

# Chairman's Letter to Shareholders

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Dear Shareholders,

I've had the privilege of serving as chairman of the board since 2018 and have been serving as a member on the board of directors since 2009. I am grateful for the other members of the board I get to work with. I feel their business experiences and their commitment to the company's success are integral in helping the company become the best it can be.

**I wish to explain the board of directors approach to governance.** Starting in 2018, the board worked on formalizing board and CEO expectations. Using the Carver Policy Model as a framework, the board defined some expectations for the company, the CEO, and described how the board should run. The outline of which has 4 main categories:

- 1) Ends** – Long term outcomes which the board expects the CEO to lead the company towards.
- 2) Executive Limits** - Boundaries upon management. In hopes of allowing staff creativity while also ensuring accountability.
- 3) Governance Policies** – Lists the expectations for board members and the board as a whole.
- 4) Board Delegation Policies** - An enumeration of board sponsored committees and which delegated authority is given to each committee.

I am pleased to report that the board

continues to review these governance documents and refer to them often.

The board takes responsibility for evaluating CEO performance, CEO compensation, and is also responsible for firing and hiring the CEO (the CEO is responsible for all other company employees). We use this framework to evaluate if the CEO is achieving the appropriate ends while keeping risks balanced.

The board continues to focus on shareholder value by focusing on company growth. The board desires consistent growth in profitability over sporadic returns. The board also desires quality in earnings as measured by our consistent adherence to our investment strategies. The board also values consistent dividends, and where profitability allows, consistent dividend growth.

A few years ago, the board approved a 10-year plan outlining company growth objectives, which our CEO felt was possible. Today, the board is elated at the progress that has been made so far. While no guarantee can be made for future results, the current business model (growth in annuities and loan participations) has proved to be an engine of revenue growth and is the primary driver in earnings growth these last few years. I expect this section of our business to continue to grow - and hopefully a lot.

It is my expectation that if the company can continue its trajectory of growth and consistent profitability growth, the value of the company's stock will also grow consistently.

Strategically, the board will keep considering how to help maximize the value of the company for our shareholders.

I am pleased to report that as a board, we continue to retain the core company values: a growth mindset, stewardship, consideration, professionalism and partnership.

Thank you for this opportunity to serve on the board of directors.



Heber Allen  
Chairman of the Board



## 2026 Board of Directors and Officers



*Back row:* Kurt Tingey (Director), Paul Cardon (Director), Tracy Allen (Director), David Allen (Director Emeritus), Christopher Stapley (Director), David LeSueur (Director), Wayne Gardner (Director).  
*Front row:* E. Paul Whetten (EVP/COO), Heber Allen (Chairman), Byron Allen (President/CEO), John Shirts (CFO).