

## Roxboro Savings Bank Annual Meeting Remarks – CEO/EVP Keith A. Epstein

Thank you all for being here this afternoon and for your continued support of Roxboro Savings Bank. It is my sincere pleasure to provide a summary of our performance in 2019 and offer a few forward looking comments as we continue progressing with our strategic initiatives in 2020—our 97<sup>th</sup> year as your community-owned banking institution.

The dedication of our employees and directors, combined with the support of our customers and community partners, resulted in historic achievement for the bank in 2019. Growth throughout the balance sheet in loans, deposits, assets and capital prove that our relationship-based business model continues to resonate with the markets we serve.

As of December 31, 2019, your community bank has total assets of \$225,876,657, representing an increase of \$2,343,987 over the prior year.

Deposit growth has fueled our asset expansion. Deposits increased \$1,919,017 year over year, reaching \$170,935,561 at the end of 2019. According to the FDIC's deposit statistics, we continue to hold the largest share of the Person County market with 36.4%.

The individuals, businesses and organizations entrusting us with their funds provided the opportunity to “invest” back into the communities we serve in the form of residential mortgage, commercial and consumer loans. We issued 339 loans in the combined amount of \$50,667,003 and achieved 6.9% growth in our portfolio. In 2019 we regained the top spot as originator of more real estate loans in Person County than any other lender (based on filings with the Register of Deeds). The opportunity to play a role in the fulfillment of household financial goals and the expansion of small businesses is a privilege.

Asset quality is pristine. We are extremely fortunate to report no loan losses in 2019--not a single penny! The character of our borrowers is a reflection of the broader values and work ethic the people of this community embody.

Net profit of \$2,480,442 represents a 1.1% return on average assets and record earnings for our institution. The retention of these earnings, and the appreciation of the assets managed by our Investment Committee, resulted in a \$3,889,414 increase in capital to \$47,595,094. We are “well capitalized” by every regulatory measure and positioned to meet the credit needs of the markets we serve in 2020 and beyond.

In 2019, Roxboro Savings Bank, SSB reaffirmed our commitment to give back to the markets we serve by supporting more than 50 charitable organizations. Our employees volunteered hundreds of hours of their time and talents. We continue to place particular emphasis on supporting housing and financial literacy. Underwriting the Dave Ramsey Financial Foundations courses at both Person County Schools and Roxboro Community School is but one example of our role in preparing the next generation for economic success. Subsidizing a portion of Person

County Habitat for Humanity's financing of a warehouse for their resale operation was one highlight of our affordable housing efforts this past year.

We strive each day to fulfill the mission that has driven us since our inception...to provide a safe, convenient repository for our community and a source of financing for the housing and economic needs of the citizens and businesses of Person and surrounding counties.

Our senior management team, with the support of our Board of Directors, has taken great care to construct a strategic plan that we believe provides a comprehensive approach to sustaining the growth of our organization. We invested capital and considerable resources last year to ready ourselves for the launch of new delivery channels. Online mortgage and consumer loan application portals, remote deposit capture, a new core platform and full digital banking capabilities will all be available to our customers by this time next year. Offering our customers the traditional banking services that they have come to expect, augmented by technology that offers 21<sup>st</sup> century convenience, represents the evolution of our bank and the keeping of a promise to be the community bank our depositors deserve.

While our focus is local, we are impacted by national economic trends. The Federal Reserve had been expected to hold rates steady for the balance of 2020 after three cuts in 2019. However, recent events have prompted them to "stimulate" the economy by slashing rates which places pressure on our net interest margins as we reduce our loan rates while maintaining reasonable deposit rates for our loyal owners. We are confident that the positioning of our balance sheet will allow us to continue generating positive interest margins, though the spread will be less than the 3% we earned in 2019.

We are hopeful that the strength in our housing market and low unemployment will persist. The coronavirus is a very real threat to our resilient local economy and most importantly the health of our families, friends and customers. We stand poised to do our part by providing a reliable source of credit to individual households and small businesses in our community. We have offered to waive late fees and interest penalties on certain deposit withdrawals to ease the burden on customers impacted by disruptive, but necessary, containment measures. In the event of a local outbreak of the virus, we will follow our carefully constructed pandemic plan to limit the disruption of our operations while protecting customers and employees from exposure. Increasing the use of electronic delivery channels, drive-thru services, ATMs, and consolidating operations into one location with certain employees working remotely, are all actions we can take if necessary.

Despite the prospect of shifting economic winds, the fortitude of our borrowers, diverse mix of conservative securities held in our investment portfolio, and loyalty of our depositors, give us confidence that 2020 will be another successful year for Roxboro Savings Bank.

On behalf of all of the employees and Directors of the bank please accept our sincere gratitude for your business and support. Thank you for your attention and I welcome your questions.