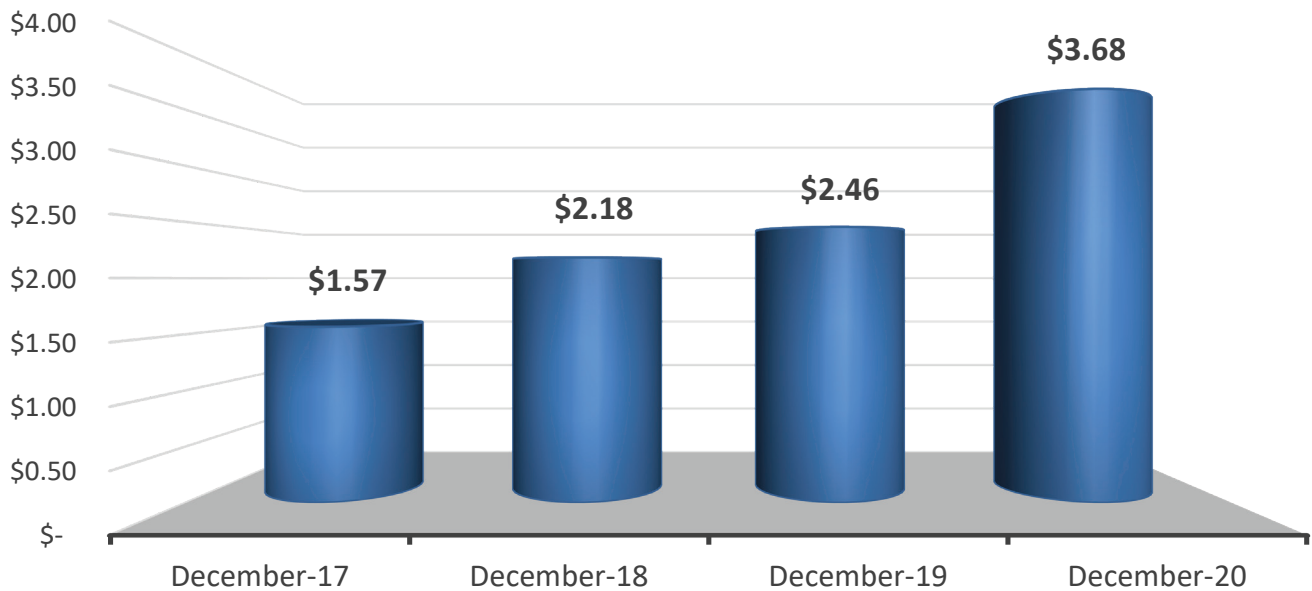


Total Deposits (\$ 000's)

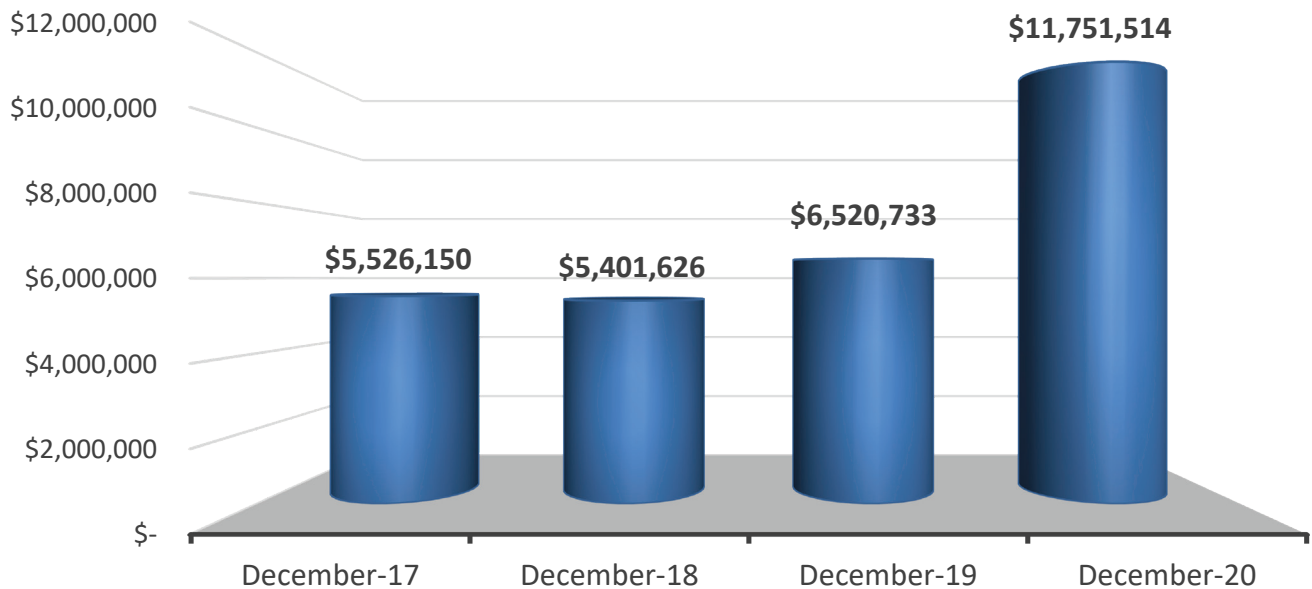


(Graphs from 2020 results are unaudited)

Earnings Per Share (12 Months)

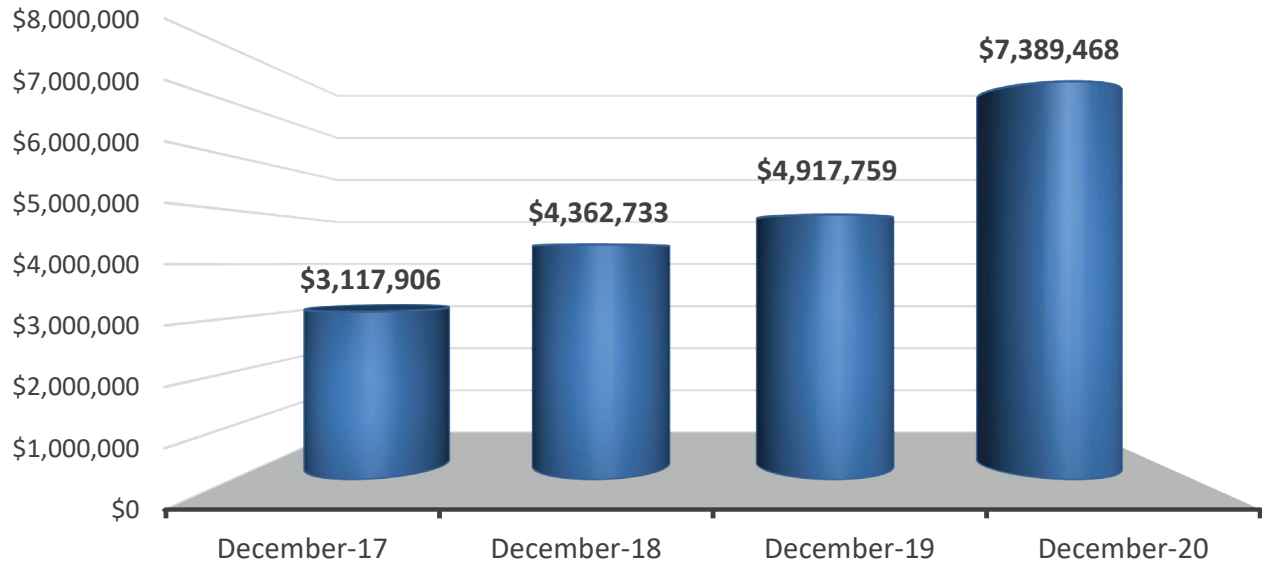


YTD Pre-Tax and Pre-Provision Earnings

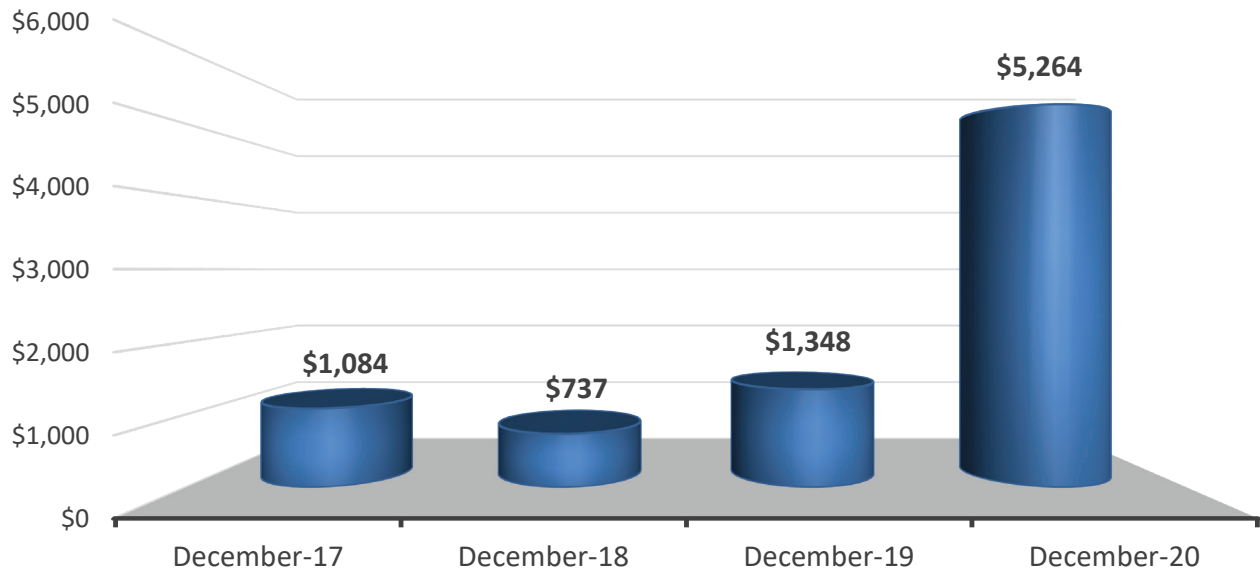


(Graphs from 2020 results are unaudited)

Net Income (After Tax)

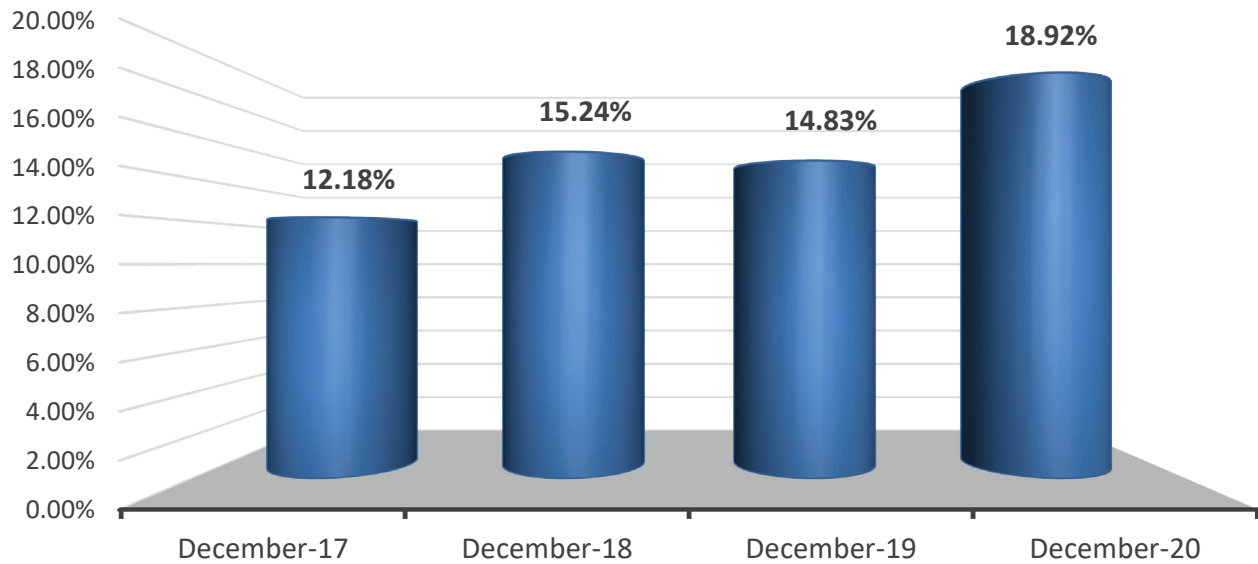


Home Mortgage Lending Net Income (\$ 000's)

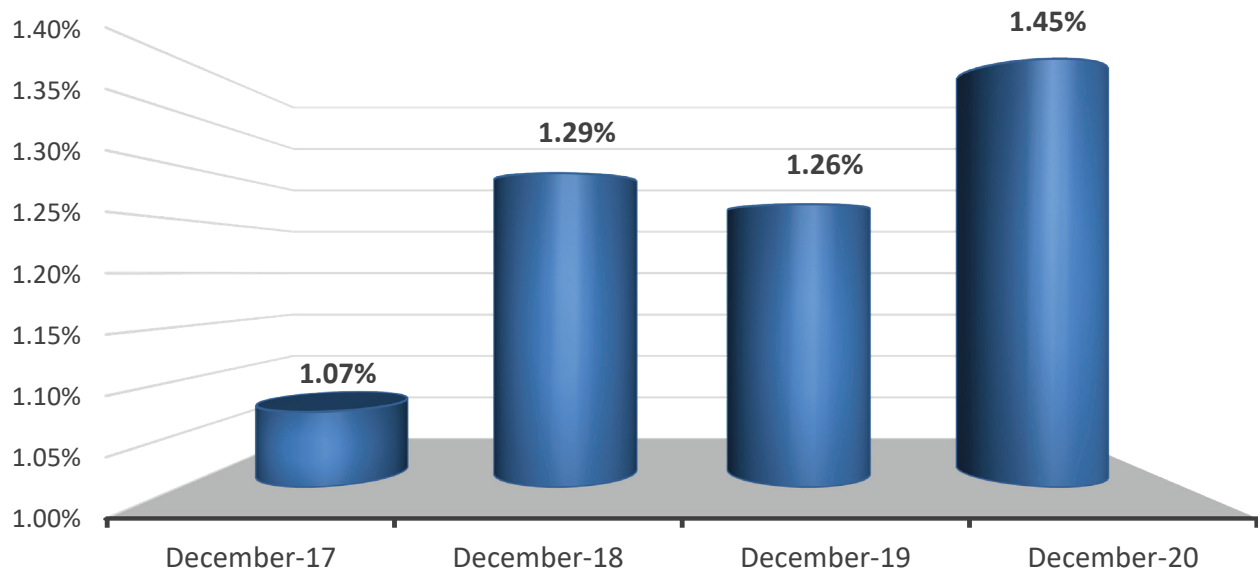


(Graphs from 2020 results are unaudited)

Return on Equity (After Tax)



Return on Assets (After Tax)



(Graphs from 2020 results are unaudited)

Book Value Per Share



FORWARDING LOOKING STATEMENT

Certain statements in this summary annual report may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which statements can generally be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “target,” “plan,” “project,” “continue,” or the negatives thereof, or other variations thereon or similar terminology, and are made on the basis of management’s plans and current analyses of the Company, its business and the industry as a whole. These forward-looking statements are subject to risks and uncertainties, including, but not limited to, economic conditions, competition, interest rate sensitivity and exposure to regulatory and legislative changes. The above factors, in some cases, have affected, and in the future could affect the Company’s financial performance and could cause actual results to differ materially from those expressed or implied in such forward-looking statements, even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.