

Calvin B. Taylor Bankshares, Inc. and Subsidiary
Consolidated Balance Sheets

| | (unaudited) June 30, 2022 | December 31, 2021 | (unaudited) June 30, 2021 |
|---|---------------------------------|-----------------------|---------------------------------|
| Assets | | | |
| Cash and cash equivalents | | | |
| Cash and due from banks | \$ 13,386,781 | \$ 9,931,724 | \$ 17,240,944 |
| Federal funds sold and interest bearing deposits | 186,286,793 | 280,331,067 | 221,200,232 |
| Total cash and cash equivalents | 199,673,574 | 290,262,791 | 238,441,176 |
| Time deposits in other financial institutions | 2,225,908 | 3,478,221 | 6,981,022 |
| Debt securities available for sale, at fair value | 161,270,781 | 128,654,564 | 99,345,642 |
| Debt securities held to maturity, at amortized cost | 33,425,407 | 13,967,244 | 3,509,644 |
| Equity securities, at cost | 1,213,333 | 1,103,833 | 1,103,733 |
| Loans | 489,366,784 | 434,866,477 | 457,348,554 |
| Less: allowance for loan losses | (2,185,136) | (1,998,728) | (1,948,398) |
| Net loans | 487,181,648 | 432,867,749 | 455,400,156 |
| Accrued interest receivable | 1,807,064 | 1,701,446 | 2,077,867 |
| Prepaid expenses | 351,709 | 645,725 | 601,955 |
| Other real estate owned | - | - | - |
| Premises and equipment, net | 12,856,649 | 12,904,446 | 12,672,886 |
| Computer software | 285,541 | 342,148 | 350,877 |
| Deferred income taxes | 2,907,321 | - | - |
| Bank owned life insurance and annuities | 21,643,955 | 18,223,348 | 17,940,582 |
| Other assets | 305,133 | 327,271 | 584,682 |
| Total assets | <u>\$ 925,148,023</u> | <u>\$ 904,478,786</u> | <u>\$ 839,010,222</u> |
| Liabilities and Stockholders' Equity | | | |
| Deposits | | | |
| Non-interest bearing | \$ 291,101,093 | \$ 283,096,833 | \$ 284,870,586 |
| Interest bearing | 536,221,111 | 520,148,789 | 454,973,653 |
| Total deposits | 827,322,204 | 803,245,622 | 739,844,239 |
| Accrued interest payable | 32,796 | 26,029 | 26,483 |
| Dividends payable | 827,928 | 800,620 | 801,981 |
| Securities purchase payable | 2,024,064 | - | - |
| Accrued expenses | 198,779 | 623,132 | 156,095 |
| Non-qualified deferred compensation | 581,285 | 645,716 | 553,488 |
| Deferred income taxes | - | 6,759 | 447,841 |
| Other liabilities | 153,734 | 41,992 | 55,946 |
| Total liabilities | 831,140,790 | 805,389,870 | 741,886,073 |
| Stockholders' equity | | | |
| Common stock, par value \$1 per share; | | | |
| authorized 10,000,000 shares; issued and outstanding | 2,759,360 | 2,760,760 | 2,765,452 |
| Additional paid-in capital | 2,349,296 | 2,398,533 | 2,562,103 |
| Retained earnings | 97,986,856 | 94,670,987 | 91,460,155 |
| Accumulated other comprehensive income (loss), net of tax | (9,088,279) | (741,364) | 336,439 |
| Total stockholders' equity | 94,007,233 | 99,088,916 | 97,124,149 |
| Total liabilities and stockholders' equity | <u>\$ 925,148,023</u> | <u>\$ 904,478,786</u> | <u>\$ 839,010,222</u> |

Calvin B. Taylor Bankshares, Inc. and Subsidiary
Consolidated Statements of Comprehensive Income (unaudited)

| | For the three months ended | | For the six months ended | |
|---|----------------------------|---------------|--------------------------|---------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Interest revenue | | | | |
| Loans, including fees | \$ 5,306,083 | \$ 4,930,082 | \$ 10,135,504 | \$ 9,887,836 |
| U. S. Treasury and government agency debt securities | 212,047 | 69,005 | 353,454 | 126,233 |
| Mortgage-backed debt securities | 375,766 | 172,651 | 703,371 | 289,423 |
| State and municipal debt securities | 108,387 | 47,506 | 188,023 | 98,509 |
| Federal funds sold and interest bearing deposits | 438,001 | 53,200 | 533,491 | 89,132 |
| Time deposits in other financial institutions | 8,935 | 40,630 | 21,096 | 85,304 |
| Total interest revenue | 6,449,219 | 5,313,074 | 11,934,939 | 10,576,437 |
| Interest expense | | | | |
| Deposits | 235,027 | 186,701 | 447,787 | 373,871 |
| Net interest income | 6,214,192 | 5,126,373 | 11,487,152 | 10,202,566 |
| Provision for loan losses | 150,000 | - | 225,000 | 125,000 |
| Net interest income after provision for loan losses | 6,064,192 | 5,126,373 | 11,262,152 | 10,077,566 |
| Noninterest income | | | | |
| Debit card and ATM | 364,865 | 358,110 | 710,524 | 674,226 |
| Service charges on deposit accounts | 244,067 | 177,268 | 459,520 | 356,355 |
| Merchant payment processing | 106,242 | 58,739 | 162,559 | 72,256 |
| Income from bank owned life insurance and annuities | 73,113 | 99,825 | 146,392 | 185,758 |
| Income from bank owned life insurance death proceeds | 3,463 | - | 275,574 | 618,463 |
| Dividends | 9,262 | 10,124 | 12,572 | 14,719 |
| Gain / (Loss) on disposition of debt securities | - | (3,652) | 645 | 56,801 |
| Gain / (Loss) on disposition of fixed assets | 60 | (2,583) | 60 | (7,514) |
| Gain on equity securities, at cost | 7,018 | - | 7,018 | - |
| Miscellaneous | 87,057 | 87,139 | 160,081 | 158,467 |
| Total noninterest income | 895,147 | 784,970 | 1,934,945 | 2,129,531 |
| Noninterest expenses | | | | |
| Salaries | 1,521,750 | 1,371,866 | 2,880,990 | 2,620,823 |
| Employee benefits | 259,400 | 449,571 | 597,727 | 848,836 |
| Occupancy | 238,279 | 222,492 | 479,039 | 449,860 |
| Furniture and equipment | 222,544 | 197,159 | 443,337 | 400,844 |
| Data processing | 190,427 | 193,382 | 404,412 | 359,497 |
| ATM and debit card | 148,821 | 129,836 | 289,944 | 242,086 |
| Marketing | 188,997 | 85,331 | 275,533 | 120,945 |
| Directors fees | 77,150 | 86,100 | 157,300 | 161,200 |
| Telecommunication services | 76,896 | 81,541 | 163,559 | 163,686 |
| Deposit insurance premiums | 60,336 | 43,774 | 119,879 | 93,669 |
| Other operating | 389,590 | 282,902 | 836,852 | 722,834 |
| Total noninterest expenses | 3,374,190 | 3,143,954 | 6,648,572 | 6,184,280 |
| Income before income taxes | 3,585,149 | 2,767,389 | 6,548,525 | 6,022,817 |
| Income taxes | 902,000 | 695,500 | 1,576,500 | 1,355,500 |
| Net income | 2,683,149 | 2,071,889 | 4,972,025 | 4,667,317 |
| Other comprehensive loss, net of tax | | | | |
| Unrealized losses on available for sale debt securities arising during the period, net of tax | (2,330,417) | 118,499 | (8,346,915) | (470,764) |
| Comprehensive income | \$ 352,732 | \$ 2,190,388 | \$ (3,374,890) | \$ 4,196,553 |
| Earnings per common share - basic and diluted | \$ 0.97 | \$ 0.75 | \$ 1.80 | \$ 1.69 |

Calvin B. Taylor Bankshares, Inc. and Subsidiary
Consolidated Statements of Cash Flows (unaudited)

| | For the three months ended | | For the six months ended | |
|---|----------------------------|-----------------------|--------------------------|-----------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Cash flows from operating activities | | | | |
| Interest received | \$ 6,415,070 | \$ 5,995,744 | \$ 12,167,406 | \$ 12,393,079 |
| Interest paid | (228,433) | (186,297) | (441,020) | (374,225) |
| Fees and commissions received | 1,318,954 | 1,360,910 | 1,659,413 | 2,201,769 |
| Cash paid to suppliers and employees | (2,987,299) | (3,016,244) | (6,243,242) | (5,948,921) |
| Income taxes paid | (1,421,679) | (1,069,001) | (1,450,375) | (1,083,451) |
| Net cash provided by operating activities | 3,096,613 | 3,085,112 | 5,692,182 | 7,188,251 |
| Cash flows from investing activities | | | | |
| Time deposits matured, net of purchases | 250,000 | 1,748,642 | 1,250,000 | 1,750,000 |
| Available for sale debt securities | | | | |
| Sales | - | 3,263,051 | 313,998 | 7,434,218 |
| Maturities, prepayments and calls | 4,672,679 | 2,236,131 | 8,023,613 | 10,519,826 |
| Purchases | (19,346,535) | (26,411,034) | (50,577,342) | (47,082,465) |
| Held to maturity debt securities | | | | |
| Maturities, prepayments and calls | - | - | - | 3,500,000 |
| Purchases | (5,047,735) | - | (19,453,126) | - |
| Loans originated, net of principal reductions | (24,985,283) | (1,786,418) | (54,492,482) | (35,126,335) |
| Purchase of equity securities, at cost | (800) | - | (109,500) | - |
| Redemption of equity securities, at cost | 7,018 | - | 7,018 | 136,500 |
| Proceeds from sale of premises and equipment | 60 | - | 60 | 3,449 |
| Purchases of premises, equipment, and computer software | (242,553) | (79,258) | (365,631) | (186,005) |
| Bank owned life insurance death proceeds | - | 650,956 | 348,686 | 650,956 |
| Purchase of bank owned life insurance and annuities | (80,196) | (5,000,000) | (3,623,790) | (5,000,000) |
| Net cash used by investing activities | (44,773,345) | (25,377,930) | (118,678,496) | (63,399,856) |
| Cash flows from financing activities | | | | |
| Net increase (decrease) in | | | | |
| Time deposits | 894,654 | 5,737,492 | 2,167,610 | 7,030,731 |
| Other deposits | 19,966,002 | 80,622,448 | 21,908,972 | 118,376,429 |
| Common shares repurchased | (50,637) | - | (50,637) | (253,572) |
| Dividends paid | (828,228) | (801,981) | (1,628,848) | (1,606,131) |
| Net cash provided by financing activities | 19,981,791 | 85,557,959 | 22,397,097 | 123,547,457 |
| Net increase (decrease) in cash and cash equivalents | (21,694,941) | 63,265,141 | (90,589,217) | 67,335,852 |
| Cash and cash equivalents at beginning of period | 221,368,515 | 175,176,035 | 290,262,791 | 171,105,324 |
| Cash and cash equivalents at end of period | <u>\$ 199,673,574</u> | <u>\$ 238,441,176</u> | <u>\$ 199,673,574</u> | <u>\$ 238,441,176</u> |

Calvin B. Taylor Bankshares, Inc. and Subsidiary
Consolidated Statements of Cash Flows Cont. (unaudited)

| | For the three months ended | | For the six months ended | |
|--|----------------------------|---------------------|--------------------------|---------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Reconciliation of net income to net cash provided by operating activities | | | | |
| Net income | \$ 2,683,149 | \$ 2,071,889 | \$ 4,972,025 | \$ 4,667,317 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | | |
| Premium amortization and discount accretion | 200,460 | 166,685 | 378,251 | 366,340 |
| Loss (gain) on disposition of investment securities | - | 3,652 | (645) | (56,801) |
| Gain on equity securities, at cost | (7,018) | - | (7,018) | |
| Provision for loan losses | 150,000 | - | 225,000 | 125,000 |
| Depreciation and amortization | 236,926 | 245,302 | 470,035 | 492,025 |
| Loss (gain) on disposition of premises, equipment, and software | (60) | 2,583 | (60) | 7,514 |
| Earnings on bank owned life insurance and annuities | (73,112) | (99,825) | (146,392) | (185,758) |
| Accrued and deferred income taxes | (519,679) | (373,501) | 126,125 | 272,049 |
| Decrease (increase) in | | | | |
| Deferred loan fees and costs, net | (42,995) | 108,083 | (46,417) | 1,232,494 |
| Accrued interest receivable | (191,613) | 46,067 | (99,366) | 324,355 |
| Prepaid expenses | 134,341 | (80,664) | 294,016 | 10,233 |
| Other assets | 541,096 | 1,063,423 | (110,874) | 305,058 |
| Increase (decrease) in | | | | |
| Accrued interest payable | 6,594 | 404 | 6,767 | (354) |
| Accrued expenses | (75,791) | (93,545) | (424,353) | (445,932) |
| Non-qualified deferred compensation | (55,031) | 33,949 | (64,431) | 67,862 |
| Other liabilities | 109,346 | (9,390) | 119,519 | 6,849 |
| Net cash provided by operating activities | <u>\$ 3,096,613</u> | <u>\$ 3,085,112</u> | <u>\$ 5,692,182</u> | <u>\$ 7,188,251</u> |
| Supplemental cash flows information | | | | |
| Non-cash transfers from loans to other real estate owned | \$ - | \$ - | \$ - | \$ - |