



MICHAEL R. RHODES
President & CEO

January 4, 2010

Dear Customers,

One of my favorite quotes is from the great John Wayne who said "Courage is being scared to death --- and saddling up anyway."

I wouldn't say that we were "scared to death" as we approached the threshold of 2009. I would, however, agree that there was tremendous apprehension concerning the uncertainty of the trail ahead.

Being solidly embroiled in what was being hailed as an economic meltdown rivaled only by the Great Depression of 1929 we were deeply concerned. How many tsunamis were rippling across our nation's economy? When and how long would they strike and to what effect?

In John Wayne's western vernacular, 2009 presented itself as a year of "dodging bullets." It became a time of responding to problems in the financial industry that community banks did not create, yet were burdened with the unfortunate responsibility of solving.

The most obvious "solution" impacting all banks for years to come is an increased regulatory burden resulting from money center and investment banks immersing themselves in sub-prime mortgage lending and risky investments that nearly dismantled our entire economy. In addition, the FDIC insurance premium that we pay to insure your deposits up to \$250,000.00 has increased to over 1000 percent annually.

As both the economic and regulatory landscapes continue their rapid pace of change, Lamar Bank has redoubled our own commitment to the sound banking practices that have served us so well since our inception in 1981.

As we dismount from the long hard ride that was 2009, I am pleased to report another record year for earnings, record asset growth to \$123,000,000.00 and record capital in excess of \$13,000,000.00. We appreciate your loyalty, trust and support as we look forward to serving you for many years to come.

Now it's time to cowboy up....2010 is ridin' in.

Sincerely,

Michael R. Rhodes
President/CEO

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