



Dear Shareholders and Valued Customers:

The first half of 2011 has been successful for MidSouth Bank. As Rutherford County's only hometown bank, we remain dedicated to serving the community in which we live.

While big banks add fees and drop important features and benefits, we will continue to offer great services, such as free personal and business checking and free debit cards. As large financial institutions reinvest client dollars outside Rutherford County, MidSouth is the only bank that primarily focuses on lending and investing in our community.

We had a successful and profitable year in 2010 and are proud of the record profits and other accomplishments during the first half of 2011:

- The bank reported a second quarter profit of \$283,000 and year-to-date earnings of \$365,000 (as of June 30). This marks the sixth consecutive quarter in which MidSouth Bank has turned a profit.
- As previously shared, our bank raised more than \$6.4 million through two preferred stock offerings since early 2010 to further solidify our capital position and reserves. Our capital ratios remain significantly stronger than well capitalized standards. This is outstanding in such a difficult economic climate, and we are proud of the result.
- Paula B. Thomas, MTSU Accounting Professor and former Accounting Department Chair, was elected to the MidSouth board of directors.
- Our recent successes will enable the bank to continue lending and reinvesting deposit dollars from our community back into Rutherford County.

Our latest achievements mean that we are better able to serve you and stay true to our roots as a community bank. We thank you for your continued support and encourage you to tell your family, friends, and neighbors about the advantages of banking with MidSouth Bank.

Sincerely,

Lee Moss
Chairman and CEO
MidSouth Bank

Dallas Caudle
President and COO
MidSouth Bank

Member FDIC