



Dear Shareholders:

2023 was a year of steadfast growth and development with a continued emphasis on Select Bank's high-return approach to community banking. Our liquidity, capital, and strong core operating earnings continue to be a source of strength as we leverage our organization into the future.

We continued to effectively navigate efficiencies, technical enhancements, and innovative opportunities to serve our communities with loyalty and integrity. We are committed to being the best community bank partner for every small business, organization, and family within the communities we serve.

2023 provided a year of new milestones and strategic growth. Our strong financial performance provided consistent earnings growth, a strong balance sheet, an increase in core deposits, and enhanced loan program efforts.

On behalf of the Board, Management, and Staff, it is my sincere pleasure to present you with the 2023 annual report for Select Bank, which can be accessed in full by visiting us at our virtual annual meeting site <https://annualgeneralmeetings.com/sbfc2024/> or www.myselectbank.com/about-us/shareholder-relations/.

For the 12 months ended December 31, 2023:

- Net income of \$2,816,549 increased \$276,204 from the prior year
- Total assets grew \$29,886,799 (6.8%) to \$470,240,858
- Total loans grew \$31,498,823 (8.9%) to \$386,100,522
- Total deposits grew \$26,188,090 (6.4%) to \$433,594,596
- We paid our eighth semi-annual cash dividend.
- An additional tranche of a preferred stock issuance strengthened the Bank's balance sheet further, positioning us for additional growth.

During 2023, our entire team focused on the optimization of our new banking core. As a result, we have enhanced our digital product suite and implemented an after-hours Call Center extending our customer service capabilities. We focused on broadening our customer acquisition and community engagement throughout all markets. The relocation and expansion of our Burlington, NC market office has positioned us to be a hub for community and non-profit networking and relationship development. During 2023 we hosted multiple events, bringing hundreds of influential community leaders through our doors. The addition of an SBA lender with an extensive SBA background enabled us to launch an SBA Lending program. This has positioned us to further serve our small businesses in a greater capacity.

Despite the challenges presented by an evolving economic landscape and continued yield curve inversion, we ended April 2024 with unaudited bank operations reporting year to date net income of \$922,586, indicating a solid profitability and earnings year. We feel we remain well-positioned as we anticipate interest rates to normalize and net interest margin to stabilize over the coming months. We continue to prioritize a prudent credit culture resulting in strong asset quality. We see the current environment as an opportunity to further focus on operational improvements, non-interest income opportunities, and core deposit growth while closely managing non-interest expenses.

Providing long-term value to our shareholders remains one of our strategic core goals. Our first semi-annual common stock dividend of 2024 is planned to be declared in June and payable in July of 2024, further aligning the interests of our shareholders with the success of the bank.

We are confident in the future of Select Bank and the essential role we play in the growth and well-being of the communities we serve. Our door is always open anytime you would like to meet with us or have questions or comments. We are grateful to you, our shareholders, for your dedication and loyalty. We eagerly look forward to the future!

A handwritten signature in black ink, reading "Sherri A. Sackett".

Sherri A. Sackett
Chief Executive Officer