



Dear Shareholders and Valued Customers:

Since opening MidSouth Bank in 2004, we have made an effort to keep you updated on the bank's progress. We believe you will be encouraged by the following news about your bank:

- Our team has responded to changes in the economic climate by aggressively addressing both asset quality (the loan portfolio) and expense control during the past 18 months.
- The bank reported a profit in each of the first two quarters of 2010, with total earnings of \$554,000 through June 30, 2010 — a record for our bank. We are proud to have achieved these results in a very difficult economy.
- Our bank raised more than \$5 million through a preferred stock offering earlier this year to further solidify our capital position and reserves. We have always been and continue to be well-capitalized by regulatory standards.
- Like many banks across the country, we recently entered into a written agreement with our regulatory authority as a result of our examination that was conducted in the fourth quarter of 2009. We have worked proactively on the requested areas, and we are pleased to report that many of the items have already been completed. These actions will further strengthen our bank.
- Unlike many of our peers, MidSouth Bank accepted no government funding from TARP (Troubled Asset Relief Program). We were able to meet our capital needs without federal assistance.
- If you are one of our valued depositors, you may be pleased to know that in addition to the general FDIC insurance coverage that applies to your deposit accounts, our bank has continued to participate in the optional Transaction Account Guarantee Program (TAGP) since November 2008 that extends unlimited FDIC insurance coverage to specific checking accounts. Please see our website or one of our bankers for details.

As the only bank headquartered in Rutherford County, we believe it is important for our community to benefit from the support of a strong community bank. We continue to keep a watchful eye on the economic environment and feel MidSouth Bank is well positioned for the future. The bank will continue providing our associates and neighbors with great products and outstanding service. We thank you for your support and ask that you encourage your family, friends and neighbors to bank with us.

Sincerely,

A handwritten signature in black ink that reads "Lee Moss". The signature is fluid and cursive, with a long horizontal stroke at the end.

Lee Moss
Chairman and CEO
MidSouth Bank