

INVESTOR PRESENTATION

FIRST QUARTER 2023



Carter Bankshares, Inc.

FORWARD-LOOKING STATEMENT

This information contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to our financial condition, market conditions, results of operations, plans, objectives, outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels and asset quality. Forward looking statements are typically identified by words or phrases such as “will likely result,” “expect,” “anticipate,” “estimate,” “forecast,” “project,” “intend,” “believe,” “assume,” “strategy,” “trend,” “plan,” “outlook,” “outcome,” “continue,” “remain,” “potential,” “opportunity,” “comfortable,” “current,” “position,” “maintain,” “sustain,” “seek,” “achieve” and variations of such words and similar expressions, or future or conditional verbs such as will, would, should, could or may. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. The matters discussed in these forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results and trends to differ materially from those made, projected, or implied in or by the forward-looking statements including, but not limited to: the effects of: market interest rates and the impacts of market interest rates on economic conditions, customer behavior, and the Company’s loan and securities portfolios; monetary and fiscal policies of the U.S. government, including policies of the Federal Reserve; changes in accounting policies, practices, or guidance, for example, our adoption of CECL, including potential volatility in the Company’s operating results due to application of the CECL methodology; cyber-security threats, attacks or events; rapid technological developments and changes; changes in the Company’s liquidity and capital positions; concentrations of loans secured by real estate, particularly commercial real estate, and the potential impacts of changes in market conditions on the value of real estate collateral; an insufficient ACL; the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts, war and other military conflicts (such as the ongoing war between Russia and Ukraine) or public health events (such as the COVID-19 pandemic), and of any governmental and societal responses thereto; these potential adverse effects may include, without limitation, adverse effects on the ability of the Company’s borrowers to satisfy their obligations to the Company, on the value of collateral securing loans, on the demand for the Company’s loans or its other products and services, on incidents of cyberattack and fraud, on the Company’s liquidity or capital positions, on risks posed by reliance on third-party service providers, on other aspects of the Company’s business operations and on financial markets and economic growth; a change in spreads on interest-earning assets and interest-bearing liabilities; regulatory supervision and oversight; legislation affecting the financial services industry as a whole, and the Company and the Bank, in particular; the outcome of pending and future litigation and governmental proceedings; increasing price and product/service competition; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; managing our internal growth and acquisitions; the possibility that the anticipated benefits from acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or more costly than anticipated; material increases in costs and expenses; reliance on significant customer relationships; general economic or business conditions, including unemployment levels, continuing supply chain disruptions and slowdowns in economic growth; expansions or consolidations in the Company’s branch network, including that the anticipated benefits of the Company’s branch network optimization project are not fully realized in a timely manner or at all; deterioration of the housing market and reduced demand for mortgages; and re-emergence of turbulence in significant portions of the global financial and real estate markets that could impact our performance, both directly, by affecting our revenues and the value of our assets and liabilities, and indirectly, by affecting the economy generally and access to capital in the amounts, at the times and on the terms required to support our future businesses. Many of these factors, as well as other factors, are described in our filings with the SEC including in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. All risk factors and uncertainties described herein and therein should be considered in evaluating the Company’s forward-looking statements. Forward-looking statements are based on beliefs and assumptions using information available at the time the statements are prepared. We caution you not to unduly rely on forward-looking statements because the assumptions, beliefs, expectations and projections about future events may, and often do, differ materially from actual results. Any forward-looking statement speaks only as to the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

TABLE OF CONTENTS

SECTION	TITLE	SLIDES
1	Overview	4-12
2	Financial Highlights	13-22
3	Balance Sheet Transformation	23-28
4	Asset Quality	29-34
5	Deposit Mix & Cost of Funds	35-37
6	Commercial Loan Portfolio Metrics	38-47
7	Non-GAAP Reconciliation	48-51

OVERVIEW

FOCUSED ON THE FUTURE

A Well-Capitalized Franchise with Momentum

1974

Bank established denovo in 1974 as First National Bank of Rocky Mount, VA

2006

Carter Bank & Trust charter established in 2006 with the merger of ten banks

2020

Carter Bankshares, Inc. holding company established in Q4 2020 with the assets of Carter Bank & Trust

HQ MARTINSVILLE,
VIRGINIA



66 BRANCHES



07 CORPORATE
CENTERS



03 CORPORATE
OFFICES IN
VIRGINIA

\$4.4B

ASSETS



3.2B

LOANS



3.5B

DEPOSITS

CORPORATE HIGHLIGHTS

- Continued strong capital and liquidity position.
- Three consecutive quarters of record earnings.
- Diversified and granular deposit base, approximately 77% Retail Customers.
- Approximately 88% of Deposits are FDIC Insured.
- Continuing to expand Commercial Lending Team in higher growth markets.
- Focus on talent management and acquisition with the launch of several new incentive plans including Retail and Credit Administration.

LEADERSHIP TEAM



Litz Van Dyke

Chief Executive Officer



Bradford Langs

President
Chief Strategy Officer



Wendy Bell

Senior Executive
Vice President
Chief Financial Officer



Loran Adams

Executive Vice President
Director of Regulatory
Risk Management



Tami Buttrey

Executive Vice President
Chief Retail Banking
Officer
Channel Optimization
Director



Paul Carney

Executive Vice President
Chief Human Resources
Officer



Jane Ann Davis

Executive Vice President
Chief Administration
Officer



Tony Kallsen

Senior Executive Vice
President
Chief Credit Officer



**Phyllis
Karavatakis**

Senior Executive Vice
President
Special Projects
Executive



Richard Owen

Executive Vice President
Mortgage Banking &
Corporate Sales Director



**Chrystal
Parnell**

Senior Vice President
Chief Marketing &
Communications
Officer



Matt Speare

Senior Executive Vice
President
Chief Operations
Officer



Rich Spiker

Senior Executive Vice
President
Chief Lending Officer

REGIONAL FOOTPRINT

Branches in Metropolitan Statistical Areas

MARCH 31, 2023

VIRGINIA
**TOTAL
BRANCHES**
53

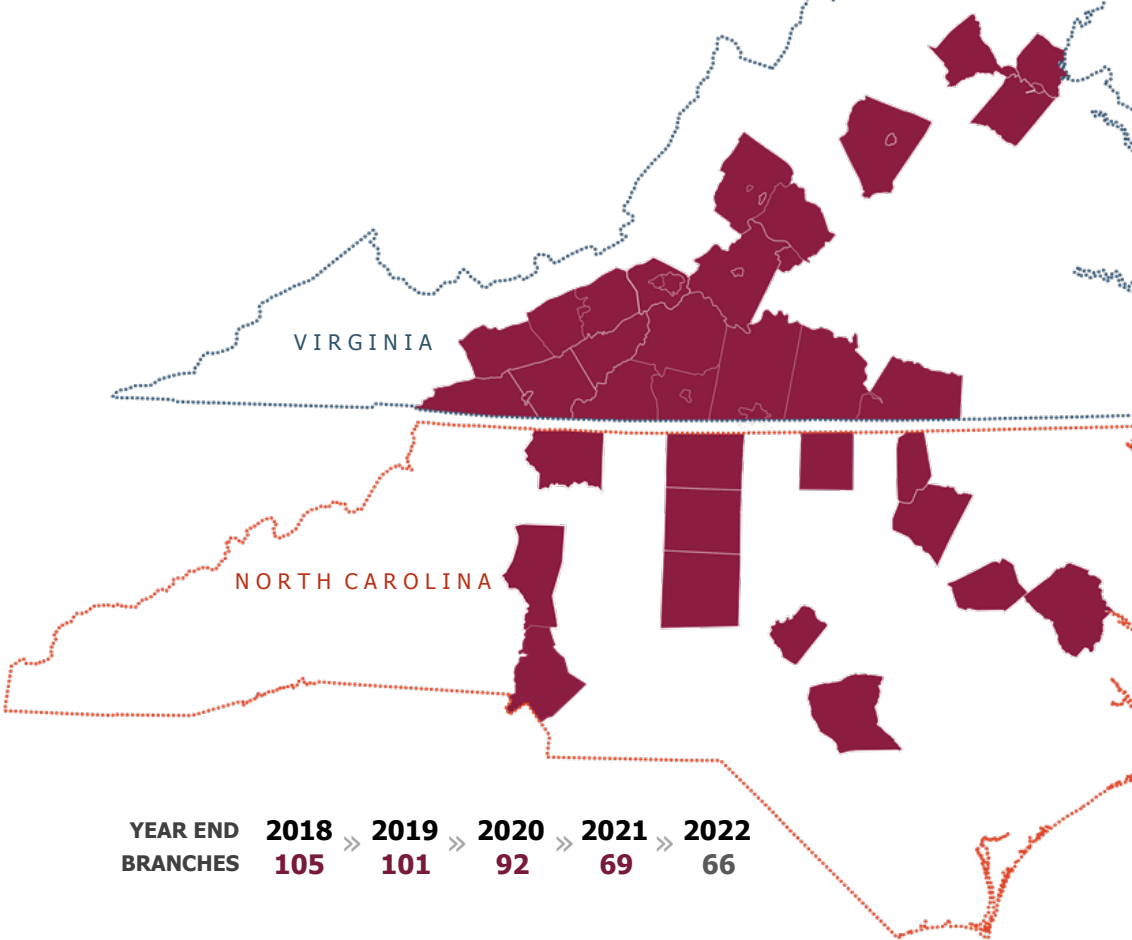
- Washington DC
- Roanoke
- Lynchburg
- Charlottesville
- Blacksburg-Christiansburg
- Non MSA

**TOTAL
DEPOSITS**
\$3.1
BILLION

NORTH CAROLINA
**TOTAL
BRANCHES**
13

- Charlotte
- Greensboro
- Raleigh Durham
- Fayetteville
- Non MSA

**TOTAL
DEPOSITS**
\$0.4
BILLION



The following counties are also included in our CRA Assessment area: Randolph, NC: Greensboro MSA & Niagara, NY: Varsity Bank



Environmental Social Governance

We are committed to maintaining the highest standards of business conduct and governance to serve our customers and communities, create long-term value for our shareholders, and maintain our integrity in the marketplace.



ENVIRONMENTAL



Since 2019, our Facilities Director has overseen sustainable focused remodels of 32 branch locations.

All building materials used during remodels have been verified to be non-toxic, environmentally friendly, made with recycled content, and/or made in USA.



SOCIAL



For the 6th straight year, associates have participated in Piedmont Arts' African American Read-In & Family Day in Martinsville, VA.

The event is held in conjunction with the National African American Read-In established in 1990 to make literacy a significant part of Black History Month.



GOVERNANCE



The DEI Council, which reports to the Enterprise Risk Management Committee, continues to meet monthly. The Council recently held an off-site meeting at the Creative Aging Network's campus in Greensboro, NC to learn more about the nonprofit's intergenerational and multicultural impact.



Virginia Enterprise Zone Job Creation Grant reinvested into Patrick & Henry Community College's Workforce, Economic, and Community Development ("WECD") division to help citizens gain critical skills to fill job openings in the greater Martinsville and Henry County area.



Associate named the 2022 Ambassador of the Year by the Greensboro Chamber of Commerce – the second bank associate to receive the honor in the last three years.

From networking events to ribbon-cuttings and regular meetings, I've been able to meet our neighbors and see how we can help each other grow, both personally and professionally.



The Bank's CEO and nine additional associates participated in the Virginia Reads One Book program in partnership with the Virginia Bankers Association and Martinsville City Public Schools over a 10 day period.

885

VOLUNTEER COMMUNITY
SERVICE HOURS

28 NONPROFITS SUPPORTED

BY ASSOCIATES SERVING ON BOARDS

\$139,000

CHARITABLE DONATIONS &
SPONSORSHIPS TO NONPROFITS

13 FINANCIAL LITERACY

CLASSES FACILITATED

INVEST

We will invest in human capital strategies to enhance the associate experience.

We will continue to drive efficiency and process improvement across all levels of the organization, leveraging technology and automation.

We will make significant investments in the new brand strategy working on updating and enhancing the image and reputation of the bank.

ENHANCE

We will continue to enhance the transformational work that has been done over the past five years.

We will focus on initiatives around enhancing technology, operations, customer experience, C&I, CRA, ESG, DEI, channel delivery, and product development.

We will strengthen change management systems and leverage the Board's ERM Committee.

EXPAND

We will continue strategies to deepen existing relationships and acquire new relationships in current markets as well as new markets.

We will focus on increasing share of wallet in existing growth markets.

We will focus on expanding through organic growth and opportunistic acquisition.

← SUPERIOR FINANCIAL PERFORMANCE & OPERATIONAL EXCELLENCE →

TROUBLED BANKS

Common Themes

- Concentrations in loan portfolios (technology, cryptocurrency, etc.)
- Concentrations in deposit portfolios (more commercial vs. retail)
- Disproportionately large amount of uninsured deposits (upwards of 90%)
- Different bond classifications (more HTM)
- Higher percentage of bonds / total assets
- Different bond portfolio construction (more fixed rates and longer term maturities)

67.7 - 89.7%**UNINSURED
DEPOSITS****30 - 90%**
HTM SECURITIES**10 - 70%**
AFS SECURITIES**2.19 - 2.60 %****NIM**

CARTER BANK

Differentiators

- Balance sheet diversification/ granularity for loans & deposits
- Modest exposure to uninsured depositors
- 77% Retail deposit base
- Bond portfolio structure:
 - 100% AFS
 - 20% of Total Assets
 - ~50% fixed / 50% floating (peer average ~90% fixed / 10% floating)
 - Shorter maturities (average life 5.65 years)
 - Less interest rate risk (effective duration 3.9)
 - Strong annual cash flow generation (+/- 100M/yr, over the next 10 years)

12.0%**UNINSURED
DEPOSITS****0%**
HTM SECURITIES**100%**
AFS SECURITIES**3.98%****NIM**

Capital	Asset Quality	Earnings	Liquidity
12.28% Common Equity Tier 1 Ratio ("CET1") 	0.26% NPL/Portfolio Loans ○ ○ ○	1.51% Return on Avg Assets (QTD) 	\$1.4B Total Liquidity Sources ○ ○ ○
13.54% Total Risk- based Capital Ratio 	0.51% NPA/Total Assets plus OREO ○ ○ ○	18.89% Return on Avg Shareholders' Equity (QTD) 	15.6% Highly Liquid Assets / Total Assets ○ ○ ○
10.09% Leverage Ratio 	2.91% ACL/Total Portfolio Loans ○ ○ ○	3.98% NIM (FTE) 	155.0% Highly Liquid Assets / Uninsured Deposits ○ ○ ○
\$14.85 Adjusted Book Value ¹	0.07% Net Chg-offs/ Portfolio Loans (QTD annualized)	52.51% Core Efficiency Ratio ● Three consecutive quarters of record earnings.	318.6% Total available liquidity / uninsured deposits

FINANCIAL HIGHLIGHTS

BALANCE SHEET & INCOME STATEMENT

<i>\$ in thousands</i>	1Q2023		4Q2022		QTD Q/Q Change %	1Q2022		QTD Y/Y Change %
Operational Results								
Net Interest Income	\$	40,785	\$	41,522	(1.8)%	\$	28,222	44.5 %
Provision for Credit Losses		1,415		52	2,621.2 %		630	124.6 %
Provision (Recovery) for Unfunded Commitments		84		319	(73.7)%		(236)	(135.8)%
Noninterest Income		4,735		5,544	(14.6)%		5,335	(11.2)%
Noninterest Expense		24,188		27,617	(12.4)%		22,511	7.4 %
Income Tax Expense		3,892		3,469	12.2 %		1,329	192.9 %
Net Income	\$	15,941	\$	15,609	2.1 %	\$	9,323	71.0 %
Balance Sheet Condition								
Assets	\$	4,365,549	\$	4,204,519	3.8 %	\$	4,123,226	5.9 %
Portfolio Loans		3,248,898		3,148,913	3.2 %		2,894,004	12.3 %
Allowance for Credit Losses		(94,694)		(93,852)	0.9 %		(96,376)	(1.7)%
Securities Available-for-Sale		862,856		836,273	3.2 %		982,041	(12.1)%
Deposits		3,533,407		3,630,333	(2.7)%		3,728,278	(5.2)%
Shareholders' Equity		354,880		328,627	8.0 %		358,556	(1.0)%

\$12.6M

NII up YoY

\$3.4M

NIE down QoQ

12.3%

Loan Growth YoY

\$26.3M

Equity up QoQ

FINANCIAL / SHAREHOLDER RATIOS

	1Q2023	4Q2022	QTD Q/Q Change %	1Q2022	QTD Y/Y Change %
Shareholder Ratios					
Diluted Earnings Per Share (QTD)	\$ 0.67	\$ 0.65	3.1 %	\$ 0.36	86.1 %
Financial Ratios					
Return on Avg Assets (QTD)	1.51 %	1.49 %	1.3 %	0.92 %	64.1 %
Return on Avg Shareholders' Equity (QTD)	18.89 %	19.32 %	(2.2)%	9.57 %	97.4 %
Net Interest Margin (FTE)(QTD) ¹	3.98 %	4.07 %	(2.2)%	2.91 %	36.8 %
Core Efficiency Ratio (QTD) ¹	52.51 %	59.49 %	(11.7)%	66.35 %	(20.9)%
Asset Quality Ratios					
NPL/Portfolio Loans	0.26 %	0.21 %	23.8 %	0.25 %	4.0 %
NPA/Total Assets plus OREO	0.51 %	0.48 %	6.3 %	0.64 %	(20.3)%
ACL/Total Portfolio Loans	2.91 %	2.98 %	(2.3)%	3.33 %	(12.6)%
Net Chg-offs/Portfolio Loans (QTD annualized)	0.07 %	0.05 %	40.0 %	0.03 %	133.3 %

\$0.67

Record QTD EPS

1.51%

ROA

18.89%

ROE

2.91%

ACL / Total Loans

3.98%

NIM¹

52.51%

Efficiency Ratio¹

As of March 31, 2023

¹ Non-GAAP Financial measure - see Non-GAAP reconciliation

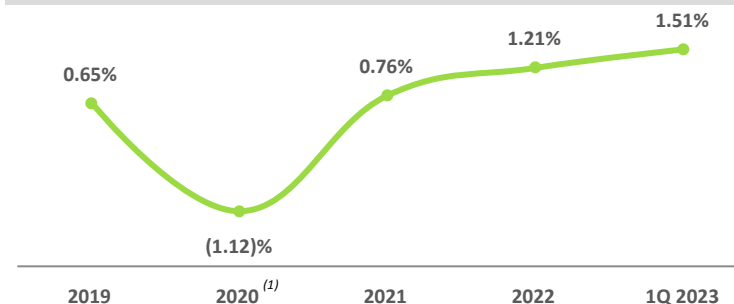
FINANCIAL PERFORMANCE TRENDS

Net Income, in millions



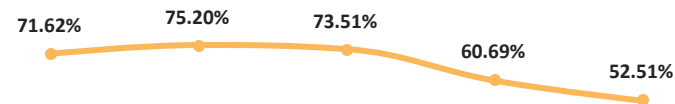
2019 2020⁽¹⁾ 2021 2022 Q1 2023⁽²⁾

ROA



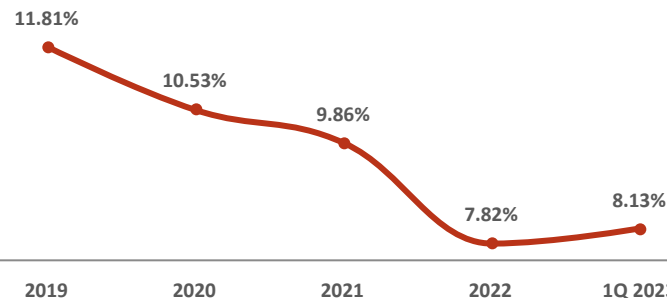
2019 2020⁽¹⁾ 2021 2022 1Q 2023

Core Efficiency Ratio



2019 2020 2021 2022 Q1 2023

TCE



2019 2020 2021 2022 1Q 2023

⁽¹⁾ A loss of \$57.7 million was recognized during the third quarter of 2020 related to a one-time charge resulting from goodwill impairment. This impairment charge reduced net income by \$62.2 million, resulting in a net loss for the third quarter of 2020.

⁽²⁾ Net Income for the quarter ended March 31, 2023 is annualized.

Focus on maintaining a "well capitalized" designation.

Ensure capital levels are commensurate with the Company's risk profile and strategic plan objectives.

On March 29, 2023, effective May 1, 2023, we announced a stock repurchase program to purchase up to 1M shares of the Company's common stock over the next twelve months.

REGULATORY CAPITAL

12.28% 13.54% 10.09%

TIER 1

TOTAL

LEVERAGE

	Regulatory Well Capitalized	Carter Bankshares 3/31/2023	Excess (\$) (In Thousands) 3/31/2023
Common Equity Tier 1 Ratio ("CET1")	6.50 %	12.28 %	\$ 207,571
Tier 1 Risk-based Ratio	8.00 %	12.28 %	\$ 153,720
Total Risk-based Capital Ratio	10.00 %	13.54 %	\$ 127,238
Leverage Ratio	5.00 %	10.09 %	\$ 222,408
Critically Undercapitalized Category	Tangible equity to total assets ≤2%		
Capital Conservation Buffer	≥2.5%; composed of CET1		

	Actual (\$) 3/31/2023	Cumulative AOCI impact 3/31/2023	Other Segment Reserve impact 3/31/2023
Book Value per Common Share	\$ 14.85	\$ (3.07)	\$ (1.80)
		\$(4.87)	
Adjusted Book Value ¹	\$ 19.72		

As of March 31, 2023

We adopted CECL effective January 1, 2021 and elected to implement the capital transition relief over the permissible three-year period.

¹ Non-GAAP Financial measure - see Non-GAAP reconciliation

\$1.4B

TOTAL AVAILABLE LIQUIDITY

Continue to maintain a strong liquidity position:

- Ongoing FHLB collateral pledging⁽¹⁾
- Maintain six unsecured lines of credit
- Majority of bond portfolio is unpledged
- Available sources to leverage unpledged bonds
 - Federal Reserve Discount Window
 - Federal Home Loan Bank of Atlanta
 - Bank Term Funding Program ("BTFP")

Strong coverage of uninsured deposits:

- Total available liquidity / uninsured deposits 318.6%

<i>\$ in thousands</i>	March 31, 2023	December 31, 2022	Favorable / (Unfavorable)
Cash and Due From Banks, including Interest-bearing Deposits	\$ 81,378	\$ 46,869	\$ 34,509
FHLB Borrowing Availability ⁽¹⁾	461,913	676,746	(214,833)
Unsecured Lines of Credit	145,000	127,130	17,870
Unpledged Investment Securities	638,040	611,845	26,195
Excess Pledged Securities	71,062	46,305	24,757
Total Liquidity Sources	\$ 1,397,393	\$ 1,508,895	\$ (111,502)

As of March 31, 2023

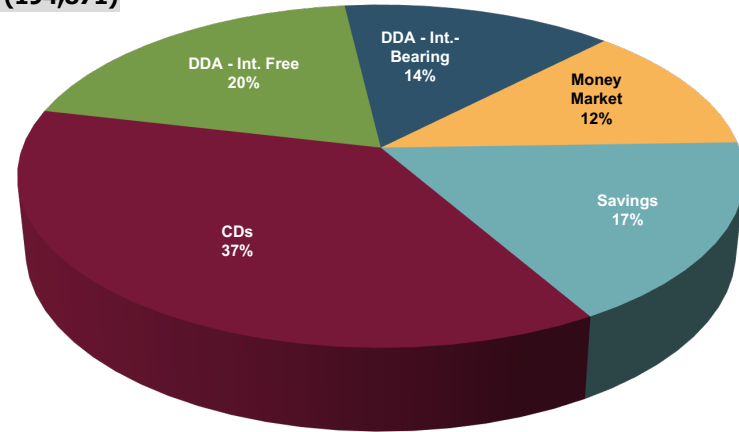
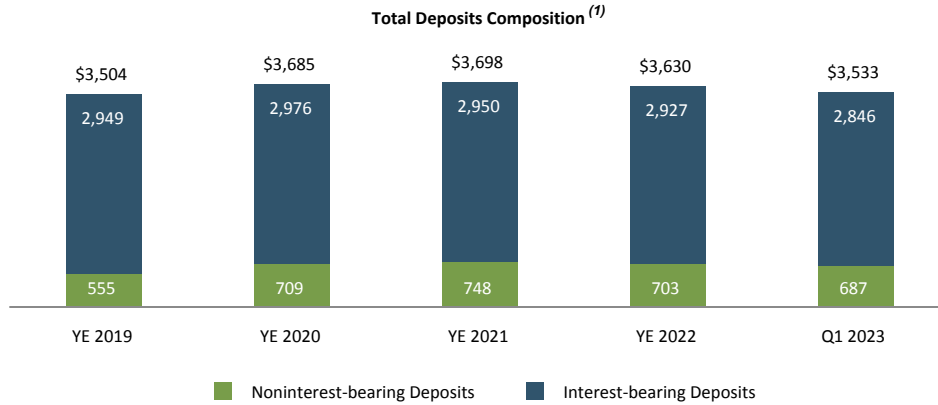
⁽¹⁾ For the periods presented above, the Company maintained a secured FHLB Borrowing Facility with FHLB of Atlanta equal to 25% of the Bank's assets approximating \$1.1 billion, with available borrowing capacity subject to the amount of eligible collateral pledged at any given time.

DEPOSIT COMPOSITION

\$ in thousands	For the Period Ending			Variance	
	03/31/23	12/31/22	03/31/22	Quarter	Year
Lifetime Free Checking	\$ 687,333	\$ 703,334	\$ 708,353	\$ (16,001)	\$ (21,020)
Interest-Bearing Demand	500,749	496,948	480,192	3,801	20,557
Money Market	430,938	484,238	526,838	(53,300)	(95,900)
Savings	606,976	684,287	728,425	(77,311)	(121,449)
Certificates of Deposits	1,307,411	1,261,526	1,284,470	45,885	22,941
Total Deposits	\$3,533,407	\$3,630,333	\$3,728,278	\$ (96,926)	\$ (194,871)

DEPOSIT STATISTICS

- Diversified and granular deposit base, approximately 77% Retail Customers
- Approximately 88% of Deposits are FDIC Insured
- Partnership with IntraFi for available coverage over \$250K FDIC insured limit.



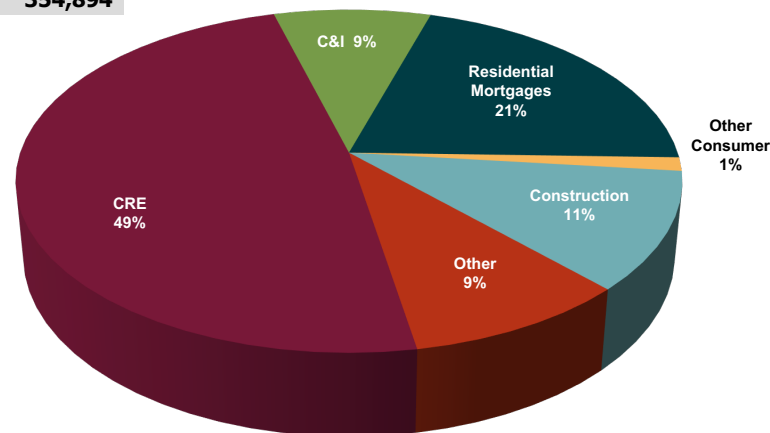
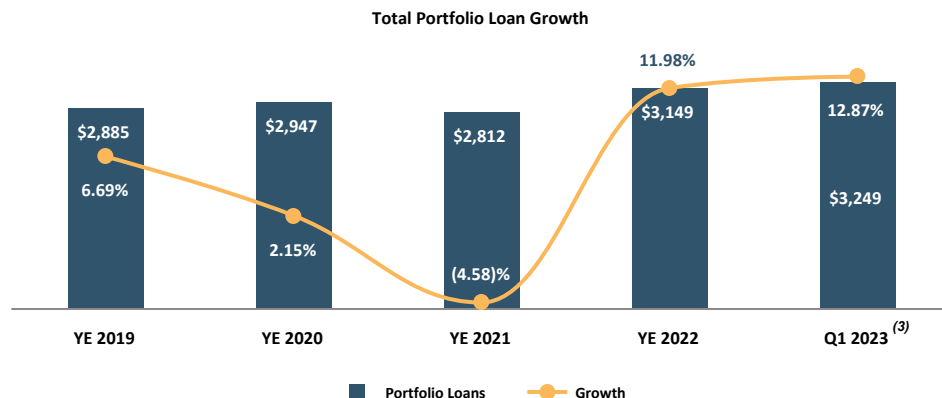
⁽¹⁾ Period end balances at March 31, 2023, \$ in millions

LOAN COMPOSITION

\$ in thousands	For the Period Ending			Variance	
	03/31/23	12/31/22	03/31/22	Quarter	Year
Commercial Real Estate	\$ 1,575,675	\$ 1,470,562	\$ 1,343,206	\$ 105,113	\$ 232,469
Commercial and Industrial	290,293	309,792	345,345	(19,499)	(55,052)
Residential Mortgages	675,340	657,948	483,382	17,392	191,958
Other Consumer	41,308	44,562	43,288	(3,254)	(1,980)
Construction	361,003	353,553	321,190	7,450	39,813
Other ⁽¹⁾	305,279	312,496	357,593	(7,217)	(52,314)
Total Portfolio Loans⁽²⁾	\$ 3,248,898	\$ 3,148,913	\$ 2,894,004	\$ 99,985	\$ 354,894

LOAN PORTFOLIO

- Total loans increased \$354.9M, or 12.3% YoY due to solid loan growth, primarily in the commercial real estate segment.



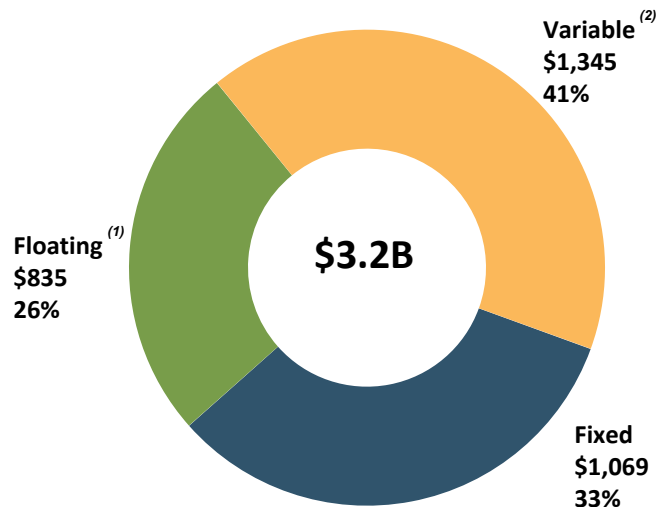
⁽¹⁾ Other loans include unique risk attributes considered inconsistent with our current underwriting standards.

⁽²⁾ Total Portfolio Loans is net of loans held-for-sale and Loan Portfolio Segments are sourced from Fed. Call Codes (RC-C).

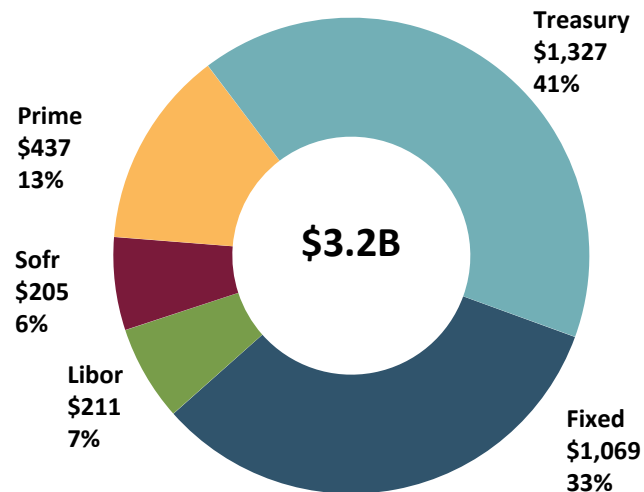
⁽³⁾ Loan growth for the quarter ended March 31, 2023 is annualized and \$ in millions

\$ in millions

Loan Portfolio by Rate Type



Loan Portfolio by Rate Index Type



⁽¹⁾ Floating Rate Loans are defined as loans with contractual interest rate terms that allow the loan to reprice at least once each month.

⁽²⁾ Floating Rate Loans are defined as loans with contractual interest rate terms that allow the loan to reprice at least once during the life of the loan agreement, but not more frequently than once per quarter.

TOP TEN (10) RELATIONSHIPS (TOTAL COMMITMENT)

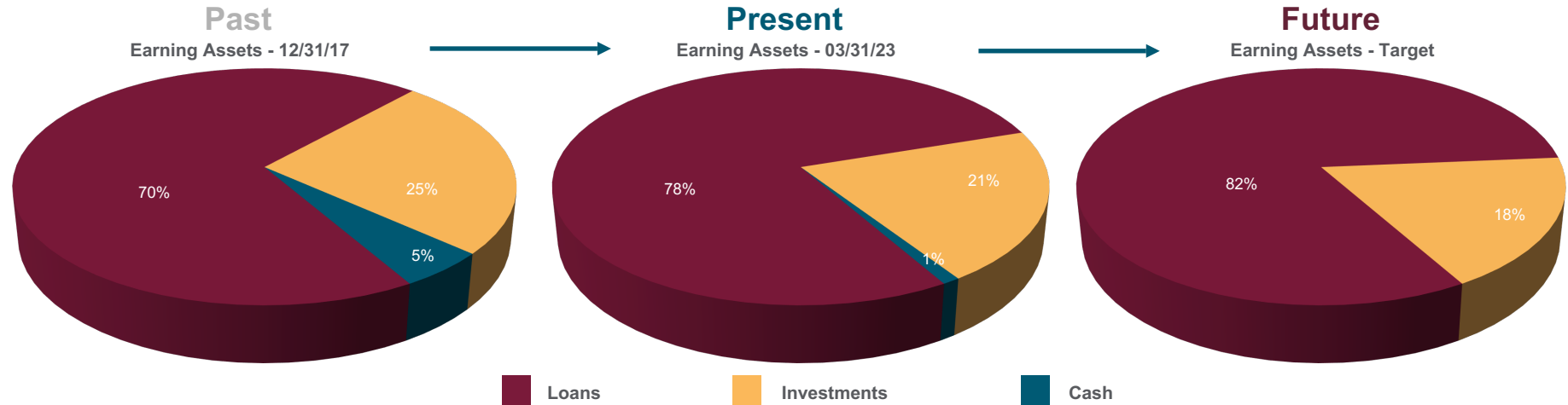
\$ in thousands	For the Periods Ending		Variance 03/31/23 to 12/31/22	% of Gross Loans	% of RBC
	03/31/23	12/31/22			
1. Hospitality, agriculture & energy	\$ 301,913	\$ 309,107	\$ (7,194)	9.29%	62.09%
2. Retail real estate & food services	54,524	55,625	(1,101)	1.68%	11.21%
3. Industrial & retail real estate	41,261	41,725	(464)	1.27%	8.49%
4. Multifamily development	40,000	40,000	—	1.23%	8.23%
5. Retail real estate	37,272	37,679	(407)	1.15%	7.66%
6. Special / limited use	33,736	33,736	—	1.04%	6.94%
7. Multifamily & student housing	33,676	33,998	(322)	1.04%	6.93%
8. Non-Owner Occupied / Commercial Real Estate	33,672	17,308	16,364	1.04%	6.92%
9. Hospitality	33,289	33,587	(298)	1.02%	6.85%
10. Multifamily / Construction Real Estate	32,000	24,000	8,000	0.98%	6.58%
Top Ten (10) Relationships	\$ 641,343	\$ 626,765	\$ 14,578	19.74%	131.90%
Total Gross Loans	\$ 3,249,262	\$ 3,148,913	\$ 100,349		
% of Total Gross Loans	19.74%	19.90%	(0.16%)		
<i>Concentration (25% of RBC)</i>	\$ 121,562	\$ 120,863			

BALANCE SHEET TRANSFORMATION

EARNING ASSETS

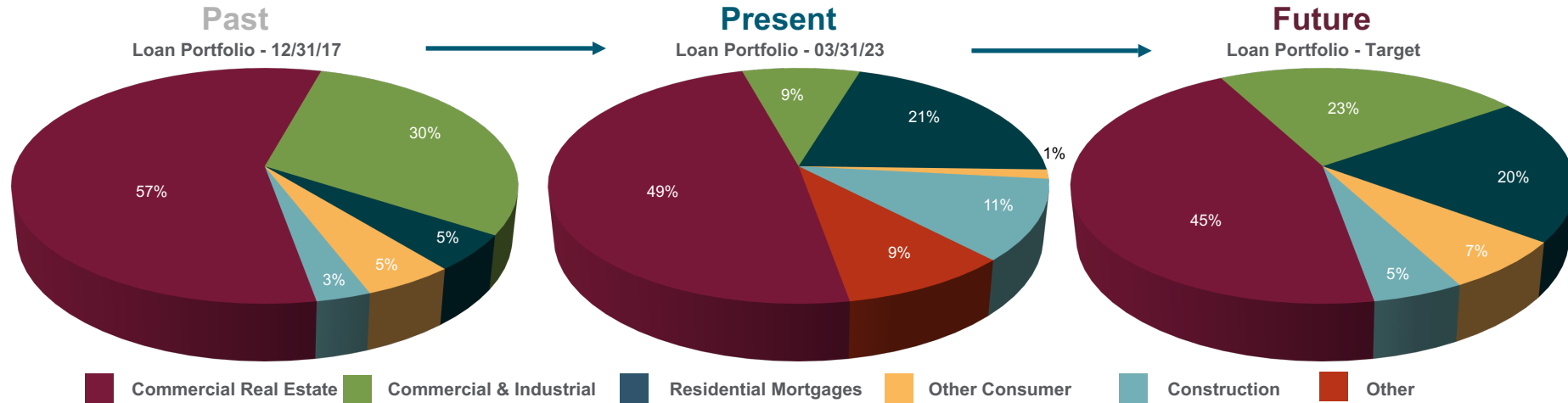
Goal is to grow attractively priced loans and investments while foregoing undue concentration risk.

- Earning Assets stand at \$4.2B
- Our primary mandate is to grow the loan book with well diversified, attractively priced loan products to increase the NIM and mitigate concentration risks.
- Our secondary mandate is to utilize the investment portfolio to hedge the loan portfolio while providing a steady stream of income to supplement earnings. The investment book can be liquidated, or pledged, on an as needed basis to fund loan growth, when appropriate.



Goal is to further diversify and de-risk the loan portfolio by reducing dependency on CRE loans and increasing C&I loans, consumer loans and single-family mortgages. Increased granularity is also a focus.

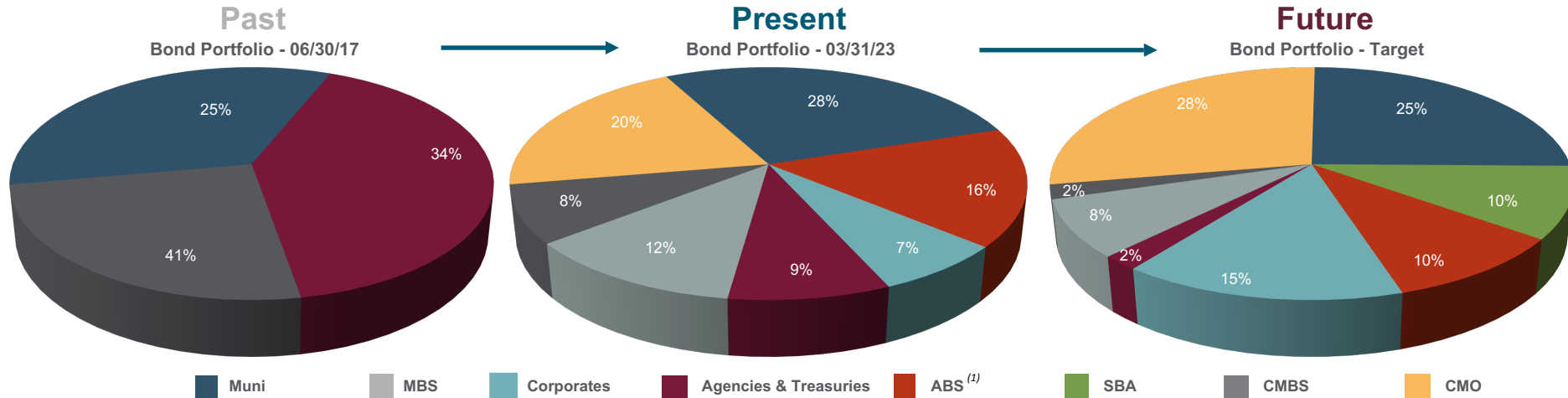
- Portfolio loans currently stand at \$3.2B
- Our primary mandate is to always provide solutions to our customers in our footprint. CRE loans will continue to be a foundation of the portfolio, while we continue to build out our C&I, residential mortgage and consumer portfolios.
- We are layering in additional loan products, tapping previously underutilized markets within the footprint and partnering with new borrowers to help with diversification, in order to maximize the NIM.



BOND PORTFOLIO

Goal is to maintain diversification and strong credit quality, while delivering above peer performance.

- Portfolio stands at \$862.9M, or about 19.8% of total assets, target is 15-25% of total assets
- Per the charts, diversification has improved significantly over the past several years
- The portfolio is now about 50% floating rate (versus 0% floating rate several years ago)
- All bonds are “available-for-sale”, and can be used for liquidity and pledging purposes as needed

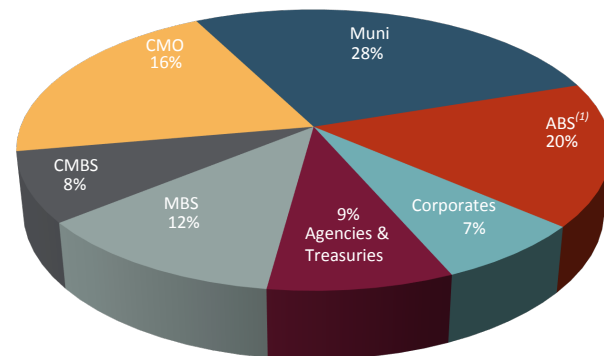


BOND PORTFOLIO

\$ in thousands	3/31/2023			12/31/2022		
	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
U.S. Treasury Securities	5	\$ 18,132	\$ (1,204)	5	\$ 17,866	\$ (1,452)
U.S. Government Agency Securities	19	22,720	(740)	15	20,913	(788)
Residential Mortgage-Backed Securities	43	103,884	(10,625)	43	103,685	(12,009)
Commercial Mortgage-Backed Securities	56	22,933	(835)	56	23,518	(936)
Other Commercial Mortgage-Backed Securities	9	21,862	(3,050)	8	19,862	(2,597)
Asset Backed Securities	55	141,678	(12,952)	54	139,383	(15,169)
Collateralized Mortgage Obligations	85	174,423	(13,032)	85	176,622	(14,159)
States and Political Subdivisions	161	235,757	(43,692)	164	227,946	(53,607)
Corporate Notes	21	61,733	(9,017)	21	61,733	(9,017)
Total Debt Securities	454	\$ 803,122	\$ (95,147)	451	\$ 791,528	\$ (109,734)

BOND OVERVIEW

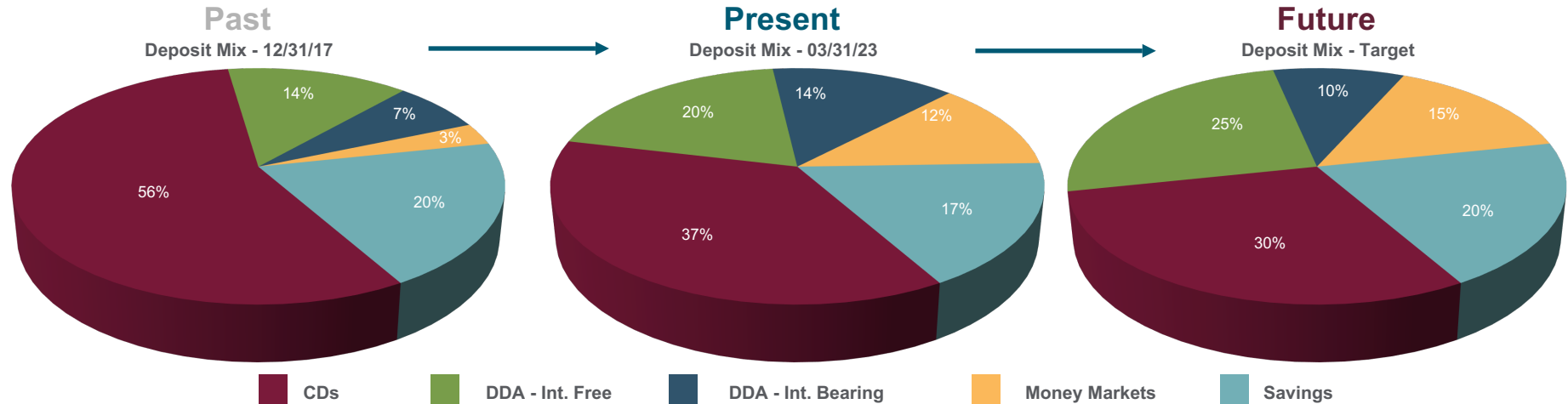
- The bond portfolio is 100% available-for-sale.
- Our portfolio consists of 49.2% of securities issued by United States government sponsored entities and carry an implicit government guarantee.
- States and political subdivisions comprise 27.5% of the portfolio and largely general obligation or essential purpose revenue bonds, which have performed very well historically over all business cycles, and are rated AA and AAA.
- At March 31, 2023, the Company held 52.3% fixed rate and 47.7% floating rate securities.
- First quarter improvement of 12.3% in AOCI given the positive changes in fair value of the available-for-sale bond portfolio due to lower interest rates in the intermediate part of the yield curve.
- Securities comprise 19.8% of total assets at March 31, 2023.
- Shorter maturity profile with an average life of 5.7 years; less interest rate risk with an effective duration of 3.9.



DEPOSITS

Goal is to enhance and diversify funding sources with a focus on lower cost/core relationships (both retail and commercial):

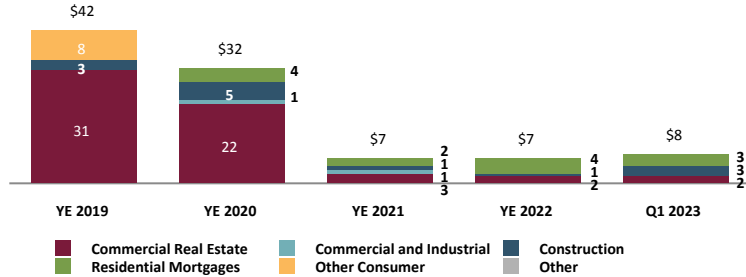
- Deposits currently stand at \$3.5B
- Dependence on CDs has significantly declined, and maturities and pricing are proactively managed on a weekly basis
- Multiple strategies are in place to grow all non maturity deposit accounts with a focus on lower cost of funds
- Established product road map and working to expand deposit offerings for retail and commercial customers



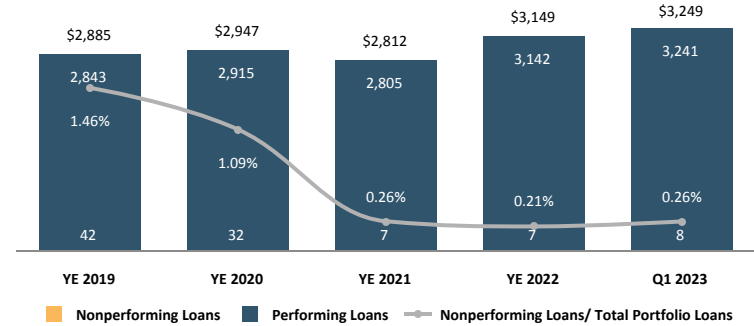
ASSET QUALITY

NONPERFORMING

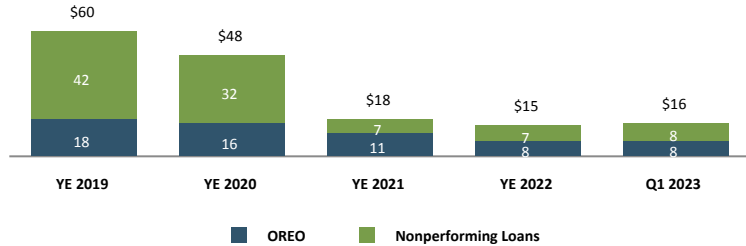
Nonperforming Loan Breakdown



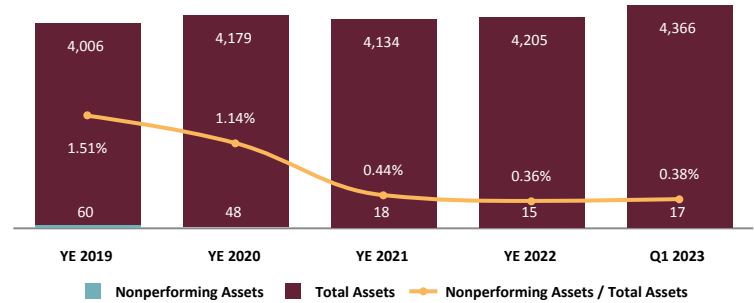
Nonperforming Loans / Total Portfolio Loans



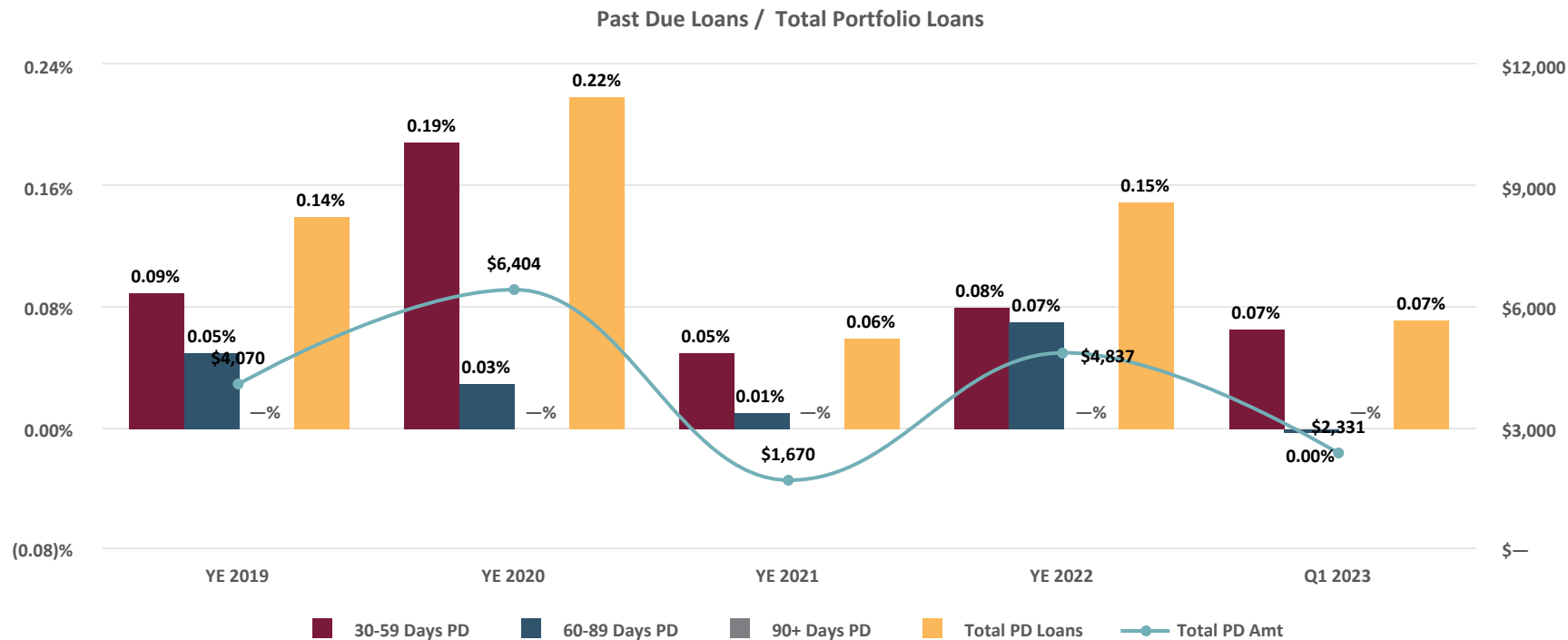
Nonperforming Assets



Nonperforming Assets / Total Assets



DELINQUENCY TRENDS



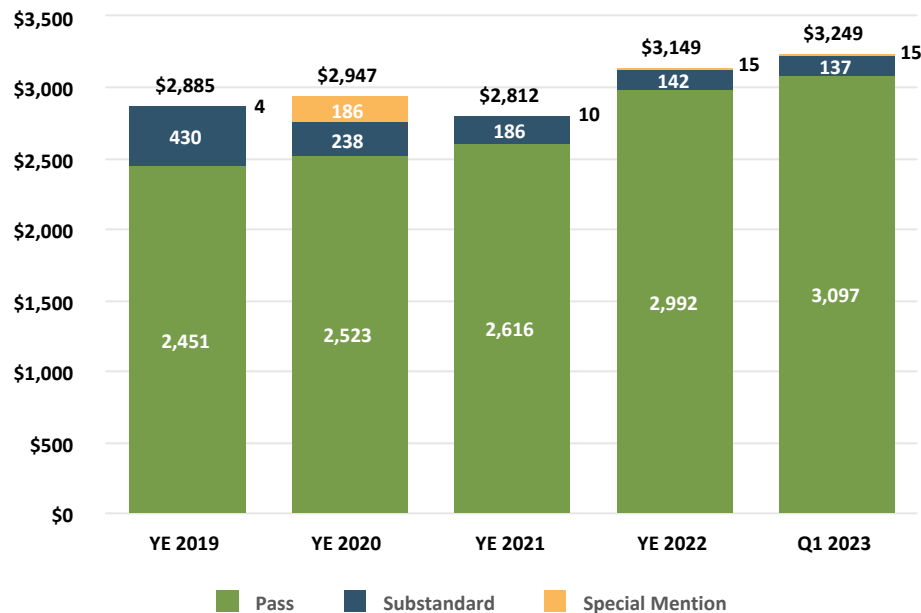
As of March 31, 2023, \$ in thousands

NONPERFORMING RELATIONSHIPS

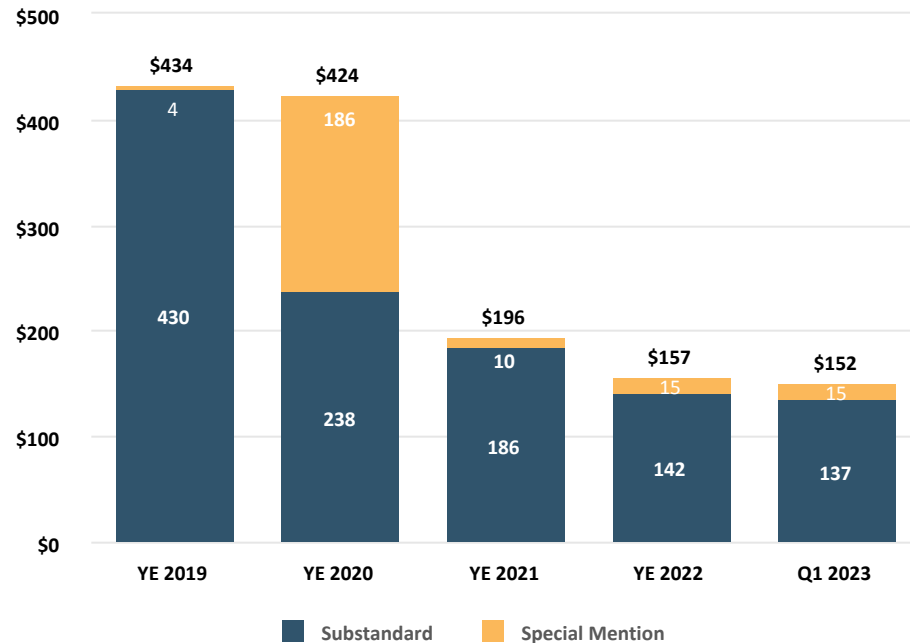
\$ in thousands	Nonaccrual Balance		Variance 03/31/23 to 12/31/22	Comments
	03/31/23	12/31/22		
1. Residential Construction	\$ 2,090	\$ —	\$ 2,090	Residential Construction
2. CRE	1,986	2,106	(120)	Commercial Property
3. Residential	1,212	1,212	—	Residential Mortgage Loan
4. Residential	825	825	—	Residential Mortgage Loan
5. Construction	808	808	—	Residential Lot Developer
6. CRE	—	126	(126)	CRE Owner Occupied
Subtotal: Top 5 Nonaccrual Loans	6,921	5,077	1,844	
Total Nonaccrual Loans	8,368	6,645	1,723	
Top 5 Nonaccrual Loans / Total Nonaccrual Loans	82.71%	76.40%	6.31%	
Total Portfolio Loans	3,248,898	3,148,913	99,985	
Total Nonaccrual Loans / Total Portfolio Loans	0.26%	0.21%	0.05%	

LOAN PORTFOLIO - RISK RATINGS

Portfolio Credit Quality Trend

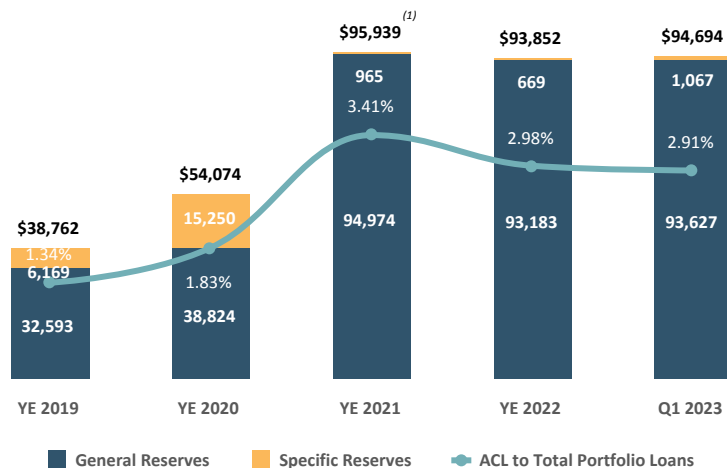


Non-Pass Credit Quality Trend

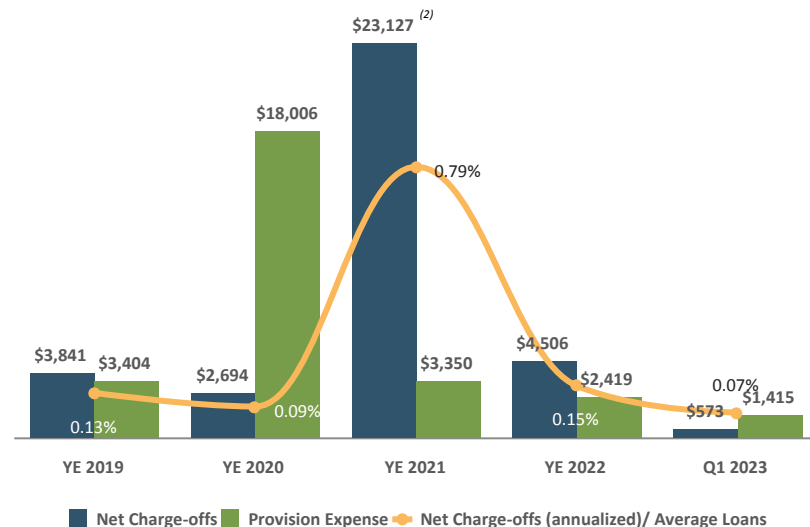


ACL, NET CHARGE-OFFS & PROVISION EXPENSE

ACL Composition & ACL Coverage Ratio



Net Charge-offs & Provision Expense



As of March 31, 2023, \$ in thousands

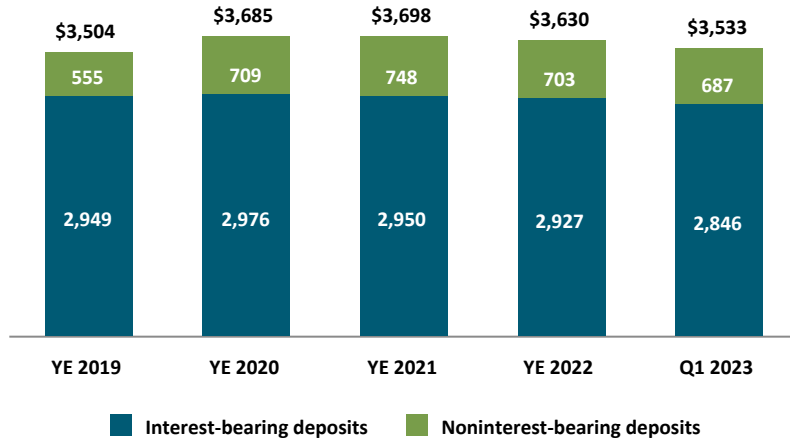
⁽¹⁾ Included in the three months ended March 31, 2021 is the \$61.6 million Day 1 adjustment related to the adoption ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". Refer to the Company's Form 10-Q filed with the Securities and Exchange Commission ("SEC") for more details.

⁽²⁾ YTD Net charge-offs for 2021 consist of \$9.2 million for nine sold loans that were a part of two relationships in 3Q21 and \$6.3 million and \$1.9 million in 2Q21 for the resolution of our two largest nonperforming credits, which were previously reserved.

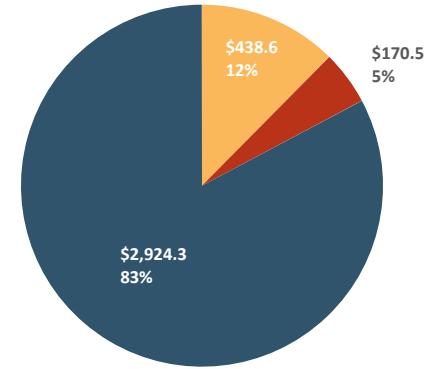
DEPOSIT MIX & COST OF FUNDS

DEPOSITS

Total Deposit Composition ⁽¹⁾



Insured/Uninsured Deposits



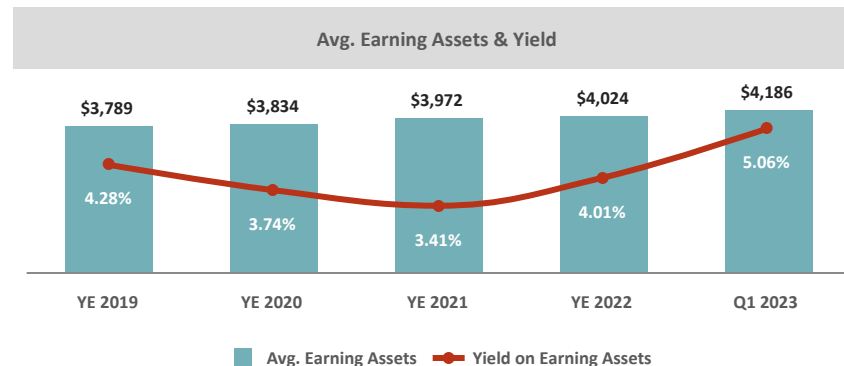
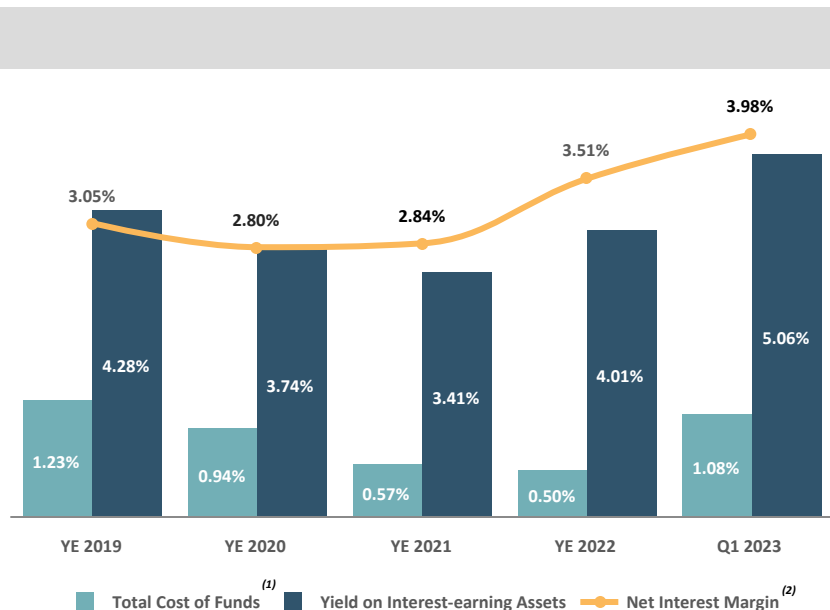
■ Uninsured Deposits ■ Collateralized Muni ⁽²⁾ ■ Insured Deposits

- Well- diversified deposit base of 156,000 customers
- Deposit mix of 77% Consumer / 23% Business
- At March 31, 2023, the Bank had no deposit relationships greater than, or equal to, 2% of total deposits.
- Partnership with IntraFi for available coverage over \$250K FDIC insured limit.

⁽¹⁾ Period end balances, at March 31, 2023, \$ in millions

⁽²⁾ Collateralized Muni deposits are FDIC insured up to \$250,000. All balances in excess of \$250,000 are fully collateralized with eligible securities

NET INTEREST INCOME



Average balances, as of March 31, 2023, \$ in millions

⁽¹⁾ Cost of Funds incorporates the free funds contribution with the rate on total interest-bearing liabilities to illustrate the impact of noninterest-bearing liabilities on the overall cost of funds.

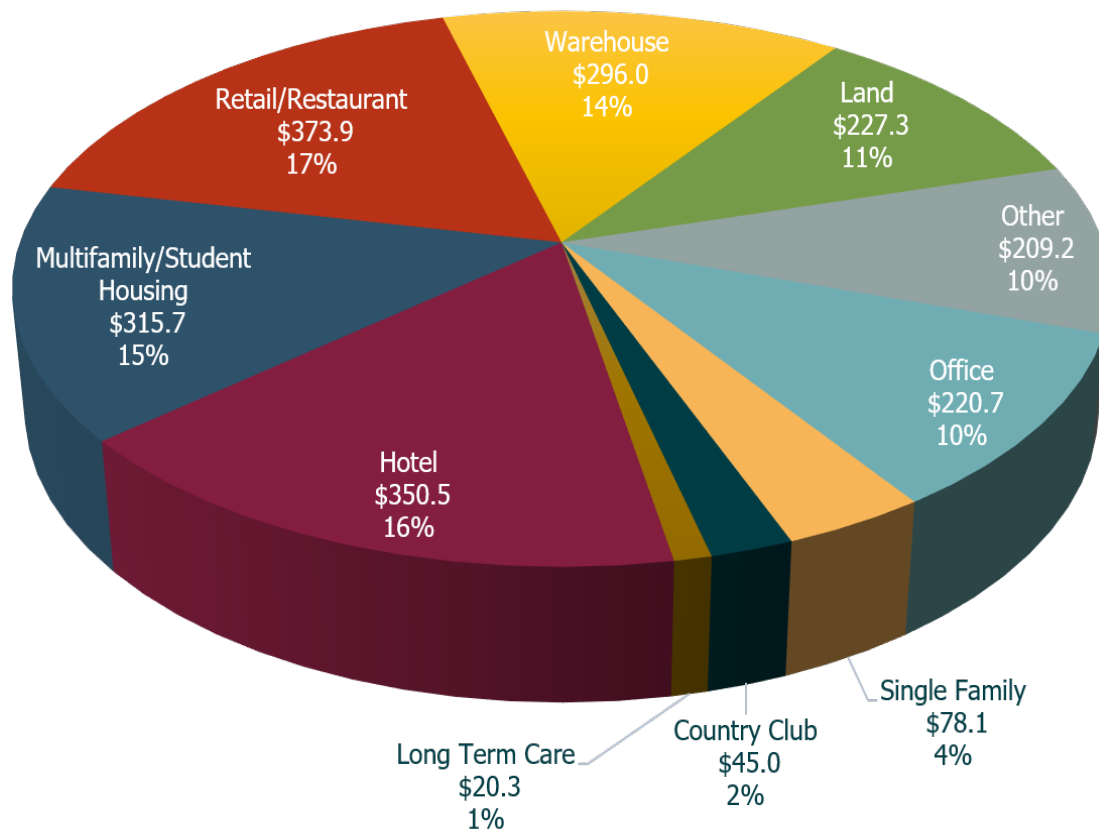
⁽²⁾ Net Interest margin has been computed on a fully taxable equivalent basis (FTE) using 21% federal income tax statutory rate for 2019 through 2023.

COMMERCIAL LOAN PORTFOLIO MIX

CRE SEGMENT OVERVIEW

By Collateral Code

**Grand Total of
Segments
\$2,136.7**



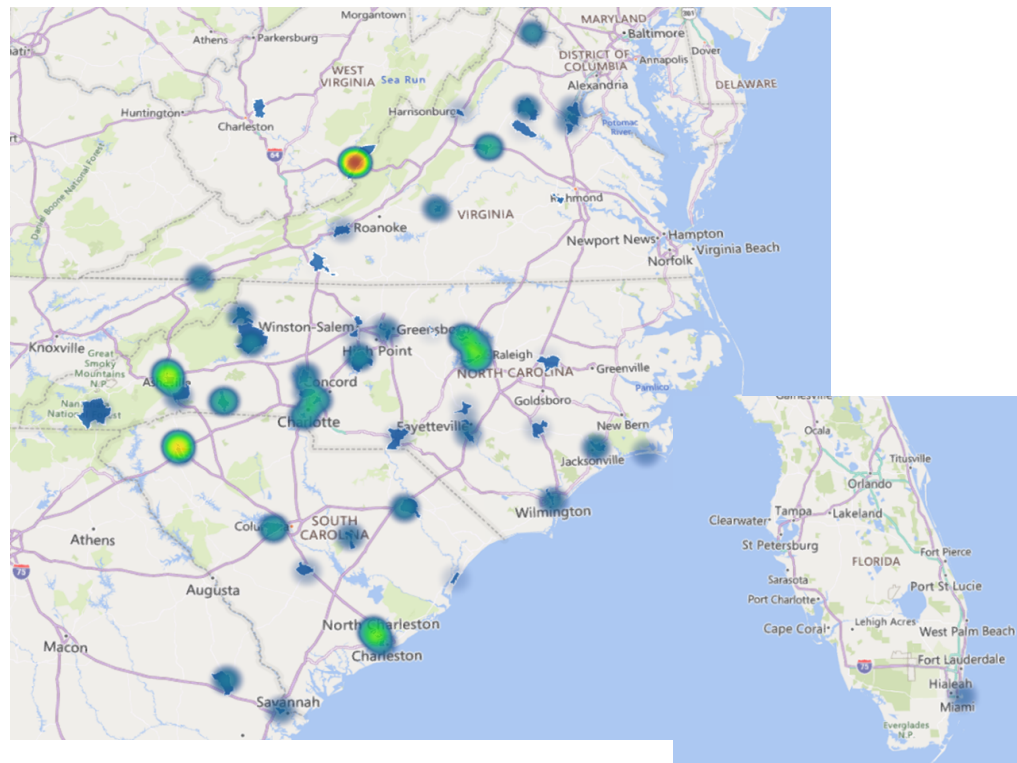
As of March 31, 2023, \$ in millions

⁽¹⁾ Other CRE & Other Commercial Segments include, but are not limited to, Special / Limited Use, Church, Mobile Home Park, Gas Station, Self-Storage Facilities & Auto Shops

HOSPITALITY METRICS

- Total portfolio commitment \$383M
- Geographic diversification (see map)
- Mean loan size in portfolio \$5.8M
- Median of loans in portfolio \$3.7M
- The largest loan in portfolio \$51.6M
- 8.21% are under construction
- Top 10 borrowers make up 47.34% of the total hospitality commitment
- No delinquent loans in the hospitality portfolio
- There are no loans in the hospitality portfolio that are adversely classified or NPL
- 94.72% of hospitality portfolio is funded

	AVERAGE		
4.54	51.15%	\$88.9K	
RISK RATING	LTV	DEBT/KEY	



HOSPITALITY METRICS

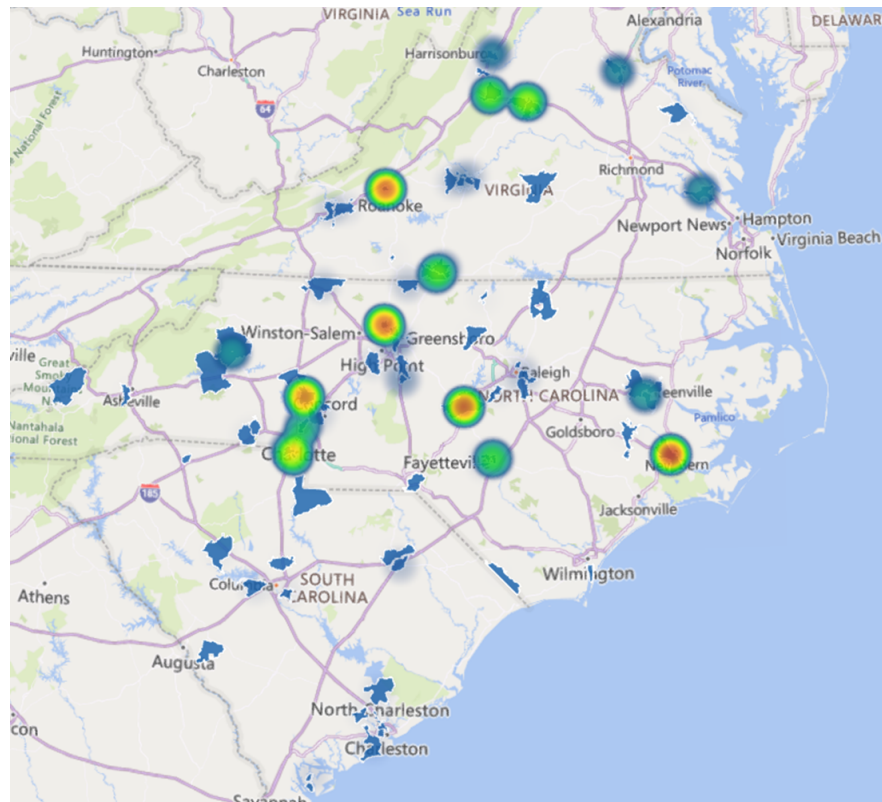
Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Hilton	\$ 107,894	30.8 %	\$ 107,894	65.0 %	\$ 9,809	\$ 113
IHG	75,774	21.6 %	75,774	56.6 %	4,736	69
Marriott	57,552	16.4 %	57,552	28.4 %	28,776	75
Upscale Independent/ Boutique	35,811	10.2 %	67,252	38.5 %	5,116	104
Wyndham	26,578	7.6 %	26,578	60.4 %	2,416	40
Independent	18,485	5.3 %	19,550	53.0 %	2,641	171
Radisson	11,462	3.3 %	11,462	54.4 %	2,866	39
Best Western	8,650	2.5 %	8,650	41.6 %	2,162	20
Choice	8,280	2.3 %	8,280	52.7 %	2,070	31
Hospitality Totals	\$ 350,485	100.0 %	\$ 382,991	51.1 %	\$ 6,732	\$ 74

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
North Carolina	\$ 143,358	40.9 %	\$ 174,799	52.6 %	\$ 4,216	\$ 86
South Carolina	91,962	26.2 %	91,962	62.0 %	8,360	104
West Virginia	58,696	16.7 %	58,696	24.4 %	14,674	67
Virginia	42,011	12.0 %	43,076	56.6 %	3,001	93
Georgia	11,092	3.2 %	11,092	58.6 %	5,546	64
Florida	3,365	1.0 %	3,365	51.8 %	3,365	240
Hospitality Totals	350,485	100.0 %	382,991	51.1 %	6,527	109

MULTIFAMILY METRICS

- Total Commitment \$467M⁽¹⁾
- Geographic diversification (see map)
- Mean loan size in portfolio \$3.3M
- Median of loans in portfolio \$227K
- The largest loan in portfolio \$32M
- 38.08% are under construction
- Top 10 borrowers make up 54.08% of the total multifamily commitment
- 0.06% of portfolio is 30+ days past due
- There are no loans in the Multifamily portfolio that are NPL
- 2.12% of the portfolio are adversely classified
- 86.44% of portfolio is funded

	AVERAGE	
5.79	62.15%	\$129.4K
RISK RATING	LTV	DEBT/DOOR



MULTIFAMILY METRICS

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Multifamily	\$ 257,608	81.6 %	\$ 422,210	65.5 %	\$ 2,995	\$ 131
Student	43,791	13.9 %	43,791	63.4 %	21,896	62
Other ⁽¹⁾	6,306	2.0 %	36,548	— %	1,051	—
Participations in Affordable Housing	8,017	2.5 %	8,017	11.3 %	157	5
Multifamily Totals	315,722	100.0 %	510,566	59.8 %	6,525	50

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Multifamily						
Virginia	75,879	24.0 %	116,115	78.7 %	1,581	129
South Carolina	39,132	12.4 %	72,927	57.0 %	1,449	117
North Carolina	150,759	47.8 %	241,380	59.6 %	2,319	132
Student Housing						
Virginia	41,815	13.2 %	41,815	63.8 %	8,363	50
North Carolina	1,976	0.6 %	1,976	54.9 %	1,976	8
Unallocated by State	6,161	2.0 %	36,353	— %	2,054	—
Multifamily Totals	315,722	100.0 %	510,566	59.6 %	2,957	73

As of March 31, 2023, \$ in thousands

⁽¹⁾ The Other category consists of multifamily properties for which we do not have the data for.

RETAIL METRICS

- Total portfolio commitment \$382M
- Geographic diversification (see map)
- Mean loan size in portfolio \$2.66M
- Median of loans in portfolio \$1.06M
- The largest loan in portfolio \$29M
- 11.45% are under construction
- Top 10 borrowers make up 38.63% of the total retail commitment
- 2.11% of the loans are delinquent
- 0.11% of loans are rated special mention or worse
- 0.01% are in NPL status
- 93.12% of retail portfolio is funded

AVERAGE

4.61

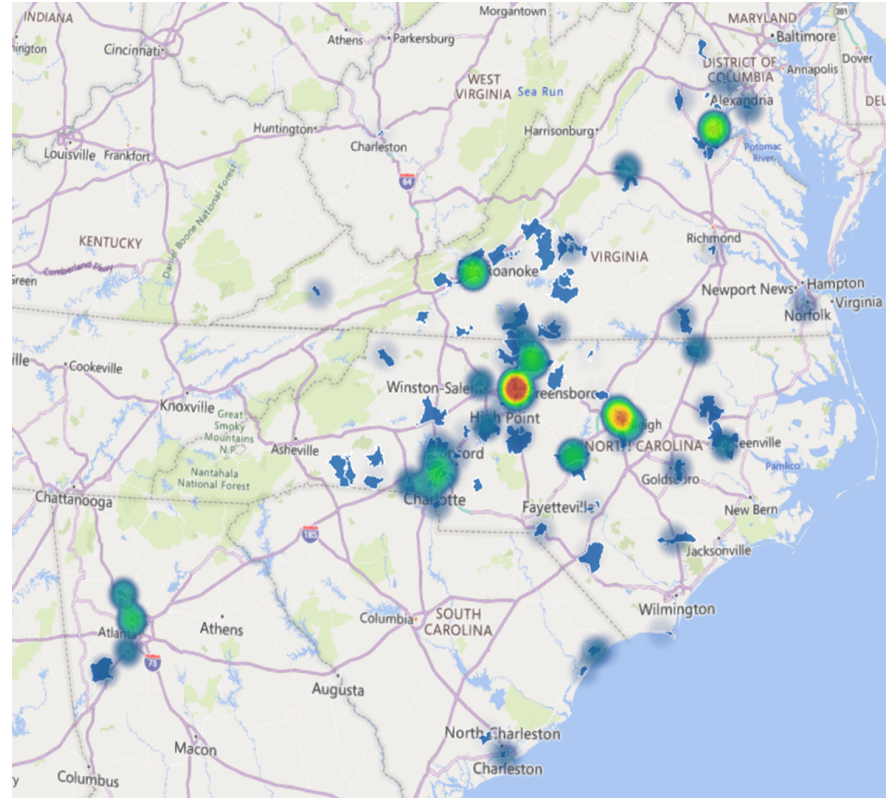
RISK RATING

64.92%

LTV

\$548.84

DEBT/SQ FT



RETAIL METRICS

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Anchored Strip Centers	\$ 164,088	47.8 %	\$ 191,423	32.5 %	\$ 4,207	\$ 154
Unanchored Strip Centers	78,533	22.9 %	85,074	13.7 %	1,540	158
Outparcels/Single Tenant	68,683	20.0 %	73,072	2.1 %	1,461	259
Power Centers	29,340	8.6 %	30,164	1.0 %	7,335	106
Big Box	2,345	0.7 %	2,345	— %	782	46
Other Centers	—	— %	388	— %	—	—
Retail Totals	\$ 342,989	100.0 %	\$ 382,466	19.8 %	\$ 2,554	\$ 121

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
North Carolina	\$ 191,982	56.0 %	\$ 229,532	19.4 %	\$ 2,400	\$ 168
Virginia	84,400	24.6 %	85,939	29.4 %	1,688	212
Georgia	32,378	9.4 %	32,378	13.5 %	6,476	72
Ohio	10,784	3.1 %	10,784	— %	10,784	338
Florida	10,153	3.0 %	10,153	— %	10,153	104
South Carolina	9,150	2.7 %	9,150	15.5 %	1,830	121
Maryland	3,726	1.1 %	3,726	— %	3,726	83
West Virginia	415	0.1 %	415	— %	415	22
Other States	—	— %	388	— %	—	—
Retail Totals	\$ 342,989	100.0 %	\$ 382,466	19.8 %	\$ 4,163	\$ 124

As of March 31, 2023, \$ in thousands

(1) Excludes restaurant loans of \$30.9 million

(2) A Power Center is a large outdoor shopping mall that usually includes three or more "Big Box" stores.

OFFICE METRICS

- Total portfolio commitment \$269M
- Geographic diversification (see map)
- Mean loan size in portfolio \$1.83M
- Median of loans in portfolio \$386K
- The largest loan in portfolio \$23M
- 8.12% are under construction
- Top 10 borrowers make up 56% of the total office commitment
- 0.19% of the loans are delinquent
- 1.22% of loans are rated special mention or worse
- 0.74% are in NPL status
- 93.16% of office portfolio is funded

AVERAGE

4.35

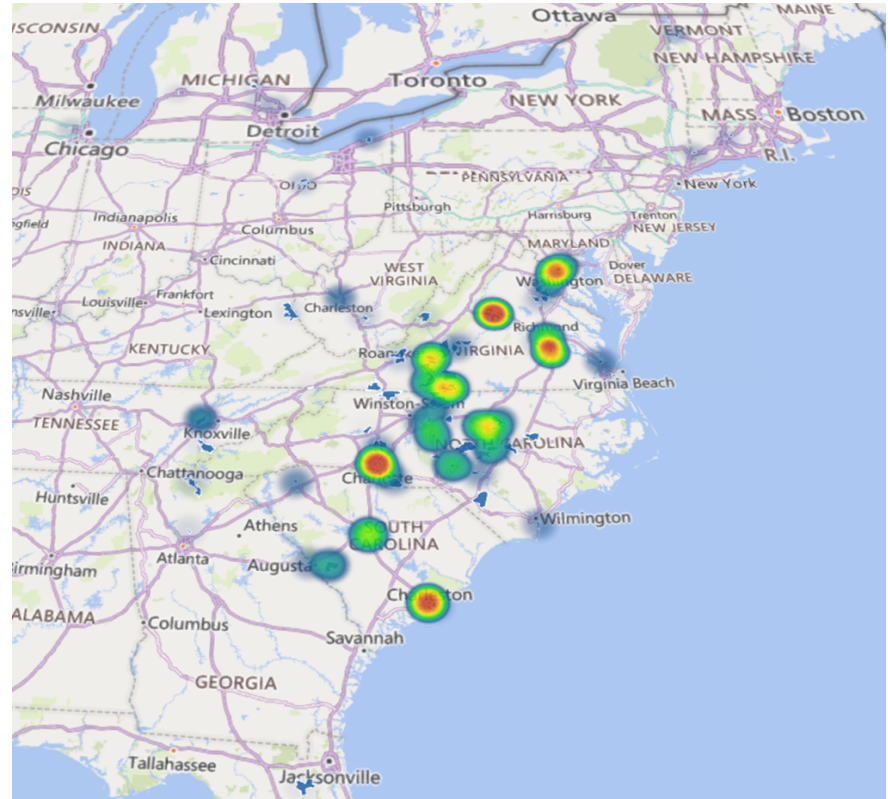
RISK RATING

21.19%

LTV

\$475.75

DEBT/SQ FT



OFFICE METRICS

Category	Total Commitment	% of Total Portfolio	Weighted Mean Debt/Sq FT
General Office Space	\$ 239,579	89.2 %	\$ 436
Medical Offices	14,781	5.5 %	138
Veterinary Offices	13,568	5.1 %	1,571
Law Offices	707	0.2 %	51
Office Totals	\$ 268,635	100.0 %	\$ 476

As of March 31, 2023, \$ in thousands

NON-GAAP STATEMENT

Statements in this exhibit include non-GAAP financial measures and should be read along with the accompanying tables in our definitions and reconciliations of GAAP to non-GAAP financial measures. Management uses, and this exhibit references, the efficiency ratio, the adjusted book value, net interest income and net interest margin, each on a fully taxable equivalent, or FTE, basis, which are non-GAAP financial measures. Management believes the efficiency ratio, adjusted book value, net interest income and net interest margin on an FTE basis provide information useful to investors in understanding our underlying business, operational performance and performance trends as they facilitate comparisons with the performance of other companies in the financial services industry. Although management believes that these non-GAAP financial measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered alternatives to GAAP or considered to be more important than financial results determined in accordance with GAAP, nor are they necessarily comparable with non-GAAP measures which may be presented by other companies.

NON-GAAP RECONCILIATION

Net interest income (FTE) and total Interest and dividend income (FTE), which are used in computing net interest margin (FTE), and core efficiency ratio (FTE), respectively, provide valuable additional insight into the net interest margin and the efficiency ratio by adjusting for differences in tax treatment of interest income sources. The entire FTE adjustment is attributable to interest income on earning assets, which is used in computing yield on earning assets. Interest expense and the related cost of interest-bearing liabilities and cost of funds ratios are not affected by the FTE components.

¹ Net Interest Income (FTE) (Non-GAAP) (Dollars in Thousands)	Quarter-to-Date		
	3/31/2023	12/31/2022	3/31/2022
Interest Income (FTE)(Non-GAAP)			
Interest and Dividend Income (GAAP)	\$ 51,955	\$ 48,216	\$ 32,678
Tax Equivalent Adjustment ³	264	273	298
Interest and Dividend Income (FTE) (Non-GAAP)	52,219	48,489	32,976
Average Earning Assets	4,186,164	4,073,623	3,974,341
Yield on Interest-earning Assets (GAAP)	5.03%	4.70%	3.33%
Yield on Interest-earning Assets (FTE) (Non-GAAP)	5.06%	4.72%	3.36%
Net Interest Income (GAAP)	\$ 40,785	\$ 41,522	\$ 28,222
Tax Equivalent Adjustment ³	264	273	298
Net Interest Income (FTE) (Non-GAAP)	41,049	41,795	28,520
Average Earning Assets	4,186,164	4,073,623	3,974,341
Net Interest Margin (GAAP)	3.95%	4.04%	2.88%
Net Interest Margin (FTE) (Non-GAAP)	3.98%	4.07%	2.91%

³ Computed on a fully taxable equivalent basis ("FTE") using a 21% federal income tax rate for the 2023 and 2022 periods.

NON-GAAP RECONCILIATION

Net interest income (FTE) and total interest and dividend income (FTE), which are used in computing net interest margin (FTE), and core efficiency ratio (FTE), respectively, provide valuable additional insight into the net interest margin and the efficiency ratio by adjusting for differences in tax treatment of interest income sources. The entire FTE adjustment is attributable to interest income on earning assets, which is used in computing yield on earning assets. Interest expense and the related cost of interest-bearing liabilities and cost of funds ratios are not affected by the FTE components. The core efficiency ratio (FTE) excludes losses on sales and write-downs of OREO, net, the FHLB prepayment penalty, contingent liability, the losses on sales of securities, net, losses (gains) on sales of bank premises, net, non-recurring fees, OREO income, gain on loans held-for-sale and the gain on tax credit exits. This measure is similar to the measure utilized by the Company when analyzing corporate performance and is also similar to the measure utilized for incentive compensation. The Company believes this adjusted measure provides investors with important information about the combined economic results of the Company's operations.

² Core Efficiency Ratio (Non-GAAP)		Quarter-to-Date		
(Dollars in Thousands)		3/31/2023	12/31/2022	3/31/2022
EFFICIENCY RATIO (GAAP)		53.14%	58.68%	67.08%
NONINTEREST EXPENSE		\$ 24,188	\$ 27,617	\$ 22,511
Less: Losses on Sales and Write-downs of OREO, net	—	(164)	(159)	
Less: Losses on Sales and Write-downs of Bank Premises, net	(33)	—	—	
Less: FHLB Prepayment Penalty	—	—	(18)	
Less: Contingent Liability	(115)	(35)	(160)	
CORE NONINTEREST EXPENSE (Non-GAAP)	\$ 24,040	\$ 27,418	\$ 22,174	
NET INTEREST INCOME		\$ 40,785	\$ 41,522	\$ 28,222
Plus: Taxable Equivalent Adjustment ³	264	273	298	
NET INTEREST INCOME (FTE) (Non-GAAP)	\$ 41,049	\$ 41,795	\$ 28,520	
Less: Losses on Sales of Securities, net	12	2	24	
Less: Losses (Gains) on Sales of Bank Premises, net	—	269	(383)	
Less: Non-recurring Fees ⁴	—	—	(65)	
Less: OREO Income	(16)	(15)	(10)	
Gain on Loans Held-for-Sale	—	(295)	—	
Gain on Tax Credit Exits	—	(1,209)	—	
Noninterest Income	4,735	5,544	5,335	
CORE NET INTEREST INCOME (FTE) (Non-GAAP) plus NONINTEREST INCOME	\$ 45,780	\$ 46,091	\$ 33,421	
CORE EFFICIENCY RATIO (Non-GAAP)		52.51%	59.49%	66.35%

³ Computed on a fully taxable equivalent basis ("FTE") using a 21% federal income tax rate for the 2023 and 2022 periods.

⁴ The Non-recurring fees include PPP related fees.

The adjusted book value ratio excludes accumulated other comprehensive loss and adds back the other segment reserve release, net of tax. The Company believes this adjusted measure enables investors to assess the Company's capital levels and capital adequacy without the effects of changes in AOCI and the other segment reserve, some of which are uncertain and difficult to predict, or assuming that the Company realized all the previously unrealized losses on available-for-sale securities at the end of the period or the hypothetical release of the other segment reserve.

¹ Adjusted Book Value (Non-GAAP)	Quarter-to-Date
(Dollars in Thousands)	3/31/2023
Adjusted Book Value (Non-GAAP)	
Total Shareholders Equity	\$ 354,880
Add: Accumulated Other Comprehensive Loss ("AOCI")	73,364
Add: Other Segment Reserve Release, net of tax	42,964
Total Shareholders' Equity, excluding AOCI (Non-GAAP)	\$ 471,208
Common Shares Outstanding at End of Period	23,895,543
Book Value (GAAP)	\$ 14.85
Adjusted Book Value (Non-GAAP)	\$ 19.72