

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K. (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2020

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

CYPRESS BANKSHARES, INC

Legal Title of Holding Company

PO BOX 849

(Mailing Address of the Holding Company) Street / P.O. Box

PITTSBURG TX 75686

City State Zip Code

120 S GREER BLVD PITTSBURG TEXAS 75686

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

SHELLEY BROWN SVP / CONTROLLER

Name Title

903-572-9856 EXT 2906

Area Code / Phone Number / Extension

903-856-5822

Area Code / FAX Number

sbrown@cypressbanktx.com

E-mail Address

N/A

Address (URL) for the Holding Company's web page

I, BRIAN W GOODING

Name of the Holding Company Director and Official

PRESIDENT / DIRECTOR

Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

03/31/2021

Date of Signature

For holding companies not registered with the SEC—

Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

For Federal Reserve Bank Use Only

RSSD ID \_\_\_\_\_

C.I. \_\_\_\_\_

Is confidential treatment requested for any portion of this report submission?  No  Yes

In accordance with the General Instructions for this report (check only one),

- 1. a letter justifying this request is being provided along with the report.
- 2. a letter justifying this request has been provided separately.

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

## For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

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City State Zip Code

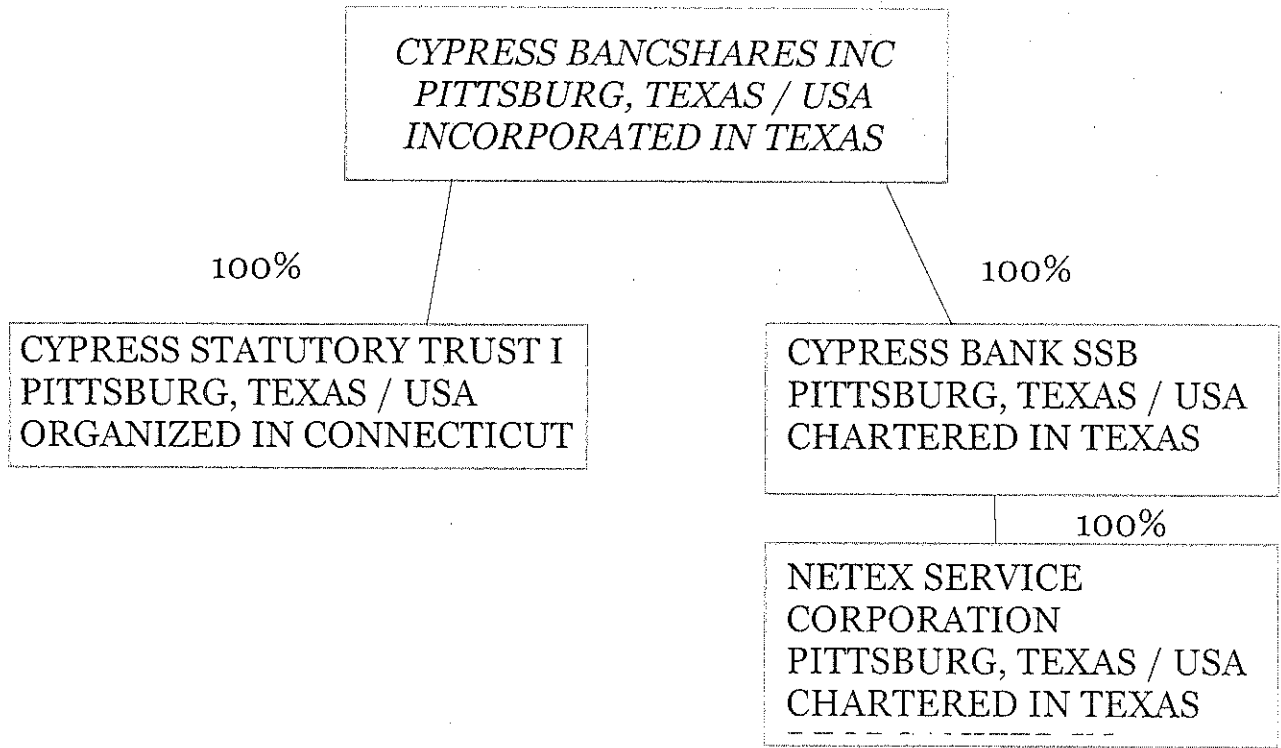
Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)



NO ENTITY HAS A LEI NUMBER

Results: A list of branches for your depository institution: CYPRESS BANK, SSB (ID: RSSD: 729178)  
 This depository institution is held by CYPRESS BANKSHARES, INC. (18223974) of PITT 500906, TX  
 The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

**Reconciliation and Verification Steps**

1. In the Data Action column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the Effective Date column

**Actions**

OK: If the branch information is correct, enter 'OK' in the Data Action column.  
 Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.  
 Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.  
 Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.  
 Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

**Submission Precautions**

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.  
 If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedule for each branch with a Data Action of Change, Close, Delete, or Add  
 The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application: <https://y10online.federalreserve.gov>.

\* FDIC UNIFORM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNIFORM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	729178	CYPRESS BANK, SSB	110 SOUTH GREER BOULEVARD	PITTSBURG	TX	75586	CAMP	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	8162383	COMMERCE BRANCH	1700 LIVE OAK	COMMERCE	TX	75428	HUNT	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	2167291	LONE STAR BRANCH	110 NORTH IRWIN	LONE STAR	TX	75668	INDHRS	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	3088458	MOUNT PLEASANT BRANCH	801 W JEFFERSON	MOUNT PLEASANT	TX	75455	TITUS	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	5532037	MOUNT PLEASANT SOUTH BRANCH	1312 S JEFFERSON AVE	MOUNT PLEASANT	TX	75455	TITUS	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	

**Form FR Y-6**  
**Legal Title of Holding Company**  
**Fiscal Year Ending December 31, 2020**

**Report Item 3: Securities holders**

(1)(a)(b)(c) and (2)(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2020

Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2020

(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(1)(c) Number and Percentage of Each Class of Voting Securities
Gary Y. Bicknell Pittsburg, Texas, USA	USA	19,600	5.65% Common Stock
David A. Lake Tyler, Texas, USA	USA	99,951	28.82% Common Stock
Karen Jo Lange ** Pittsburg, Texas, USA	USA	23,290	6.71% Common Stock
Jennifer Scudder ** Pittsburg, Texas, USA	USA	23,265	6.71% Common Stock
Evanne Pilgrim * Pittsburg, Texas, USA	USA	17,826	5.15% Common Stock
Hal Pilgrim * Longview, Texas	USA	15,427	4.46% Common Stock
Paulette Rolston * Mt. Pleasant, Texas	USA	15,576.50	4.50% Common Stock

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
	N/A	

\* The ownership interest of Hal Pilgrim and Paulette Rolston are herewith reported as they may be considered to be acting in concert with their sister Evanne Pilgrim

\*\* Interest of Lange and Scudder is from their father's, Earl Julian, inheritance and could be considered as acting in concert

**Form FR Y-6**  
**Legal Title of Holding Company**  
Fiscal Year Ending December 31, 2020

**Report Item 4: Insiders**

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal Occupation if other than with Holding Company	(3)(a) Title & Position with Holding Company	(3)(b) Title & Position with Subsidiaries (Cypress Bank, SSB)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	4(b) Percentage of shares in subsidiaries	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Gary Y. Bicknell Pittsburg, TX, USA	Retired Bank President	Director	Chairman Cypress Bank	Circle B Ranch Owner (100%)	5.65%	n/a	Circle B Ranch - 100%
Frankie B. King Pittsburg, TX, USA	Retired Businessman	Director	Bank Director Cypress Bank	N/A N/A	4.75%	n/a	N/A
Danny Duncan Commerce, TX, USA	Retired Insurance Agent	Director	Bank Director Cypress Bank	Los Dos Locos, LLC Owner (50%)	3.73%	n/a	Los Dos Locos, LLC - 50%
David Lake Tyler, TX, USA	Retired Attorney	Chairman Director	Director Cypress Bank	American Health Services, Inc. - 30% Founders Commerical, LTD (subsidiary of Amer Health - 55%) Kyle Lake Foundation Northeast Texas Contracting Company, Inc.	Owner, Director, President Director, President Director, President	28.82%	n/a American Health Services, Inc - 30%; Founders Commercial, LTD - 55%
Hal Hess Mt. Pleasant, TX, USA	Retired Furniture Store Owner	Director	Bank Director Cypress Bank	Hess Electronics, Inc. DBA Hess Furniture Co., Inc. Hess Furniture Co., Inc. Hess Ranch, LLC	Director, President (100%) Owner, Director, President (100%)	0.87%	n/a Hess Electronics, Inc - 100%; Hess Furniture Co., Inc. - 100%
Charles W. Johns Pittsburg, TX, USA	Insurance Agent	Director	Secretary, Treasurer Bank Director Cypress Bank	Johns Financial Serv, Inc. DBA Yantis & Johns Ins. Agency, Inc. Johns and Yantis	Owner, Director, President (50%) Partnership (50%)	3.04%	n/a Johns Financial Serv, Inc. - 50%; Johns & Yantis - 50%
Brian W. Gooding Pittsburg, TX, USA	Bank President	President/Director	Bank President/Director Cypress Bank	N/A	--	0.61%	n/a --
Shrum Family Trust, Larry Shrum Pittsburg, TX, USA	Retired Farm Equipment Dealer	Director	Bank Director Cypress Bank	Co-Trustee Shrum, LLC	Trustee (50%) Owner (100%)	3.55%	n/a Shrum, LLC - 100%; Shrum Family Trust - 100%; Larry

				Larry Shrum Farms Shrum Family Trust	Owner (100%) Trustee (100%)		n/a n/a	Shrum Farms - 100%
Karen Jo Lange Mt. Pleasant, TX, USA	Retired Secretary	Shareholder	N/A	N/A	--	6.71%	n/a	N/A
Jennifer Scudder Pittsburg, TX, USA	Retired Teacher	Shareholder	N/A	N/A	--	6.71%	n/a	N/A
Evanne Pilgrim Pittsburg, TX, USA	Semi-retired Investor	Shareholder	N/A	N/A	--	5.15%	n/a	N/A
Hal Pilgrim Longview, TX, USA	Retired Rancher	Shareholder	N/A	N/A	--	4.46%	n/a	N/A
Paulette Rolston Mt. Pleasant, TX, USA	Housewife	Shareholder	N/A	N/A	--	4.50%	n/a	N/A



Cypress

Bancshares, Inc.

Annual Shareholder Meeting

April 21, 2021





# Cypress Bancshares, Inc.

March 31, 2021

Dear Fellow Shareholders and Friends:

I am pleased to announce the Annual Meeting of Shareholders will be held at 4:30 p.m., April 21, 2021 at our main office, located at 120 S. Greer Blvd in Pittsburg. During the meeting, we will discuss and vote on matters described in the enclosed Notice of Annual Meeting and Proxy Statement. I encourage your attendance to vote your shares. If unable to be here in person, please vote your proxy by mail.

Included with this letter, you will find a copy of our 2020 audited financial report. The report reflects total capital at December 31, 2020 of \$19,484,985 and total assets of \$210,872,055. This represents a 10.7% growth in assets from the prior year. This growth was fueled by a 9% growth in deposits, which was a common phenomenon in our industry last year. The book value of Bancshares' stock stood at \$56.18 on a GAAP basis, as of December 31, 2020. A copy of the 2020 audited financial report, in its entirety, will be available at the meeting.

Earnings for 2020 were \$1,035,982 as compared to \$1,474,210 in 2019. Earnings were hampered by the compression of our net interest margin, as a result of the falling interest rate environment last year. Also impacted was the reduction in non-interest income as a result of our deposit growth.

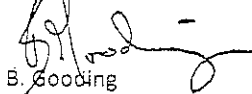
Last year was a challenging year with the issues of the Covid virus. Cypress Bank took action to protect our customers and staff. I am glad to say that we are open and serving our markets. One of our achievements, despite the virus, was the opening of our new Mount Pleasant office on South Jefferson Ave in July 2020. This branch achieved a 7% growth in deposits during the last six months of 2020 and thus achieved the strongest growth of all our locations. Recently that office was voted "Best Banking Facility" in the city of Mount Pleasant.

Our staff continues to strive to provide the best customer service available. We are investing in our staff and product line to make the banking experience more convenient for our customers. Technology is transforming financial services and fundamentally changing the relationship that people have with their bank. I encourage you to enroll in our mobile banking product. This service allows you to monitor your accounts for secure, convenient, and easy control anywhere, anytime. "Notify" is a service we began last year that enables the account holder to receive secure alerts the moment something important happens to their account by instantly sending a message via text or email.

No matter where our growth takes us, our community mission of supporting home ownership and economic growth in our markets, continues. Cypress still believes a relationship is more than an account number. Whether it is supporting our local schools, hospice and habitat organizations or participating at the local level in civic organizations, Cypress continues to support our markets by giving back to the communities we serve.

On behalf of our board of directors, officers and employees of Cypress Bancshares, Inc., I wish to thank you for your continued support. We look forward to serving you and our communities for years to come.

Very truly yours,



B. Gooding  
President of Cypress Bancshares, Inc.  
President of Cypress Bank

NOTICE  
TO  
SHAREHOLDERS

Portions of our audited financial statements are included with the Notice of Shareholder Meeting. A copy of the complete report as prepared by our independent auditors is available upon request at no charge for the first copy.

Your request should be directed to the attention of:

Shelley Brown  
SVP of Operations / Controller  
Cypress Bank, SSB  
801 N. Jefferson  
Mt. Pleasant, Texas 75455  
(903) 572-9856

Disclaimer: "This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation."

NOTICE OF ANNUAL MEETING OF THE  
SHAREHOLDERS OF  
CYPRESS BANCSHARES, INC  
PITTSBURG, TEXAS

To Our Shareholder:

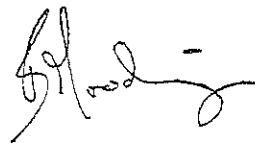
You are hereby notified that an annual meeting of the shareholders will be held on **April 21, 2021 at 4:30 p.m.** at the home office located at 120 S. Greer Blvd., Pittsburg, Texas for the purpose of considering and acting on the following proposals:

1. To fix the number of directors of the Corporation at nine (9) for the ensuing year.
2. To elect three (3) directors of the Corporation.
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has carefully considered the above proposals and believe that they are in the best interest of the Corporation's shareholders. THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF THE PROPOSALS. Unless otherwise directed, proxies will be voted in favor of the proposals.

Copies of this Notice of Annual Meeting of Shareholders, the related Proxy Statement, and the enclosed form of proxy are being mailed on or before **March 31, 2021**. A list of shareholders entitled to vote at the meeting will be available for inspection by the shareholder at the home office of the bank at 120 S. Greer Blvd., Pittsburg, Texas during normal business hours for a period beginning two days after the notice of meeting is given.

**Dated: March 31, 2021**



B. Gooding, President

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ACCOMPANYING ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS PROXY IS REVOCABLE AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

PROXY STATEMENT

CYPRESS BANCSHARES, INC.  
PITTSBURG, TEXAS

ANNUAL MEETING OF SHAREHOLDERS  
To Be Held **April 21, 2021**

Introduction

The following statement is furnished in connection with the solicitation by the Board of Directors of Cypress Bancshares, Inc., herein referred to as the Corporation, of proxies to be used at the Annual Meeting of Shareholders of the Corporation to be held at the hour of 4:30 p.m. on **April 21, 2021**, at the home office of Cypress Bank, SSB located at 120 S. Greer Blvd., Pittsburg, Texas, and at any adjournments thereof (the "Meeting").

THE BOARD OF DIRECTORS OF THE CORPORATION BELIEVES THAT THE PROPOSALS ARE IN THE BEST INTEREST OF THE SHAREHOLDERS OF THE CORPORATION AND RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR APPROVAL OF THE PROPOSALS.

Shareholders of record at the close of business on **March 22, 2021**, will be entitled to notice of and to vote at the Meeting. At that date, there were issued and outstanding **346,846** shares of the Corporation's capital stock, the holders of which are entitled to vote as discussed in "Proxy Voting".

I.

A form of proxy is enclosed for use at the meeting. The proxy may be revoked by the shareholder at any time before it is exercised, either by written notice received by the Corporation prior to exercise or upon request of the shareholder made in person. If a shareholder shall execute two or more valid proxies, the proxy bearing the most recent date will be honored. All shares represented by valid proxies received pursuant to this solicitation will be voted at the annual meeting if not revoked prior to exercise. Where the shareholder specifies, by means of the proxy, a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specifications as made.

The entire cost of solicitation will be at the expense of the Corporation. The Corporation may use its corporate Secretary and the regular employees of Cypress Bank to solicit proxies from the shareholders either personally or by telephone or by special letter.

Each share of stock is entitled to one vote, and all shares vote together for the election of directors. Shareholders have voting rights with respect to the election of directors, and may exercise such rights either in person or by proxy. There are no conditions precedent to the exercise of the right to cumulate votes. Cumulative voting allows a shareholder to give one nominee as many votes as the

product of the number of directors to be elected multiplied by the number of shares of capital stock owned by him or he may distribute such total among as many candidates as he shall deem appropriate. For all other purposes, such Shareholder will be entitled to one (1) vote for each share of capital stock owned.

The purpose of the meeting of the shareholders is to fix the number of directors to serve on the Board of Directors for the ensuing year and to elect three (3) directors to serve on the Board of Directors of the Corporation for three year terms. Also to authorize the Board of Directors to take all other action necessary on any other matters which should properly come before the meeting or any adjournments thereof.

#### PROPOSAL ONE

##### Number of Directors

The Bylaws of the Corporation require the shareholders, at the annual shareholders meeting, to fix the number of directors to serve on the Board of Directors for the ensuing year. It is recommended by the Board of Directors that the Corporation should have nine (9) directors for the ensuing year.

The Board of Directors of the Corporation recommends a vote "FOR" this proposal.

#### PROPOSAL TWO

##### Election of Directors

Approximately one-third (1/3) of the directors will be elected annually to serve for three-year terms and until their respective successors shall have been elected and shall qualify. At this meeting, three (3) persons have been nominated by the Board of Directors to serve three-year terms until their successors have been elected and qualified, with terms continuing to the next annual meeting.

It is intended each proxy solicited on behalf of the Board of Directors will be voted only for the election of the designated nominees. At this time, the Board of Directors knows of no reason why any nominee might be unavailable to serve, but if such should occur before the meeting, the proxies will be voted in the discretion of the holder thereof for a substitute nominee, or the bylaws will be amended to reduce the number of directors to eliminate any vacancies.

The names of the nominees for election to the Board of Directors, the principal occupation of employment of each nominee for the last year or longer, and the expiration dates of the director's terms for which such persons are nominated are as follows:

Name	Principal Occupation	Term as Director to Expire
Frankie King	Retired	3 year term to expire 2024
Hal Hess	Furniture Store - Owner	3 year term to expire 2024
Gary Bicknell	Rancher	3 year term to expire 2024

The Corporation's Board of Directors recommends a vote "FOR" the election of the above-named persons or directors.

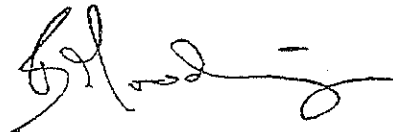
PROPOSAL THREE

Authority to Take Action on Other Matters

The Board of Directors knows of no other matters which properly may be presented at the meeting, but if other matters do properly come before the meeting, by voting for this proposal, it is intended that the persons named in the proxy will vote according to their best judgment.

The Corporation's Board of Directors recommends a vote "FOR" the authorization of the Board of Directors to take action as they deem proper in connection with any new business that may properly come before the meeting.

Date: March 31, 2021



B. Gooding, President of  
Cypress Bancshares, Inc.



**AXLEY & RODE** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cypress Bancshares Inc. and Subsidiaries  
Pittsburg, Texas

We have audited the accompanying consolidated financial statements of Cypress Bancshares, Inc. and Subsidiaries, which comprise the consolidated statements of financial condition as of December 31, 2020 and 2019, and related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the consolidated financial statements referred to above present fairly in all material respects, the financial position of Cypress Bancshares, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lufkin, Texas  
March 24, 2021

*Axley & Rode LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	DECEMBER 31,	
	2020	2019
<b>ASSETS</b>		
Cash and due from banks	\$ 2 870 403	\$ 2 798 312
Interest-bearing deposits in other banks	13 638 980	3 842 103
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>16 509 383</b>	<b>6 640 415</b>
Investment Securities:		
Securities available for sale	11 371 932	9 068 627
Securities held to maturity	40 727 207	36 128 274
<b>TOTAL INVESTMENT SECURITIES</b>	<b>52 099 139</b>	<b>45 196 901</b>
Loans receivable, net	130 735 393	128 540 664
Loans held for sale	120 473	
Non-residential real estate acquired in settlement of loans		892 652
Residential real estate acquired in settlement of loans		273 228
Accrued interest receivable	892 095	903 886
Office properties and equipment, net	5 684 167	3 723 431
Federal Home Loan Bank stock	1 379 100	713 900
Cash value of life insurance	2 541 370	2 485 228
Goodwill	206 520	206 520
Deferred tax asset	433 378	460 760
Other assets	271 037	318 698
<b>TOTAL ASSETS</b>	<b>\$ 210 872 055</b>	<b>\$ 190 356 283</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Noninterest-bearing	\$ 32 532 055	\$ 21 279 300
Interest bearing	132 639 054	129 733 658
<b>TOTAL DEPOSITS</b>	<b>165 171 109</b>	<b>151 012 958</b>
Advances from Federal Home Loan Bank	21 667 196	15 461 845
Junior subordinated debt	2 473 000	2 674 000
Advances from borrowers for taxes and insurance	189 377	150 890
Accrued interest payable	56 624	119 369
Other liabilities	1 829 764	1 958 635
<b>TOTAL LIABILITIES</b>	<b>191 387 070</b>	<b>171 377 697</b>
Stockholders' Equity:		
Common stock, \$3 par value, 750,000 shares authorized; 346,846 and 346,846 shares issued and outstanding	1 040 538	1 040 538
Additional paid-in capital	5 700 607	5 700 607
Retained earnings	12 897 317	12 033 758
Accumulated other comprehensive income (loss), net of tax of \$(40,798) and \$54,144	(153 477)	203 683
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>19 484 985</b>	<b>18 978 586</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 210 872 055</b>	<b>\$ 190 356 283</b>

The accompanying notes are an integral part of these statements.



CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,	
	2020	2019
Interest and Dividend Income:		
Loans:		
First mortgage loans	\$ 5 264 155	\$ 5 355 603
Consumer and other loans	1 828 751	1 991 756
Interest on Investment Securities:		
Taxable	801 235	1 120 964
Exempt from Federal income tax	359 743	360 611
Other interest and dividends	44 075	132 562
TOTAL INTEREST AND DIVIDEND INCOME	<u>8 297 959</u>	<u>8 961 496</u>
Interest Expense:		
Deposits	1 309 185	1 680 903
Advances from Federal Home Loan Bank	500 909	479 915
Junior subordinated debt	69 147	119 485
TOTAL INTEREST EXPENSE	<u>1 879 241</u>	<u>2 280 303</u>
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	6 418 718	6 681 193
Provision for losses on loans	19 899	155 501
NET INTEREST INCOME AFTER PROVISION FOR LOSSES ON LOANS	<u>6 398 819</u>	<u>6 525 692</u>
Noninterest Income:		
Service charge on deposit accounts	720 552	836 820
Loan late charges	381 265	281 450
Gain on sale of loans	55 141	81 466
Gain (loss) on sale of investments	-	13 041
Other income	174 506	146 321
TOTAL NONINTEREST INCOME	<u>1 331 464</u>	<u>1 359 098</u>
Noninterest Expense:		
Salaries and employee benefits	4 048 452	3 803 784
Occupancy and equipment	652 148	566 486
FDIC deposit insurance premium	33 941	23 260
Data processing	438 076	389 114
Directors fees	217 850	200 588
Advertising	103 632	137 936
Other	1 021 066	989 579
TOTAL NONINTEREST EXPENSE	<u>6 515 165</u>	<u>6 110 747</u>
INCOME BEFORE PROVISION FOR FEDERAL INCOME TAXES	1 215 118	1 774 043
Provision for Federal income taxes	178 136	299 833
NET INCOME	<u>\$ 1 036 982</u>	<u>\$ 1 474 210</u>

The accompanying notes are an integral part of these statements.

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	FOR THE YEARS ENDED	
	DECEMBER 31,	
	<u>2020</u>	<u>2019</u>
NET INCOME	\$ 1,036,982	\$ 1,474,210
Other Comprehensive Income Adjustments:		
Unrealized Gains (Losses) on Securities:		
Unrealized holding gains (losses) arising during the period, net of \$(94,941) and \$109,247 for tax	(357,160)	410,977
Reclassification adjustment for losses (gains) realized, net of income taxes of \$-0- in 2020 and \$(3,467) in 2019	-	(13,041)
OTHER COMPREHENSIVE INCOME ADJUSTMENTS	<u>(357,160)</u>	<u>397,936</u>
COMPREHENSIVE INCOME	<u>\$ 679,822</u>	<u>\$ 1,872,146</u>

The accompanying notes are an integral part of these statements.

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
For the Years Ended December 31, 2020 and 2019

	COMMON STOCK		ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
	SHARES	PAR VALUE				
Balance at December 31, 2018	346 846	\$ 1 040 538	\$ 5 700 607	\$ 10 732 971	\$ (194 253)	\$ 17 279 863
Comprehensive Income:						
Net income	-	-	-	1 474 210	-	1 474 210
Other comprehensive income	-	-	-	-	397 936	397 936
Dividends paid \$0.50 per share on common stock	-	-	-	(173 423)	-	(173 423)
Balance at December 31, 2019	346 846	1 040 538	5 700 607	12 033 758	203 683	18 978 586
Comprehensive Income:						
Net income	-	-	-	1 036 982	-	1 036 982
Other comprehensive income (loss)	-	-	-	-	(357 160)	(357 160)
Dividends paid \$0.50 per share on common stock	-	-	-	(173 423)	-	(173 423)
Balance at December 31, 2020	<u>346 846</u>	<u>\$ 1 040 538</u>	<u>\$ 5 700 607</u>	<u>\$ 12 897 317</u>	<u>\$ (153 477)</u>	<u>\$ 19 484 985</u>

The accompanying notes are an integral part of these statements.

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 1 036 982	\$ 1 474 210
Noncash Charges (Credits) to Net Income:		
Depreciation	299 587	218 525
Provision for losses on loans	19 899	155 501
Increase in cash value of life insurance	(56 142)	(57 693)
(Gain) loss on sale of investments	-	(13 041)
Loss on sale of fixed assets	1 664	-
Gain on sale of loans	(55 141)	(81 466)
Principal proceeds from sales of loans held for sale	2 993 381	4 702 912
Originations of loans held for sale	(2 938 240)	(4 621 446)
Amortization/(accretion) of premiums/discounts on securities	(13 726)	2 002
(Gain) loss on sale of real estate acquired in settlement of loans	(28 873)	-
Direct write-down of real estate acquired in settlement of loans	-	50 000
Federal Home Loan Bank stock dividends received	(14 900)	(24 100)
Deferred Federal income taxes	122 323	(19 395)
Changes in Operating Assets and Liabilities:		
(Increase) decrease in accrued interest receivable	11 791	(25 496)
(Increase) decrease in other assets	47 661	(55 192)
Increase (decrease) in accrued interest payable	(62 745)	20 688
Increase (decrease) in other liabilities	(128 871)	85 735
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1 234 650</b>	<b>1 811 744</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Federal Home Loan Bank stock	(650 300)	(3 332 400)
Redemption of Federal Home Loan Bank stock	-	3 381 000
Principal collected on mortgage-backed securities available-for-sale	1 312 334	820 952
Purchase of securities held to maturity	(11 588 904)	(6 657 783)
Purchase of securities available for sale	(125 094 465)	(101 091 417)
Principal collected on mortgage-backed securities held to maturity	5 450 566	3 590 576
Proceeds from sale/maturity of securities held to maturity	1 594 856	840 000
Proceeds from sale/maturity of securities available for sale	120 985 000	101 846 750
Proceeds from sale of real estate acquired in settlement of loans	1 194 753	-
Loan originations less principal repayments	(2 335 101)	(618 710)
Purchase of office properties and equipment (net)	(2 261 987)	(786 315)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(11 393 248)</b>	<b>(2 007 347)</b>
<b>Cash Flows from Financing Activities:</b>		
Net increase (decrease) in deposits	14 158 151	630 884
Net increase (decrease) in short-term Federal Home Loan Bank advances	(1 000 000)	-
Proceeds from amortizable Federal Home Loan Bank advances	10 000 000	5 000 000
Payments on advances from Federal Home Loan Bank	(2 794 649)	(4 501 554)
Net increase (decrease) in advances from borrowers for taxes and insurance	38 487	(19 630)
Dividends paid on common stock	(173 423)	(173 423)
Redemption of junior subordinated debt	(201 000)	(196 000)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>20 027 566</b>	<b>740 277</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9 868 968</b>	<b>544 674</b>
Cash and cash equivalents at beginning of year	6 640 415	6 095 741
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 16 509 383</b>	<b>\$ 6 640 415</b>
<b>Supplementary Information:</b>		
Cash payments for interest on deposits	\$ 1 371 930	\$ 1 660 031
Cash payments for interest on borrowings	\$ 500 909	\$ 479 915
Cash payments for interest of junior subordinated debt	\$ 69 147	\$ 119 485
Cash payments for Federal income taxes	\$ 225 000	\$ 337 815
<b>Supplementary Schedule of Noncash Investing and Financing Activities:</b>		
Loans transferred to real estate acquired in settlement of loans	\$ -	\$ 1 215 800
Total increase (decrease) in unrealized gain (loss) on securities available for sale (net of tax)	\$ (357 160)	\$ 397 936

The accompanying notes are an integral part of these statements.

CYPRESS BANK S.S.B. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FINANCIAL CONDITION (SUBSIDIARIES)  
December 31, 2019

	CYPRESS BANK S.S.B.	NETEX SERVICE CORPORATION	ELIMINATING ENTRIES	CONSOLIDATED
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6 640 415	\$ 22 014	\$ (22 014)	\$ 6 640 415
Securities available for sale	9 068 626	-	-	9 068 626
Securities held to maturity	36 128 275	-	-	36 128 275
Loans receivable, net	128 540 664	-	-	128 540 664
Other real estate acquired through foreclosure	892 652	-	-	892 652
Residential real estate acquired through foreclosure	273 228	-	-	273 228
Investment in subsidiary	221 663	-	(221 663)	-
Accrued interest receivable	903 886	-	-	903 886
Office properties and equipment, net	3 524 281	199 150	-	3 723 431
Federal Home Loan Bank stock	713 900	-	-	713 900
Cash value of life insurance	2 485 228	-	-	2 485 228
Goodwill	206 520	-	-	206 520
Deferred tax asset	460 760	-	-	460 760
Other assets	239 199	499	-	239 698
<b>TOTAL ASSETS</b>	<b>\$ 190 299 297</b>	<b>\$ 221 663</b>	<b>\$ (243 677)</b>	<b>\$ 190 277 283</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits	\$ 151 139 771	\$ -	\$ (22 014)	\$ 151 117 757
Advances from Federal Home Loan Bank	15 461 845	-	-	15 461 845
Advances from borrowers for taxes and insurance	150 890	-	-	150 890
Accrued interest payable	119 369	-	-	119 369
Other liabilities	1 958 635	-	-	1 958 635
<b>TOTAL LIABILITIES</b>	<b>168 830 510</b>	<b>-</b>	<b>(22 014)</b>	<b>168 808 496</b>
Stockholders' Equity:				
Common stock	1 028 976	25 000	(25 000)	1 028 976
Additional paid-in capital	3 702 155	200 000	(200 000)	3 702 155
Retained earnings	16 533 973	(3 337)	3 337	16 533 973
Accumulated other comprehensive income	203 683	-	-	203 683
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>21 468 787</b>	<b>221 663</b>	<b>(221 663)</b>	<b>21 468 787</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 190 299 297</b>	<b>\$ 221 663</b>	<b>\$ (243 677)</b>	<b>\$ 190 277 283</b>

See independent auditors' report on additional information.

# REVOCABLE PROXY

FOR SHARES OF  
CYPRESS BANCSHARES, INC.

## SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned appoint(s) Jan Branch as the proxy for the undersigned, with power of substitution, to vote and otherwise represent all of the shares of the undersigned at the Annual Meeting of the Shareholder of the Corporation to be held April 21, 2021, and any adjournments thereof (the "Meeting"), with the same effect as if the undersigned were present and voting the shares on the following manner:

1. To fix the number of directors of the Corporation at nine (9) for the ensuing year.

For ( )                      Against ( )                      Abstain ( )

2. To elect, as directors, all nominees listed below (except as marked to the contrary).

For ( )                      Against ( )                      Abstain ( )

INSTRUCTIONS: To withhold your vote for any individual nominee, strike a line in the nominee's name in the list below:

Frankie King	-	3year term
Hal Hess	-	3year term
Gary Bicknell	-	3year term

3. To vote or otherwise represent the shares on any other business or on other matters which should properly come before the Meeting according to their decision.

For ( )                      Against ( )                      Abstain ( )

The Board of Directors recommends a vote "FOR" all of the proposals and each of the nominees for director listed herein. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE. IF NO SPECIFICATION IS MADE, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED FOR EACH OF THE ABOVE PERSONS AND PROPOSALS. IF ANY OTHER BUSINESS IS PRESENTED AT SUCH MEETING, THIS PROXY WILL BE VOTED BY THOSE NAMED IN THIS PROXY IN THEIR BEST JUDGMENT. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE MEETING.

Should the undersigned be present and elect to vote at the Meeting, and after notification to the Corporate Secretary of the Corporation at the Meeting of shareholder's decision to terminate this proxy, then the power of said attorneys and proxies shall be deemed terminated and of no further force and effect.

The undersigned acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement, each dated March 31, 2021.

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

NOTE: Please vote, date, and then sign your name as it appears on your stock certificate. When signing as attorney, executor, administrator, trustee or guardian, please give full title. If more than one trustee, all should sign. All joint owners must sign.

PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.