

INVESTOR PRESENTATION

THIRD QUARTER 2023



Carter Bankshares, Inc.

FORWARD-LOOKING STATEMENT

This information contains or incorporates certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that 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 and nonaccrual and nonperforming loans. 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. These statements are not guarantees of future results or performance and involve certain risks, uncertainties and assumption that are difficult to predict and often are beyond the Company’s control. 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; inflation, market and monetary fluctuations; changes in trade, monetary and fiscal policies and laws of the U.S. government, including policies of the Federal Reserve, FDIC and Treasury Department; changes in accounting policies, practices, or guidance, for example, our adoption of Current Expected Credit Losses (“CECL”) methodology, 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; our ability to resolve our nonperforming assets and our ability to secure collateral on loans that have entered nonaccrual status due to loan maturities and failure to pay in full; 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 allowance for credit losses; 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 war between Israel and Hamas and 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, including our relationship with regulators and any actions that may be initiated by our regulators; legislation affecting the financial services industry as a whole (such as the Inflation Reduction Act of 2022), and the Company and the Bank, in particular; the outcome of pending and future litigation and/or 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; the soundness of other financial institutions and any indirect exposure related to the closings of First Republic, Silicon Valley Bank (“SVB”), Signature Bank and Silvergate Bank and their impact on the broader market through other customers, suppliers and partners or that the conditions which resulted in the liquidity concerns with SVB, Signature Bank and Silvergate Bank and First Republic Bank may also adversely impact, directly or indirectly, other financial institutions and market participants with which the Company has commercial or deposit relationships with; 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; significant weakening of the local economies in which we operate; changes in customer behaviors, including consumer spending, borrowing and saving habits; changes in deposit flows and loan demand; our failure to attract or retain key employees; 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, 2022., Part II, Item 1A, “Risk Factors” in the Company’s Quarterly Report on Form 10-Q for the periods ended March 31, 2023 and June 30, 2023, and in other filings with the Securities and Exchange Commission. 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 are expressed in or implied by a forward-looking statement 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, revise or clarify any forward-looking statement to reflect developments occurring after the statement is made.

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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



64 BRANCHES



07 CORPORATE CENTERS



03 CORPORATE OFFICES IN VIRGINIA

\$4.5B

ASSETS

3.4B

LOANS

\$3.6B

DEPOSITS

CORPORATE HIGHLIGHTS

- Continued Strong Capital and Liquidity Position
- Diversified and granular deposit base, approximately 79.2% Retail Customers
- Approximately 88.9% of Deposits, including Collateralized Muni deposits are FDIC Insured
- Continuing to expand Commercial Lending Team in higher growth markets
- Annual Associate Engagement Survey reported a 76% overall favorability score, which exceeded the global (75%) and bank (72%) benchmarks.

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

SEPTEMBER 30, 2023

VIRGINIA
**TOTAL
BRANCHES**
52

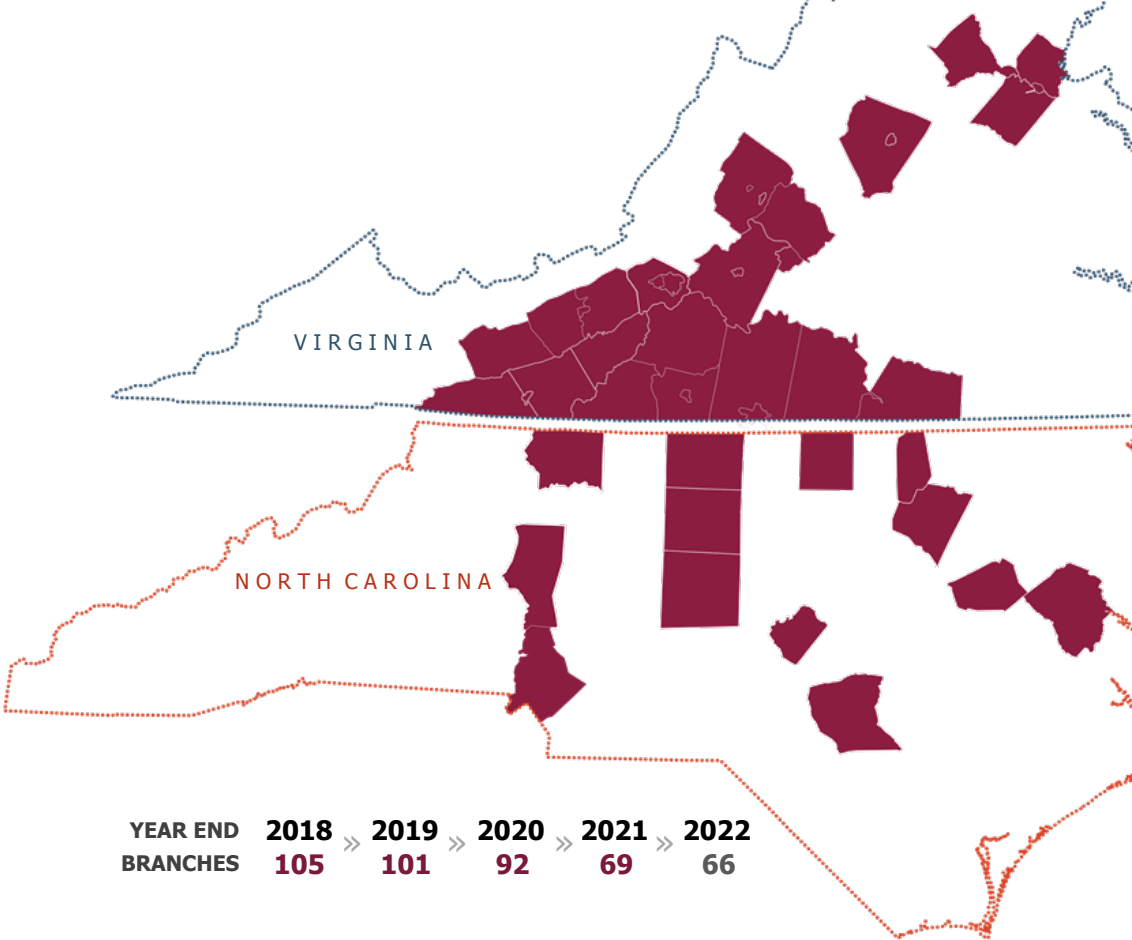
- Washington DC
- Roanoke
- Lynchburg
- Charlottesville
- Blacksburg-Christiansburg
- Non MSA

**TOTAL
DEPOSITS**
\$3.2
BILLION

NORTH CAROLINA
**TOTAL
BRANCHES**
12

- 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



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



The Bank's Green Team hosted a six month recycling program in partnership with TREX. During that time over 1,500 pounds of plastic bags were saved from our landfills. These plastic bags will be turned into composite benches to be placed in the communities we serve.



SOCIAL



Associates hold leadership roles in the ABA's Black Bankers Employee Resource Group (BBERG) and Asian American and Pacific Islander Bankers Employee Resource Group (AAPIBERG).

Both groups meet quarterly with a focus on networking, professional development, and mentorship.



GOVERNANCE



The second annual Associate Engagement Survey was completed to provide Executive Leadership honest and direct feedback that is used during the Strategic Planning process.



Provided \$2,500 scholarship to a female student-athlete with a demonstrated financial need on the Roanoke College Cycling team.

With the scholarship offer, the College was able to elevate the program from Club to Varsity status.



Reinvested \$50,000 to support revitalization efforts in the Southeast community in Roanoke, Virginia.

Our partner, Restoration Housing, a community-based nonprofit developer, will use the funds to renovate a 120 year old home into an affordable rental unit.



To celebrate 49 years in business, a goal of \$49,000 was set for the United Way Giving Campaign. Our Associate's generosity exceeded this lofty goal!

Supporting the United Way ensures that nonprofits throughout our footprint receive help to continue providing their critical services to the community.



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 →

Capital	Asset Quality	Earnings	Liquidity
11.20% Common Equity Tier 1 Ratio ("CET1") 	9.04% NPL/Portfolio Loans ○ ○ ○	0.33% Return on Avg Assets (QTD) annualized 	\$1.2B Total Liquidity Sources ○ ○ ○
12.46% Total Risk- based Capital Ratio 	9.14% NPA/Total Assets plus OREO ○ ○ ○	4.19% Return on Avg Shareholders' Equity (QTD) annualized 	13.4% Highly Liquid Assets / Total Assets ○ ○ ○
9.70% Leverage Ratio 	2.77% ACL/Total Portfolio Loans ○ ○ ○	2.54% NIM(FTE)(QTD) 	150.9% Highly Liquid Assets / Uninsured Deposits ○ ○ ○
\$14.40 Book Value	0.09% Net Chg-offs/ Portfolio Loans (QTD annualized)	79.55% Core Efficiency Ratio (QTD)	306.8% Total available liquidity / uninsured deposits

FINANCIAL HIGHLIGHTS

BALANCE SHEET & INCOME STATEMENT

<i>\$ in thousands</i>	3Q2023	2Q2023	QTD Q/Q Change %	3Q2022	QTD Y/Y Change %
Operational Results					
Net Interest Income	\$ 27,394	\$ 26,711	2.6 %	\$ 37,725	(27.4)%
Provision (Recovery) for Credit Losses	1,105	85	1,200.0 %	(77)	(1,535.1)%
(Recovery) Provision for Unfunded Commitments	(130)	360	(136.1)%	157	(182.8)%
Noninterest Income	5,270	5,028	4.8 %	5,235	0.7 %
Noninterest Expense	27,282	25,536	6.8 %	23,463	16.3 %
Income Tax Expense	780	54	1344.4 %	5,009	(84.4)%
Net Income	\$ 3,627	\$ 5,704	(36.4)%	\$ 14,408	(74.8)%
Diluted Earnings Per Common Share	\$ 0.16	\$ 0.24	(33.3)%	\$ 0.59	(72.9)%
Balance Sheet Condition					
Assets	\$ 4,452,168	\$ 4,383,990	1.6 %	\$ 4,114,310	8.2 %
Portfolio Loans	3,410,940	3,330,442	2.4 %	3,031,349	12.5 %
Allowance for Credit Losses	(94,474)	(94,144)	0.4 %	(94,164)	0.3 %
Securities Available-for-Sale	793,389	821,370	(3.4)%	851,211	(6.8)%
Deposits	3,556,189	3,577,003	(0.6)%	3,725,929	(4.6)%
Borrowings	514,135	415,035	23.9 %	30,000	1613.8 %
Shareholders' Equity	330,621	344,237	(4.0)%	314,816	5.0 %

\$10.3M

NII down YoY

\$3.8M

NIE up YoY

\$337.9M

Asset Growth YoY

12.5%

Loan Growth YoY

0.6%

Deposits down QoQ

\$15.8M

Equity up YoY

FINANCIAL / SHAREHOLDER RATIOS

	3Q2023	2Q2023	QTD Q/Q Change %	3Q2022	QTD Y/Y Change %
Shareholder Ratios					
Diluted Earnings Per Share (QTD)	\$ 0.16	\$ 0.24	(33.3)%	\$ 0.59	(72.9)%
Financial Ratios					
Return on Avg Assets (QTD)	0.33 %	0.52 %	(36.5)%	1.38 %	(76.1)%
Return on Avg Shareholders' Equity (QTD)	4.19 %	6.38 %	(34.3)%	16.75 %	(75.0)%
Net Interest Margin (FTE)(QTD) ¹	2.54 %	2.54 %	— %	3.75 %	(32.3)%
Core Efficiency Ratio (QTD) ¹	79.55 %	79.77 %	(0.3)%	57.07 %	39.4 %
Asset Quality Ratios					
NPL/Portfolio Loans	9.04 %	9.33 %	(3.1)%	0.23 %	3,830.4 %
NPA/Total Assets plus OREO	9.14 %	9.42 %	(3.0)%	0.50 %	1,728.0 %
ACL/Total Portfolio Loans	2.77 %	2.83 %	(2.1)%	3.11 %	(10.9)%
Net Chg-offs/Portfolio Loans (QTD annualized)	0.09 %	0.08 %	12.5 %	0.49 %	(81.6)%

As of September 30, 2023

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

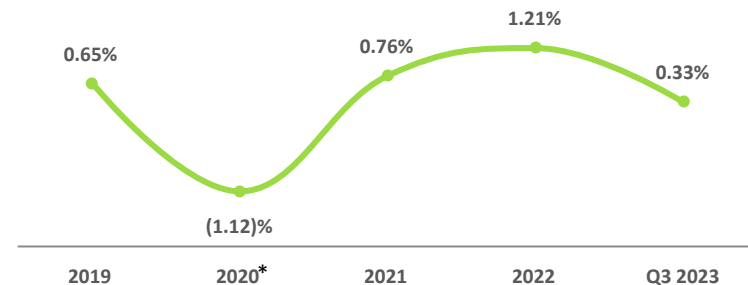
FINANCIAL PERFORMANCE TRENDS

Net Income, in millions

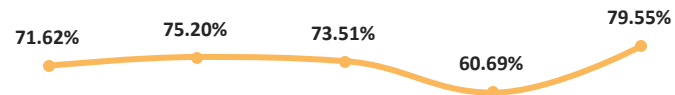


2019	2020*	2021	2022	Q3 2023**
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ROA

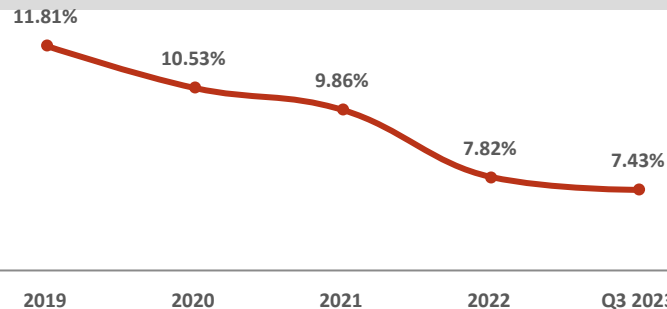


Core Efficiency Ratio²



2019	2020	2021	2022	Q3 2023
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TCE



*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.

**Net Income is year-to-date ended September 30, 2023.

² Non-GAAP Financial Measure - see Non-GAAP reconciliation

Focus on maintaining a "well capitalized" designation.

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

As of September 30, 2023 we repurchased the remainder of 416,176 shares of common stock under the March 29, 2023 program, effective May 1, 2023 at a total cost of \$6.0 million, or an average price of \$14.43 per share. This plan program has been fully executed by August 31, 2023.

REGULATORY CAPITAL

11.20% **12.46%** **9.70%**

TIER 1

TOTAL

LEVERAGE

	Regulatory Well Capitalized	Carter Bankshares 9/30/2023	Excess (\$) (In Thousands) 9/30/2023
Common Equity Tier 1 Ratio ("CET1")	6.50 %	11.20 %	\$ 183,250
Tier 1 Risk-based Ratio	8.00 %	11.20 %	\$ 124,723
Total Risk-based Capital Ratio	10.00 %	12.46 %	\$ 95,857
Leverage Ratio	5.00 %	9.70 %	\$ 211,617
Critically Undercapitalized Category	Tangible equity to total assets ≤2%		
Capital Conservation Buffer	≥2.5%; composed of CET1		

	Actual (\$) 9/30/2023	Cumulative AOCI impact 9/30/2023	Specific Reserve impact 9/30/2023
Book Value per Common Share	\$ 14.40	\$ (4.08)	\$ (1.93)
			\$(6.01)
Adjusted Book Value ¹	\$ 20.41		

As of September 30, 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

\$1.2B

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 306.8%

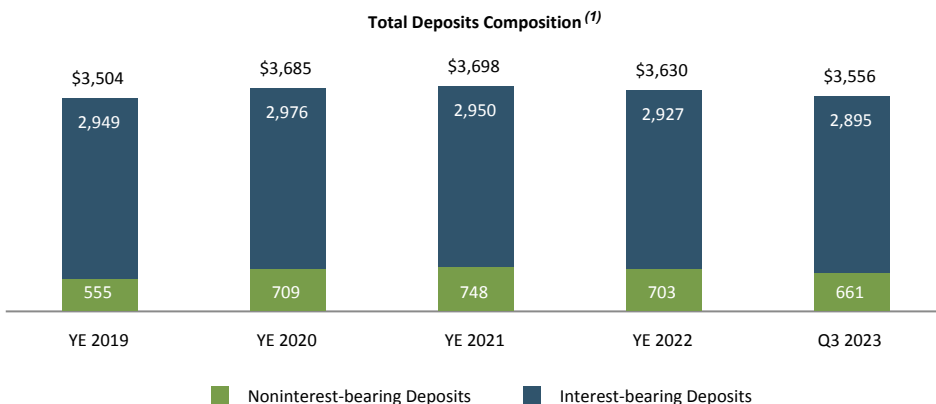
<i>\$ in thousands</i>	September 30, 2023	December 31, 2022	Favorable / (Unfavorable)
Cash and Due From Banks, including Interest-bearing Deposits	\$ 55,398	\$ 46,869	\$ 8,529
FHLB Borrowing Availability ⁽¹⁾	357,583	676,746	(319,163)
Unsecured Lines of Credit	145,000	127,130	17,870
Unpledged Investment Securities	580,379	611,845	(31,466)
Excess Pledged Securities	77,400	46,305	31,095
Total Liquidity Sources	\$ 1,215,760	\$ 1,508,895	\$ (293,135)

As of September 30, 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.

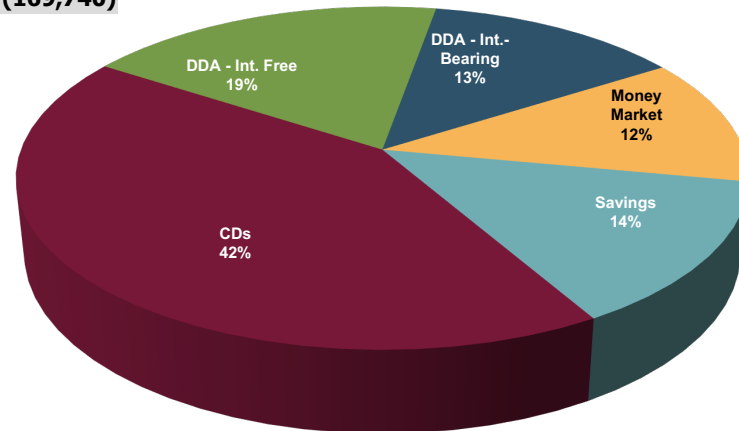
DEPOSIT COMPOSITION

\$ in thousands	For the Period Ending			Variance	
	09/30/23	06/30/23	09/30/22	Quarter	Year
Lifetime Free Checking	\$ 661,454	\$ 686,124	\$ 718,549	\$ (24,670)	\$ (57,095)
Interest-Bearing Demand	469,904	489,971	509,949	(20,067)	(40,045)
Money Market	426,172	422,780	517,031	3,392	(90,859)
Savings	487,105	526,588	731,747	(39,483)	(244,642)
Certificates of Deposits	1,511,554	1,451,540	1,248,653	60,014	262,901
Total Deposits	\$3,556,189	\$3,577,003	\$3,725,929	\$ (20,814)	\$ (169,740)



DEPOSIT STATISTICS

- Total deposits decreased \$20.8M QoQ
- Diversified and granular deposit base, approximately 79.2% Retail Customers
- Approximately 88.9% of Deposits, including Collateralized Muni deposits are FDIC Insured
- Partnership with IntraFi for available coverage over \$250K FDIC insured limit



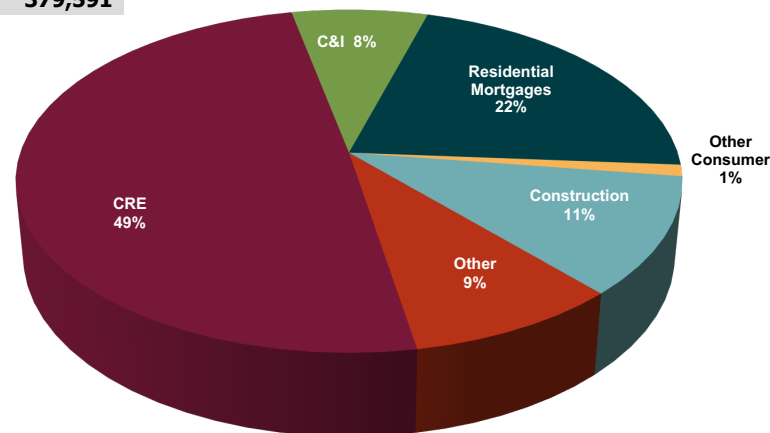
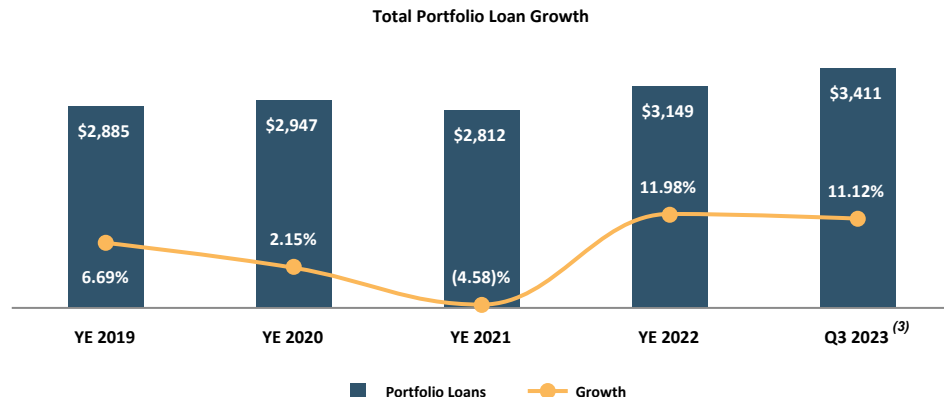
⁽¹⁾ Period end balances at September 30, 2023, \$ in millions

LOAN COMPOSITION

\$ in thousands	For the Period Ending			Variance	
	09/30/23	06/30/23	09/30/22	Quarter	Year
Commercial Real Estate	\$ 1,688,947	\$ 1,642,597	\$ 1,365,348	\$ 46,350	\$ 323,599
Commercial and Industrial	264,329	279,156	325,973	(14,827)	(61,644)
Residential Mortgages	738,368	707,893	617,681	30,475	120,687
Other Consumer	36,487	38,736	47,006	(2,249)	(10,519)
Construction	377,576	356,805	350,037	20,771	27,539
Other ⁽¹⁾	305,233	305,255	325,304	(22)	(20,071)
Total Portfolio Loans⁽²⁾	\$ 3,410,940	\$ 3,330,442	\$ 3,031,349	\$ 80,498	\$ 379,591

LOAN PORTFOLIO

- Total loans increased \$379.6M, or 12.5% YoY due to solid loan growth, primarily in the commercial real estate segment.



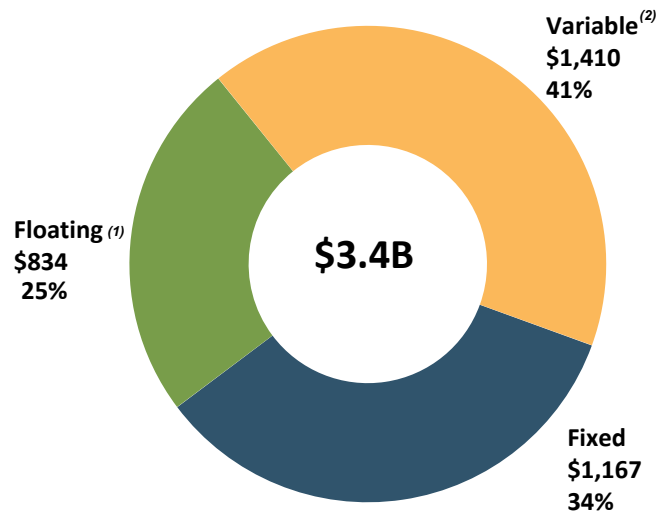
⁽¹⁾ Other loans include unique risk attributes considered inconsistent with our current underwriting standards.

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

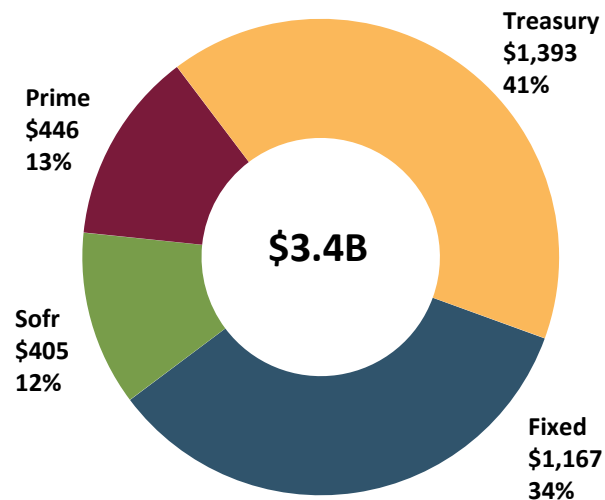
⁽³⁾ Loan growth for the quarter ended September 30, 2023 is annualized and \$ in millions

\$ 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⁾ Variable 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)

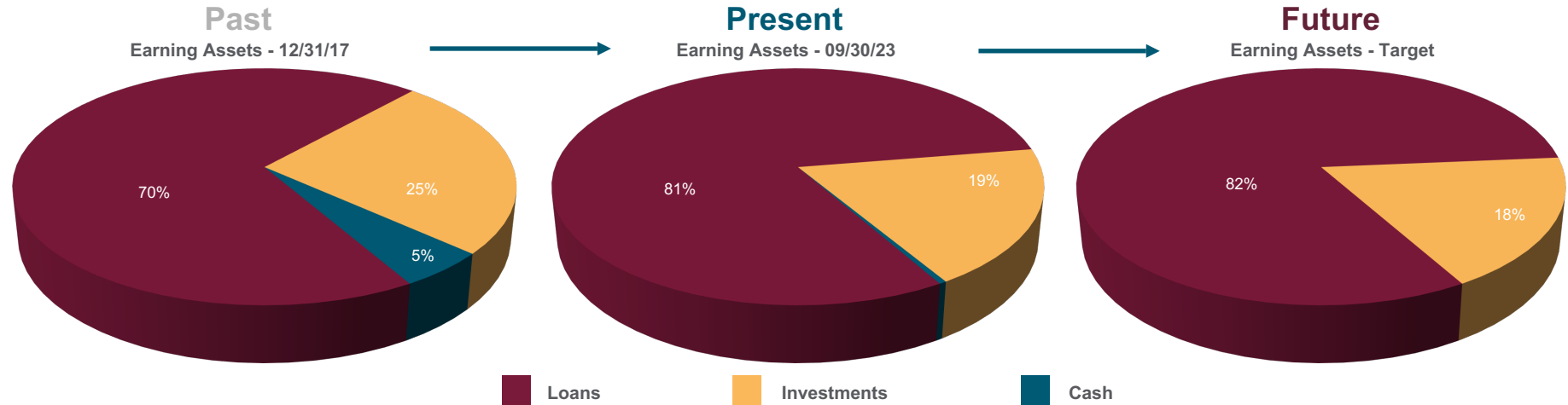
\$ in thousands	For the Periods Ending		Variance 09/30/23 to 12/31/22	% of Gross Loans	% of RBC
	09/30/23	12/31/22			
1. Hospitality, agriculture & energy	\$ 301,913	\$ 309,107	\$ (7,194)	8.85%	62.12%
2. Retail real estate & food services	53,905	55,625	(1,720)	1.58%	11.09%
3. Industrial & retail real estate	40,351	41,725	(1,374)	1.18%	8.30%
4. Multifamily development	40,000	40,000	—	1.17%	8.23%
5. Retail real estate	39,448	37,679	1,769	1.16%	8.12%
6. Hospitality	37,633	35,255	2,378	1.10%	7.74%
7. Non-Owner Occupied/Commercial Real Estate	33,903	17,308	16,595	1.00%	6.98%
8. Multifamily & student housing	33,033	33,998	(965)	0.97%	6.80%
9. Hospitality	32,661	33,587	(926)	0.96%	6.72%
10. Multifamily / Construction Real Estate	32,000	24,000	8,000	0.94%	6.58%
Top Ten (10) Relationships	\$ 644,847	\$ 628,284	\$ 16,563	18.91%	132.68%
Total Gross Loans	\$ 3,410,940	\$ 3,148,913	\$ 262,027		
% of Total Gross Loans	18.91%	19.95%	(1.04%)		
<i>Concentration (25% of RBC)</i>	\$ 121,508	\$ 120,863			

BALANCE SHEET TRANSFORMATION

EARNING ASSETS

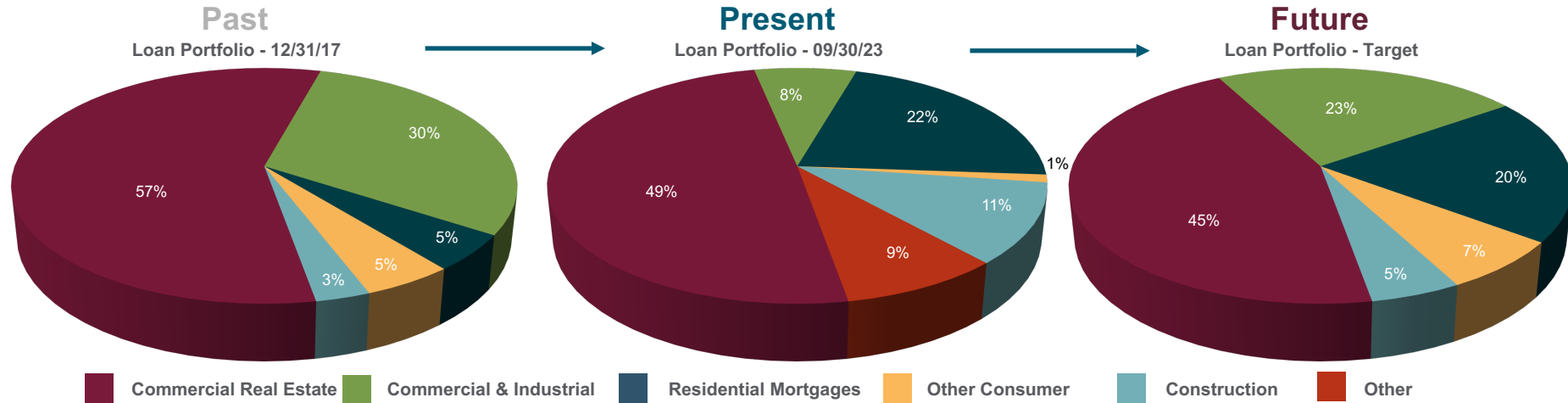
Goal is to grow attractively priced loans and investments while foregoing undue concentration risk.

- 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, small business and consumer loans. Continuation of increased granularity is also a focus.

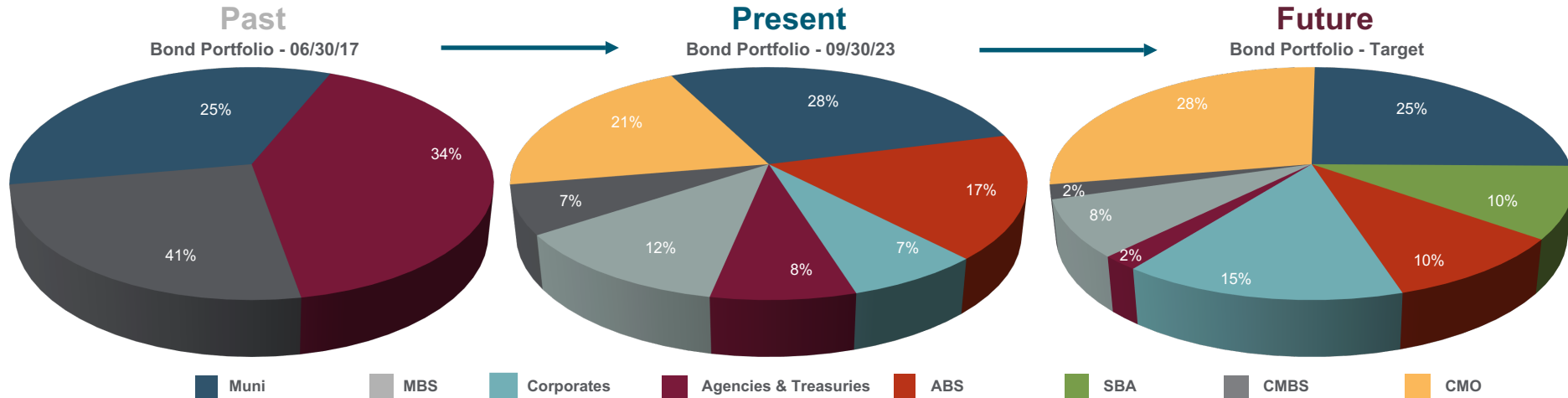
- Portfolio loans currently stand at \$3.4B
- Our primary mandate is to always provide solutions to our customers in our footprint. CRE loans will continue to be a foundation of the portfolio, while we continue to build out our C&I, small business and consumer portfolios.
- We are layering in additional 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 \$793.4M, or about 17.8% 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

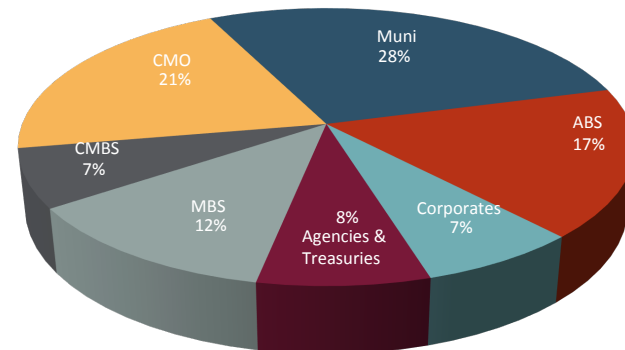


BOND PORTFOLIO

\$ in thousands	9/30/2023			12/31/2022		
	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
U.S. Treasury Securities	4	\$ 13,104	\$ (1,279)	5	\$ 17,866	\$ (1,452)
U.S. Government Agency Securities	20	22,012	(909)	15	20,913	(788)
Residential Mortgage-Backed Securities	43	97,562	(13,988)	43	103,685	(12,009)
Commercial Mortgage-Backed Securities	53	20,038	(955)	56	23,518	(936)
Other Commercial Mortgage-Backed Securities	9	21,104	(3,484)	8	19,862	(2,597)
Asset Backed Securities	54	137,075	(14,713)	54	139,383	(15,169)
Collateralized Mortgage Obligations	85	163,306	(15,253)	85	176,622	(14,159)
States and Political Subdivisions	161	222,444	(56,658)	164	227,946	(53,607)
Corporate Notes	21	57,524	(13,226)	21	61,733	(9,017)
Total Debt Securities	450	\$ 754,169	\$ (120,465)	451	\$ 791,528	\$ (109,734)

BOND OVERVIEW

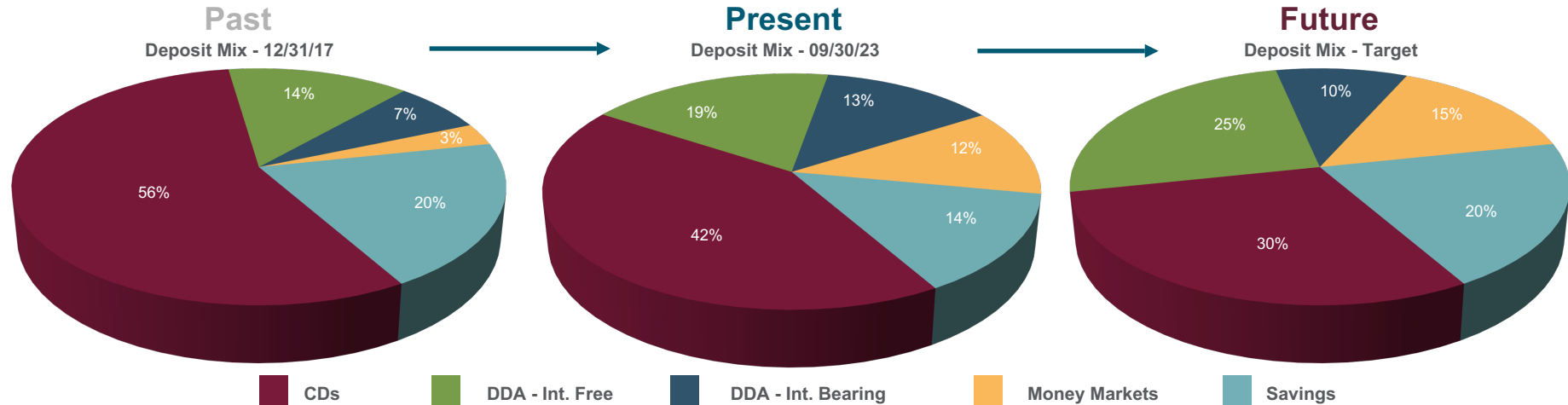
- The bond portfolio is 100% available-for-sale.
- Our portfolio consists of 49.9% of securities issued by United States government sponsored entities and carry an implicit government guarantee.
- States and political subdivisions comprise 28.1% of the portfolio and are largely general obligation or essential purpose revenue bonds, which have performed very well historically over all business cycles, and are rated AA and AAA.
- At September 30, 2023, the Company held 52.7% fixed rate and 47.3% floating rate securities.
- Year-to-date AOCI increased by \$7.9 million due to the negative changes in fair value of the available-for-sale bond portfolio due to higher intermediate interest rates.
- Securities comprise 17.8% of total assets at September 30, 2023.
- Shorter maturity profile with an average life of 5.9 years; less interest rate risk with an effective duration of 4.4; and higher than peer yield of 3.60%.



DEPOSITS

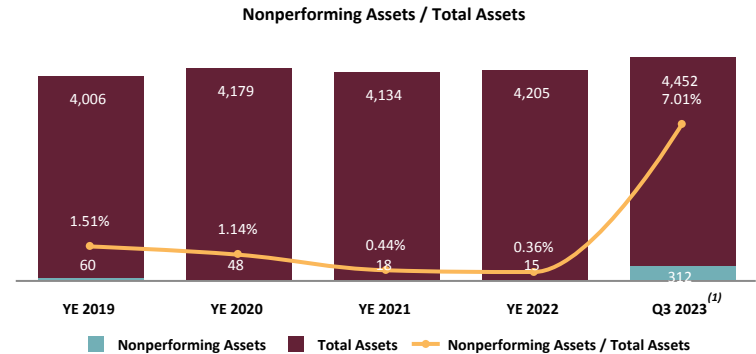
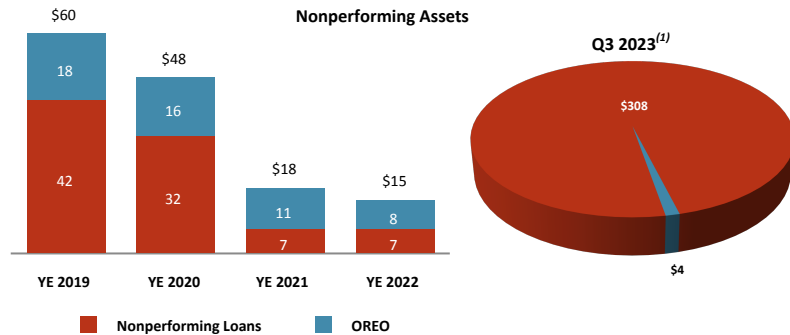
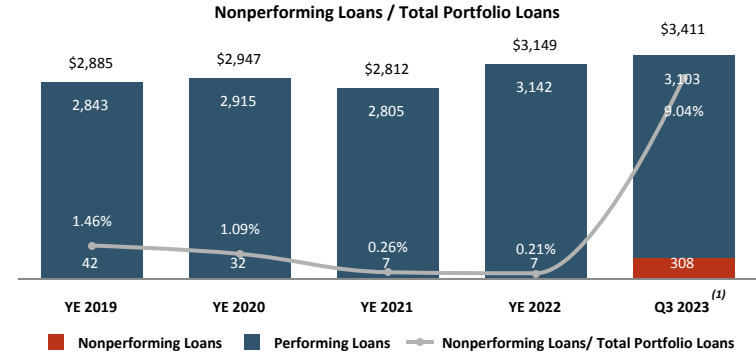
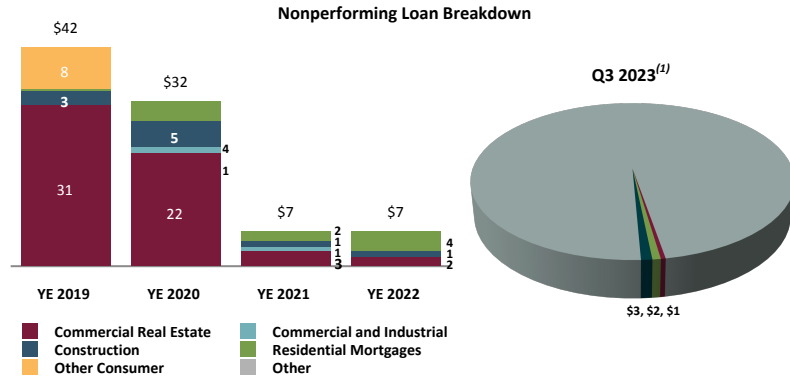
Goal is to enhance and diversify funding sources with a focus on lower cost/core relationships (both retail and commercial):

- Deposits currently stand at \$3.6B
- CD Portfolio (\$1.5B) is relatively short with 65% of the portfolio scheduled to mature within 12 months and 94% of the portfolio scheduled to mature within 24 months, allowing for opportunities to lower deposit costs quickly when short term rates begin to ease
- 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

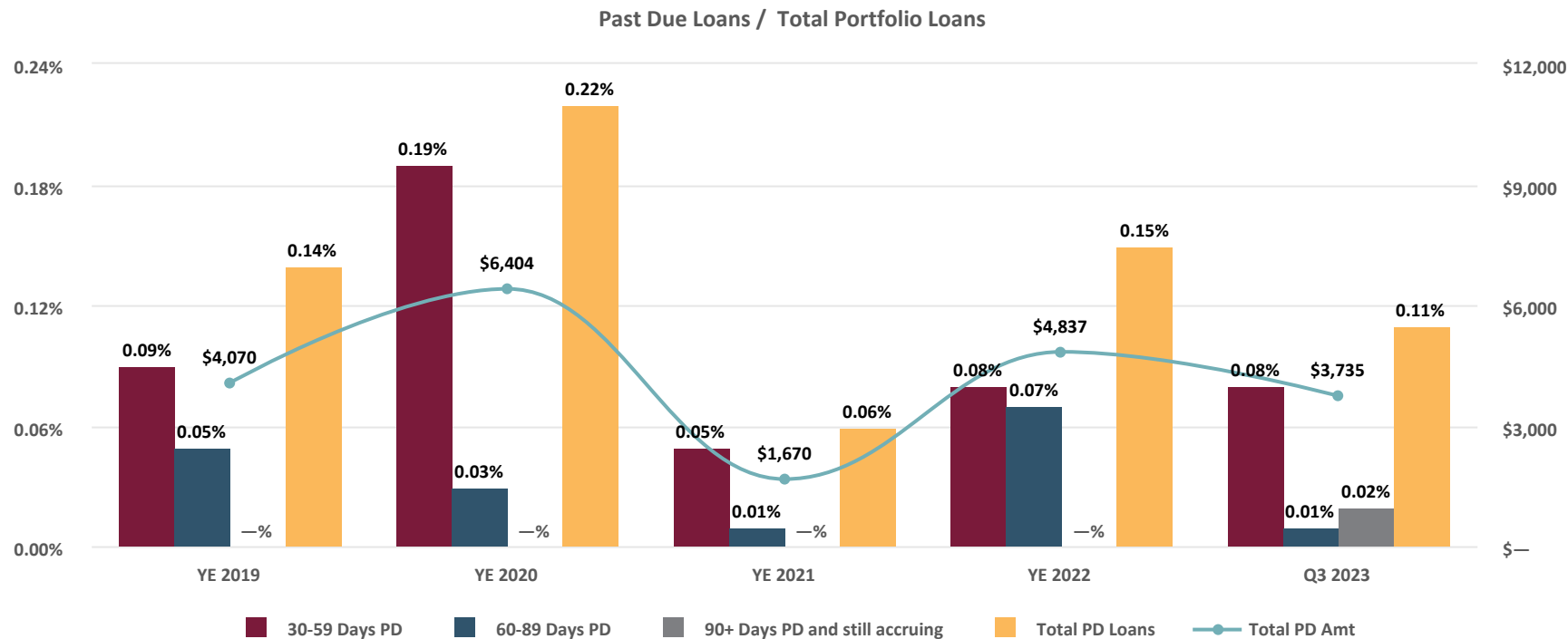
NONPERFORMING



As of September 30, 2023, \$ in millions

⁽¹⁾The Company placed commercial loans in the Other segment of the Company's loan portfolio, relating to the Bank's largest lending relationship which has an aggregate principal amount of \$301.9 million, on nonaccrual status due to loan maturities and failure to pay in full during the second quarter of 2023.

DELINQUENCY TRENDS



As of September 30, 2023, \$ in thousands

NONPERFORMING RELATIONSHIPS

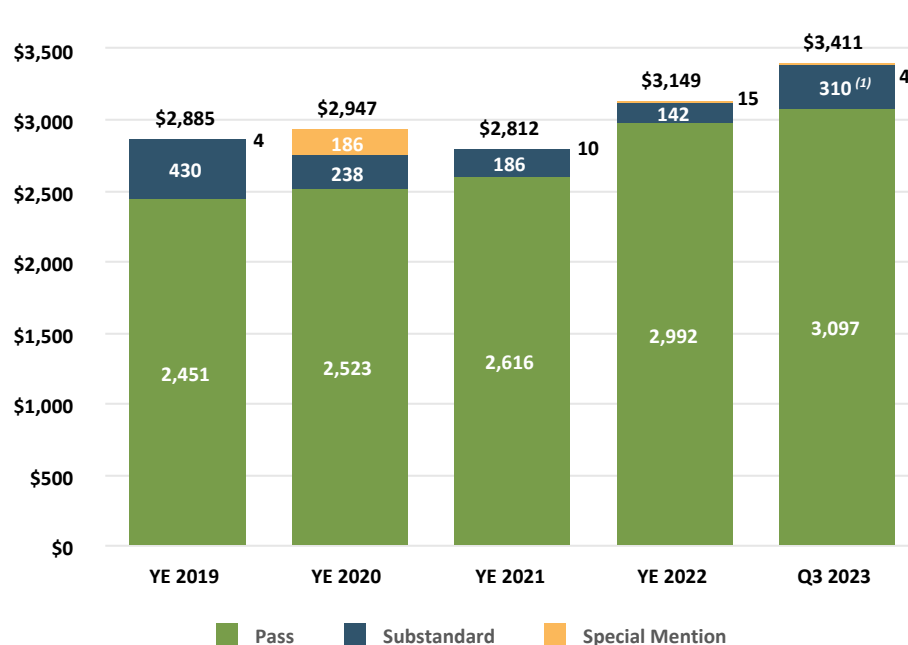
\$ in thousands	Nonaccrual Balance		Variance 06/30/23 to 12/31/22	Comments
	09/30/23	12/31/22		
1. Other	\$ 301,913	\$ —	\$ 301,913	Other
2. Residential Construction	2,090	—	2,090	Residential Construction
3. Residential	825	825	—	Residential Mortgage Loan
4. Construction	808	808	—	Residential Lot Developer
5. CRE	704	2,106	(1,402)	Commercial Property
6. Residential	—	1,212	(1,212)	Residential Mortgage Loan
7. CRE	—	126	(126)	CRE Owner Occupied
Subtotal: Top 5 Nonaccrual Loans	306,340	5,077	301,263	
Total Nonaccrual Loans	308,301	6,645	301,656	
Top 5 Nonaccrual Loans / Total Nonaccrual Loans	99.36%	76.40%	22.96%	
Total Portfolio Loans	3,410,940	3,148,913	262,027	
Total Nonaccrual Loans / Total Portfolio Loans	9.04%	0.21%	8.83%	

As of September 30, 2023

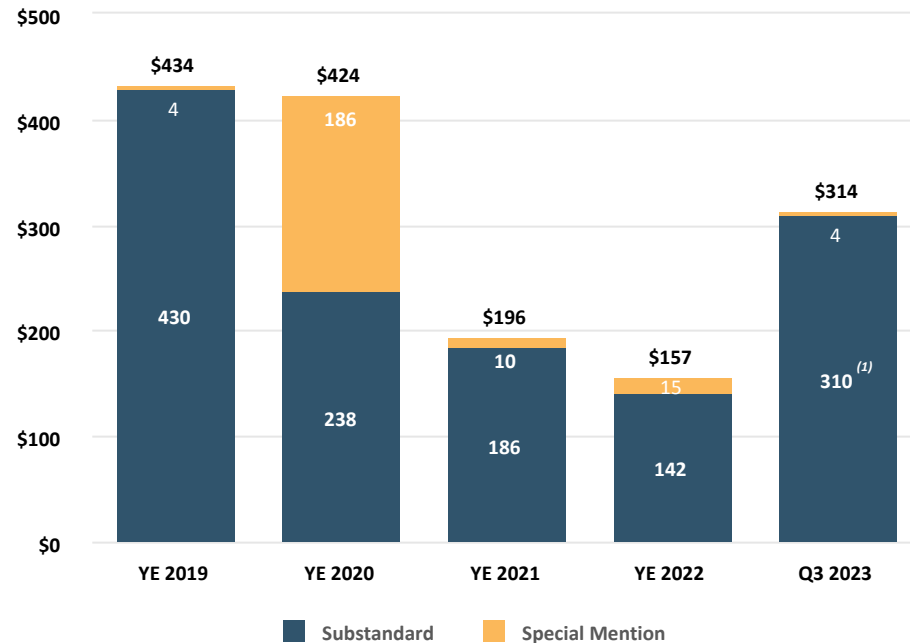
⁽¹⁾The Company placed commercial loans in the Other segment of the Company's loan portfolio, relating to the Bank's largest lending relationship which has an aggregate principal amount of \$301.9 million, on nonaccrual status due to loan maturities and failure to pay in full during the second quarter of 2023.

LOAN PORTFOLIO - RISK RATINGS

Portfolio Credit Quality Trend



Non-Pass Credit Quality Trend

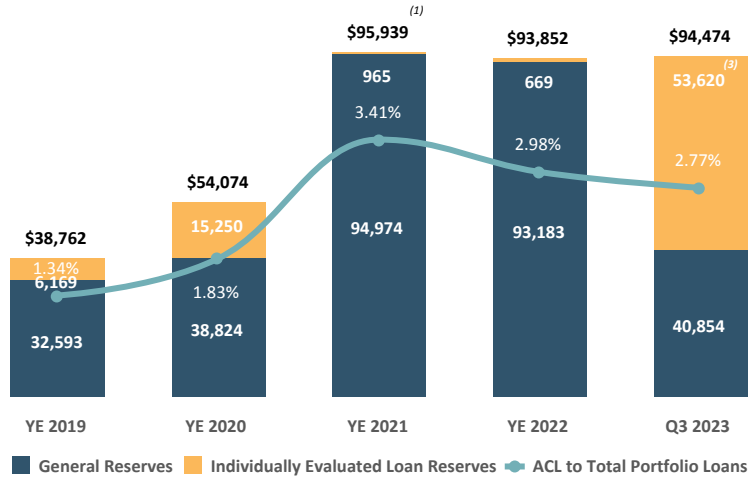


As of September 30, 2023, \$ in millions

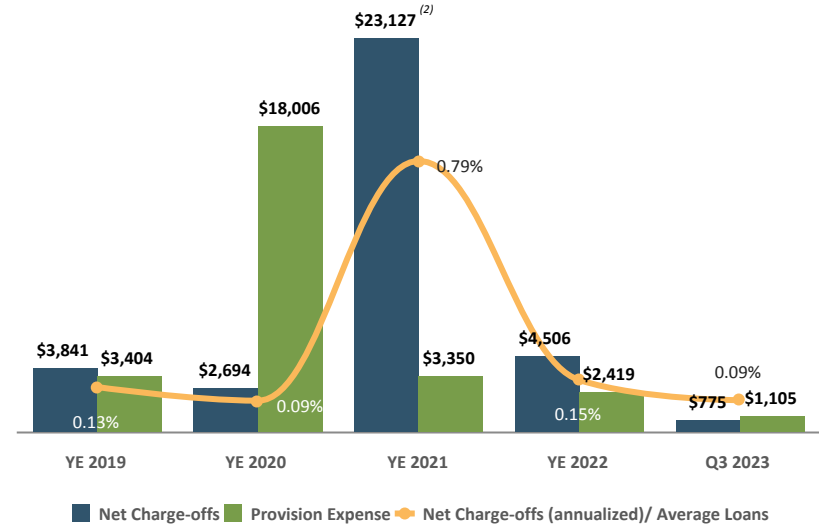
⁽¹⁾The Company placed commercial loans in the Other segment of the Company's loan portfolio, relating to the Bank's largest lending relationship which has an aggregate principal amount of \$301.9 million, on nonaccrual status due to loan maturities and failure to pay in full during the second quarter of 2023.

ACL, NET CHARGE-OFFS & PROVISION EXPENSE

ACL Composition & ACL Coverage Ratio



Net Charge-offs & Provision Expense



As of September 30, 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.

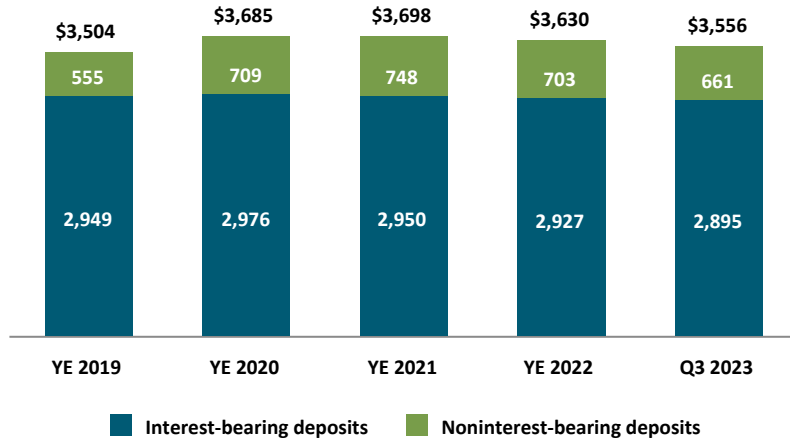
⁽²⁾ YTD Net charge-offs for 2021 consist of \$9.2 million for nine sold loans that were a part of two relationships in 3Q21 and \$6.3 million and \$1.9 million in 2Q21 for the resolution of our two largest nonperforming credits, which were previously reserved.

⁽³⁾ The specific reserves increased \$53.6 million during the second quarter of 2023 due to our largest lending relationship, that was previously reserved in general reserves within the Other segment, moved to nonperforming status and is currently individually evaluated.

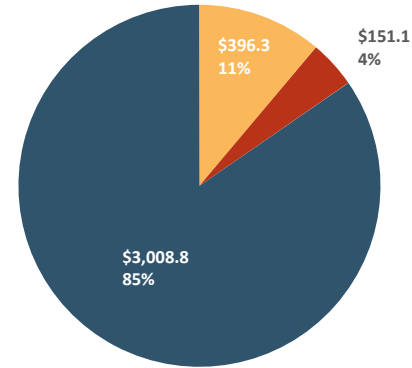
DEPOSIT MIX & COST OF FUNDS

DEPOSITS

Total Deposit Composition ⁽¹⁾



Insured/Uninsured Deposits



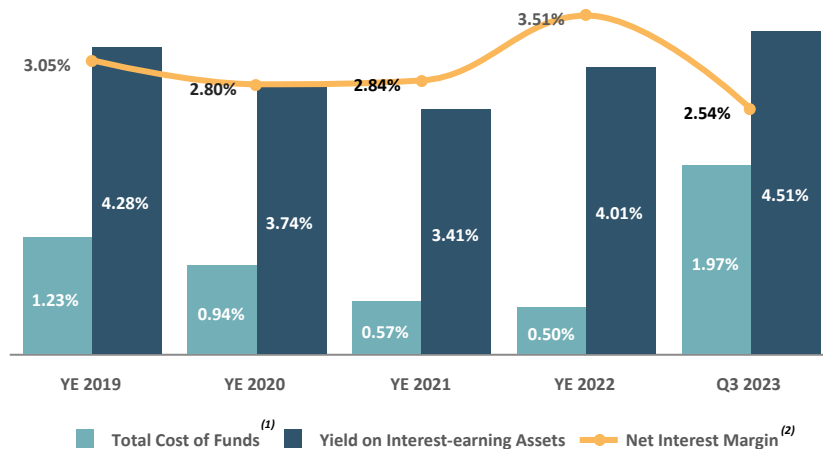
■ Uninsured Deposits ■ Collateralized Muni ⁽²⁾ ■ Insured Deposits

- **Well- diversified deposit base of 154,000 customers**
 - average commercial deposit account balance is \$39.6K
 - average retail deposit account balance is \$13.5K
- **Deposit mix of 79.2% Consumer / 20.8% Business**
- **At September 30, 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.**

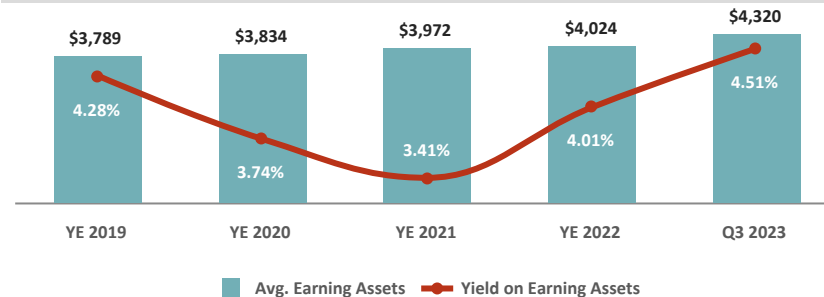
⁽¹⁾ Period end balances, at September 30, 2023, \$ in millions

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

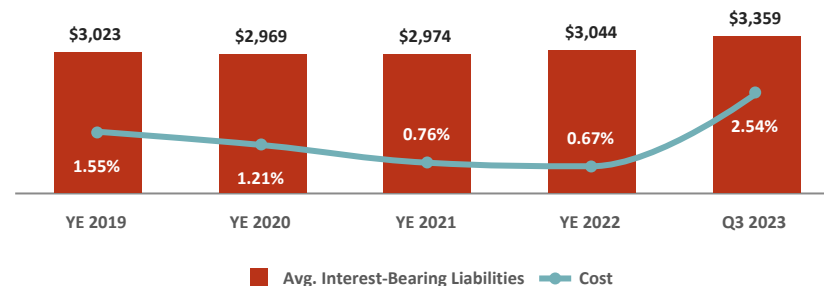
NET INTEREST INCOME



Avg. Earning Assets & Yield



Avg. Interest-Bearing Liabilities & Costs



Average balances, as of September 30, 2023, \$ in millions

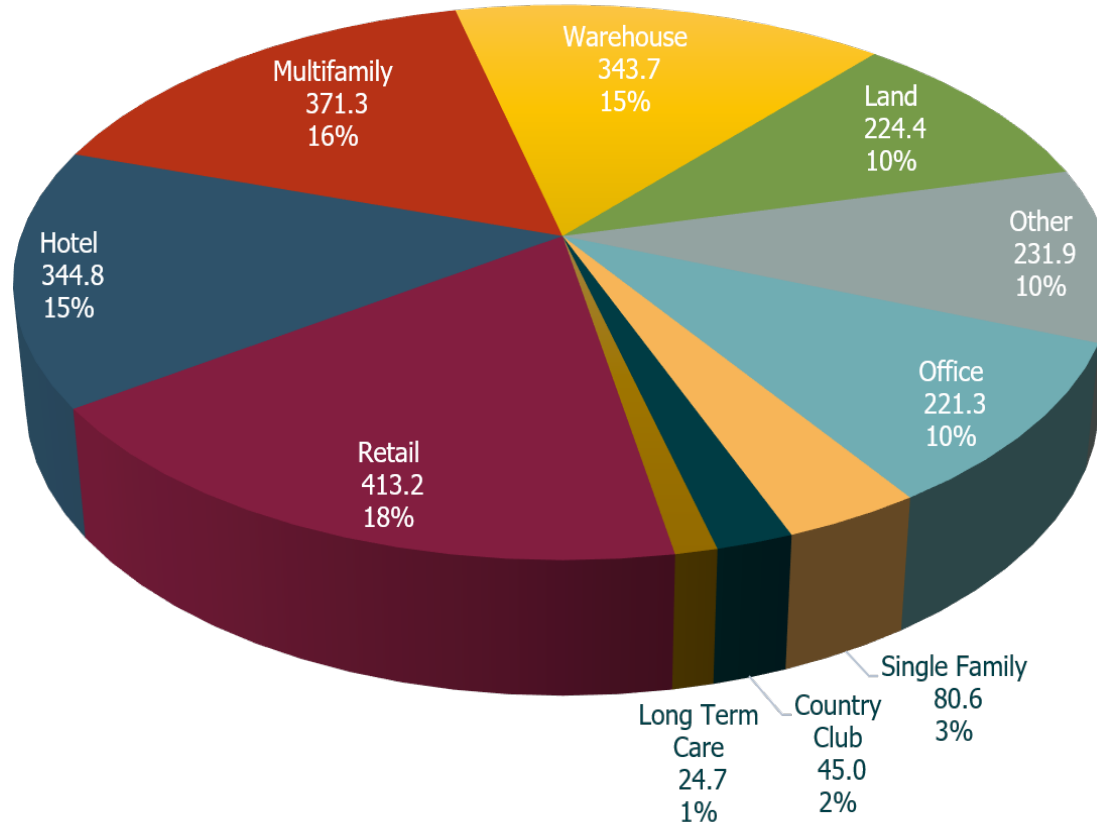
⁽¹⁾ Cost of Funds incorporates the free funds contribution with the rate on total interest-bearing liabilities to illustrate the impact of noninterest-bearing liabilities on the overall cost of funds.

⁽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
\$2,300.9**

As of September 30, 2023, \$ in millions

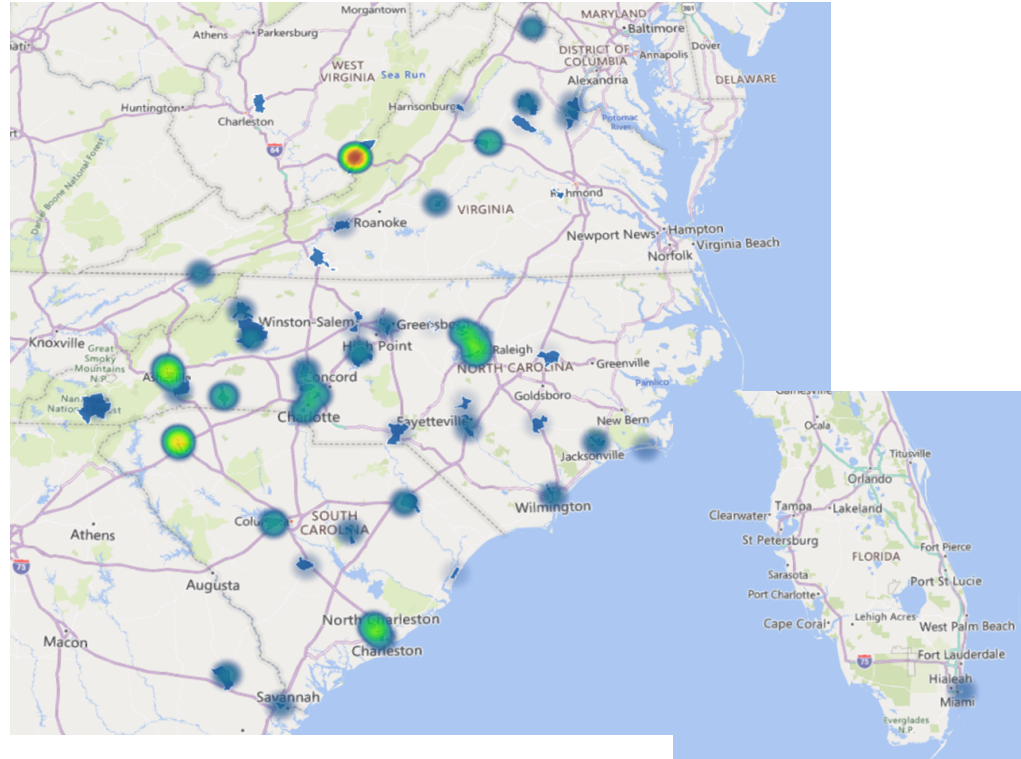
⁽¹⁾ Other CRE & Other Commercial Segments include, but are not limited to, Special / Limited Use, Church, Mobile Home Park, Gas Station, Self-Storage Facilities & Auto Shops

⁽²⁾ Includes restaurant loans of \$35.9 million

HOSPITALITY METRICS

- Total portfolio balance \$344.8M
- Geographic diversification (see map)
- Mean loan size in portfolio \$5.9M
- Median of loans in portfolio \$3.9M
- The largest loan in portfolio \$51.6M
- 9.50% are under construction
- Top 10 borrowers make up 47.44% of the total hospitality commitment
- No delinquent loans in the hospitality portfolio
- There are 13.38%* loans in the hospitality portfolio that are adversely classified or NPL
- 93.44% of hospitality portfolio is funded

	AVERAGE	
4.79	52.8%	\$89K
RISK RATING	LTV	DEBT/KEY



As of September 30, 2023

*Relates to the Company's largest NPL relationship.

HOSPITALITY METRICS

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Weighted Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Hilton	\$ 107,353	31.1 %	\$ 118,754	63.2 %	8,946	\$ 114
IHG	90,317	26.2 %	104,817	55.3 %	5,018	90
Upscale Independent/Boutique	57,491	16.7 %	57,491	28.3 %	28,745	75
Wyndham	24,331	7.1 %	24,331	59.4 %	2,433	41
Marriott	21,830	6.3 %	36,530	49.1 %	4,366	79
Independent	15,818	4.6 %	15,876	53.1 %	2,636	155
Radisson	11,235	3.3 %	11,235	53.3 %	2,809	38
Best Western	8,349	2.4 %	8,349	40.0 %	2,087	19
Choice	8,040	2.3 %	8,040	51.3 %	2,010	31
Hospitality Totals	\$ 344,764	100.0 %	\$ 385,423	52.8 %	\$ 6,561	\$ 89

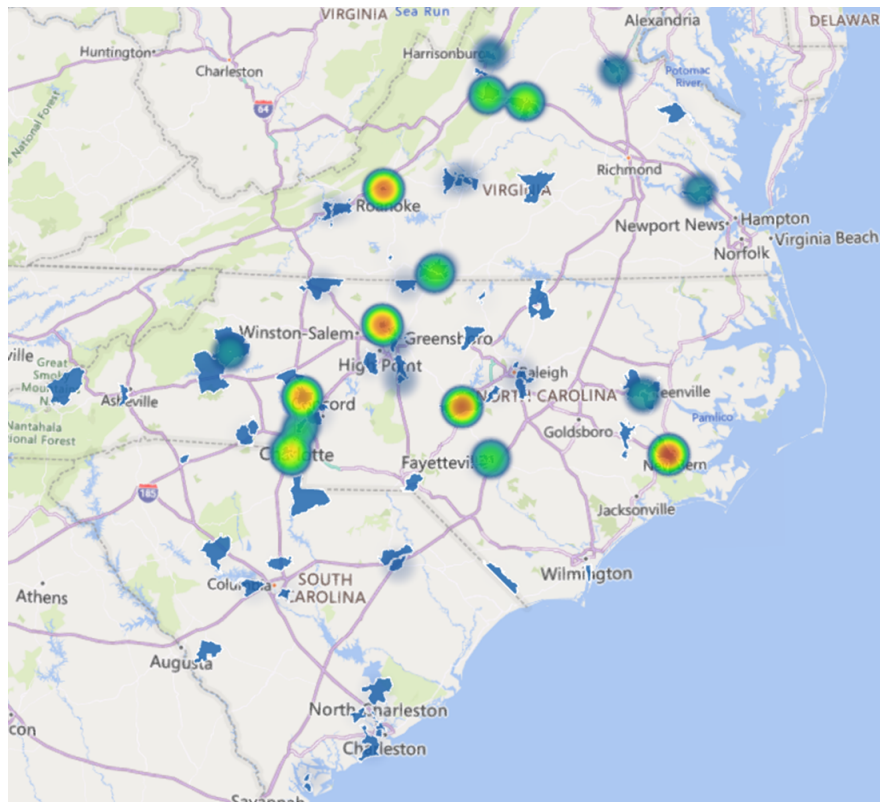
Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Weighted Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
North Carolina	\$ 157,421	45.7 %	\$ 198,022	56.6 %	4,373	\$ 90
South Carolina	77,542	22.5 %	77,542	62.3 %	7,754	104
West Virginia	58,475	17.0 %	58,475	24.3 %	14,619	67
Virginia	40,429	11.7 %	40,487	55.7 %	3,110	95
Georgia	10,897	3.1 %	10,897	57.5 %	5,449	63
Florida	—	— %	—	— %	—	—
Hospitality Totals	344,764	100.0 %	385,423	52.8 %	5,884	89

As of September 30, 2023, \$ in thousands

MULTIFAMILY METRICS

- Total portfolio balance \$371.3M
- Geographic diversification (see map)
- Mean loan size in portfolio \$3.4M
- Median of loans in portfolio \$226K
- The largest loan in portfolio \$32M
- 32.78% are under construction
- Top 10 borrowers make up 54.31% of the total multifamily commitment
- There are no loans in the portfolio that are delinquent
- There are no loans in the portfolio that are considered NPL
- There are no adversely classified loans in this portfolio
- 88.12% of portfolio is funded

	AVERAGE	
4.70	52.8%	\$109K
RISK RATING	LTV	DEBT/DOOR



MULTIFAMILY METRICS

Category	Multifamily Portfolio Balance	Percentage of Total Balance	Multifamily Commitment Balance	Weighted Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Door - Total Commitment
Multifamily	\$ 288,338	77.6 %	\$ 459,934	51.7 %	\$ 3,474	\$ 120
Student	72,641	19.6 %	72,641	64.9 %	24,190	52
Other ⁽¹⁾	144	— %	194	4.8 %	48	—
Participations in Affordable Housing	10,217	2.8 %	10,926	19.5 %	196	13
Multifamily Totals	371,340	100.0 %	543,695	52.8 %	6,977	109

Category	Multifamily Portfolio Balance	Percentage of Total Balance	Multifamily Commitment Balance	Weighted Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Door - Total Commitment
Multifamily						
North Carolina	196,863	53.0 %	273,606	49.4 %	2,938	124
South Carolina	18,812	5.1 %	47,312	51.4 %	752	117
Virginia	83,023	22.4 %	150,135	53.7 %	1,805	104
Student Housing						
Virginia	50,621	13.6 %	50,621	63.3 %	6,328	58
South Carolina	20,082	5.4 %	20,082	70.0 %	20,082	41
North Carolina	1,939	0.5 %	1,939	53.9 %	1,939	8
Multifamily Totals	371,340	100.0 %	543,695	52.8 %	5,641	109

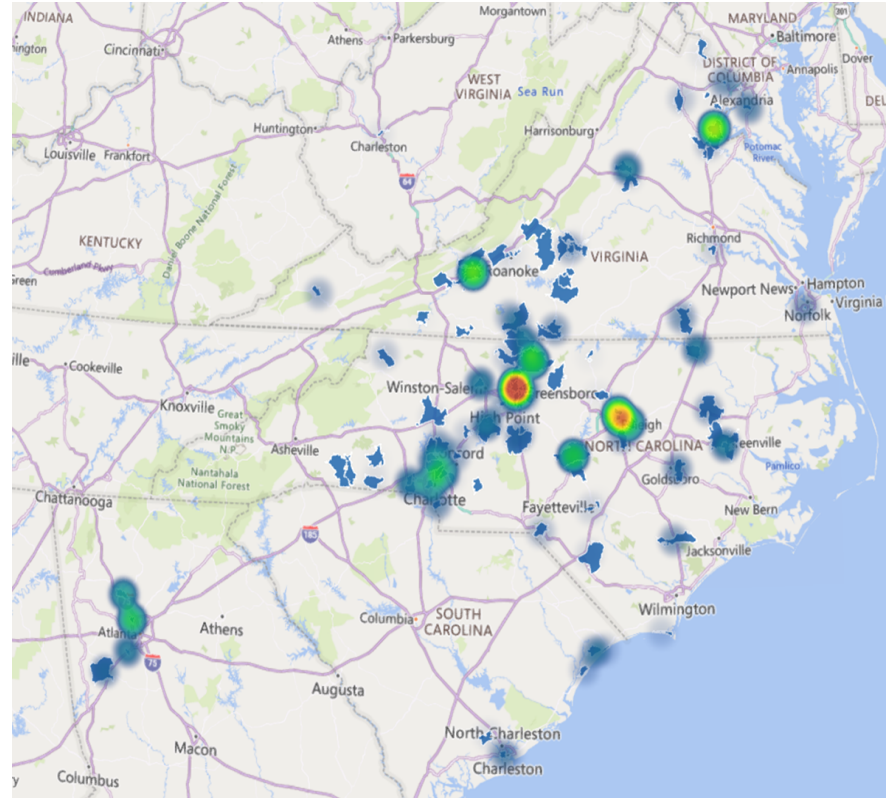
As of September 30, 2023, \$ in thousands

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

RETAIL METRICS

- Total portfolio balance \$377.3M⁽¹⁾
- Geographic diversification (see map)
- Mean loan size in portfolio \$2.76M
- Median of loans in portfolio \$1.07M
- The largest loan in portfolio \$28M
- 14.13% are under construction
- Top 10 borrowers make up 37.55% of the total retail commitment
- There is less than 1% delinquent loans in the portfolio
- 0.01% of loans are primarily rated special mention
- 0.01% are in NPL status
- 95.39% of retail portfolio is funded

	AVERAGE		
	4.26	57.3%	\$129
RISK RATING	LTV	DEBT/SQ FT	



RETAIL METRICS

Category	Retail Portfolio Balance	Percentage of Total Balance	Retail Commitment Balance	Weighted Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Square Ft- Total Commitment
Anchored Strip Centers	\$ 196,063	52.0 %	\$ 229,925	60.7 %	4,456	\$ 123
Unanchored Strip Centers	80,537	21.3 %	88,256	50.1 %	1,549	158
Outparcels/Single Tenant	69,142	18.3 %	69,142	52.5 %	1,411	121
Power Centers	29,240	7.8 %	29,788	63.4 %	7,310	105
Big Box	2,297	0.6 %	2,297	50.9 %	766	45
Other Centers	—	— %	—	— %	—	—
Retail Totals	\$ 377,279	100.0 %	\$ 419,408	57.3 %	\$ 2,582	\$ 129

Category	Retail Portfolio Balance	Percentage of Total Balance	Retail Commitment Balance	Weighted Avg. LTV	Avg. GL Balance Size
North Carolina	\$ 211,756	56.1 %	\$ 253,074	53.3 %	\$ 2,551
Virginia	88,959	23.6 %	89,770	65.4 %	1,711
Georgia	32,011	8.5 %	32,011	65.1 %	6,402
South Carolina	19,705	5.2 %	19,705	51.2 %	2,463
Ohio	10,719	2.8 %	10,719	59.2 %	10,719
Florida	10,053	2.7 %	10,053	77.9 %	10,053
Maryland	3,672	1.0 %	3,672	33.4 %	3,672
West Virginia	404	0.1 %	404	49.0 %	404
Other States	—	— %	—	— %	—
Retail Totals	\$ 377,279	100.0 %	\$ 419,408	57.3 %	\$ 4,219

As of September 30, 2023, \$ in thousands

(1) Excludes restaurant loans of \$35.9 million

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

OFFICE METRICS

- Total portfolio balance \$221.3M
- Geographic diversification (see map)
- Mean loan size in portfolio \$1.88M
- Median of loans in portfolio \$388K
- The largest loan in portfolio \$23M
- 1.22% are under construction
- Top 10 borrowers make up 55.44% of the total office commitment
- 0.31% of the loans are delinquent
- 0.98% of loans are primarily rated special mention
- 0.65% are in NPL status
- 93.58% of office portfolio is funded

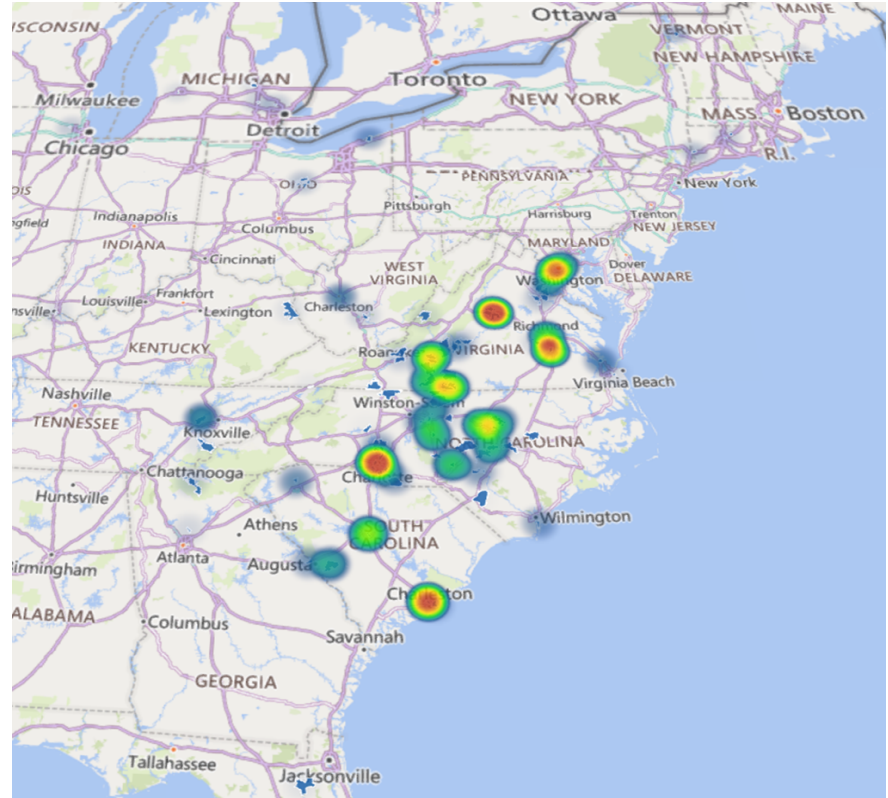
AVERAGE

4.27

RISK RATING

\$142

DEBT/SQ FT



OFFICE METRICS

Category	Office Portfolio Balance	Percentage of Total Balance	Office Commitment Balance	Avg. GL Balance Size	Avg. of Debt per Square Ft- Total Commitment
General Office Space	\$ 190,090	85.9 %	\$ 223,110	\$ 1,939,690	\$ 150
Medical Offices	22,388	10.1 %	28,799	1,243,801	96
Veterinary Offices	7,779	3.5 %	13,558	388,937	103
Law Offices	1,075	0.5 %	1,075	179,253	65
Office Totals	\$ 221,332	100.0 %	\$ 266,542	\$ 938,000	\$ 142

Category	Office Portfolio Balance	Percentage of Total Balance	Office Commitment Balance	Avg. GL Balance Size	Avg. of Debt per Square Ft- Total Commitment
Virginia	\$ 106,143	48.0 %	\$ 118,053	\$ 1,929,874	\$ 167
North Carolina	56,471	25.5 %	84,102	990,725	117
South Carolina	36,094	16.3 %	41,763	7,218,777	136
Maryland	6,806	3.1 %	6,806	6,805,715	125
Tennessee	3,151	1.5 %	3,151	1,575,273	56
West Virginia	2,492	1.1 %	2,492	830,767	71
Georgia	2,445	1.1 %	2,445	815,037	120
Ohio	1,992	0.9 %	1,992	995,899	110
Michigan	1,705	0.8 %	1,705	426,241	129
Conneticut	1,394	0.6 %	1,394	464,510	97
Vermont	960	0.4 %	960	480,229	171
Illinois	545	0.2 %	545	544,537	136
Maine	385	0.2 %	385	385,363	162
Indiana	301	0.1 %	301	301,381	48
Kentucky	241	0.1 %	241	241,327	77
Florida	207	0.1 %	207	206,970	79
Office Totals	\$ 221,332	100.0 %	\$ 266,542	\$ 1,513,313	\$ 142

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)	Quarter-to-Date		
(Dollars in Thousands)	9/30/2023	6/30/2023	9/30/2022
Interest Income (FTE)(Non-GAAP)			
Interest and Dividend Income (GAAP)	\$ 48,886	\$ 43,716	\$ 42,327
Tax Equivalent Adjustment ³	247	257	279
Interest and Dividend Income (FTE) (Non-GAAP)	49,133	43,973	42,606
Average Earning Assets	4,320,390	4,261,652	4,024,880
Yield on Interest-earning Assets (GAAP)	4.49%	4.11%	4.17%
Yield on Interest-earning Assets (FTE) (Non-GAAP)	4.51%	4.14%	4.20%
Net Interest Income (GAAP)	\$ 27,394	\$ 26,711	\$ 37,725
Tax Equivalent Adjustment ³	247	257	279
Net Interest Income (FTE) (Non-GAAP)	27,641	26,968	38,004
Average Earning Assets	4,320,390	4,261,652	4,024,880
Net Interest Margin (GAAP)	2.52%	2.51%	3.72%
Net Interest Margin (FTE) (Non-GAAP)	2.54%	2.54%	3.75%

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 gains on sales and write-downs of OREO, net, contingent liability, the losses (gains) on sales of securities, net, losses on sales of bank premises, net, non-recurring fees and OREO income. 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)		9/30/2023	6/30/2023	9/30/2022
EFFICIENCY RATIO (GAAP)		83.52%	80.46%	54.62%
Noninterest Expense		\$ 27,282	\$ 25,536	\$ 23,463
Less: (Losses) Gains on Sales and Write-downs of OREO, net		(904)	5	(169)
Less: Losses on Sales and Write-downs of Bank Premises, net		(18)	(33)	—
Less: Non-recurring one-time Expense ⁶		(193)	—	—
Add: Tax Credit Amortization Reversal ⁷		—	—	1,379
Core Noninterest Expense (Non-GAAP)		\$ 26,167	\$ 25,508	\$ 24,673
Net Interest Income		\$ 27,394	\$ 26,711	\$ 37,725
Plus: Taxable Equivalent Adjustment ³		247	257	279
Net Interest Income (FTE) (Non-GAAP)		\$ 27,641	\$ 26,968	\$ 38,004
Less: Losses (Gains) on Sales of Securities, net		1	(3)	4
Less: Losses on Sales of Bank Premises, net		—	—	4
Less: Non-recurring Fees ⁴		—	—	(1)
Less: OREO Income		(20)	(18)	(13)
Noninterest Income		5,270	5,028	5,235
Core Net Interest Income (FTE) (Non-GAAP) plus Noninterest Income		\$ 32,892	\$ 31,975	\$ 43,233
Core Efficiency Ratio (Non-GAAP)		79.55%	79.77%	57.07%

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.

⁶ Tax credit amortization was reversed due to the extension of the in-service date from 2022 to 2023

⁷ The non-recurring includes a one-time expense.

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)	Year-to-Date
(Dollars in Thousands)	
Adjusted Book Value (Non-GAAP)	
Total Shareholders' Equity	\$ 330,621
Add: Accumulated Other Comprehensive Loss ("AOCI")	93,560
Add: Other Segment Reserve Release, net of tax	44,326
Total Shareholders' Equity, excluding AOCI and segment reserve release (Non-GAAP)	\$ 468,507
Common Shares Outstanding at End of Period	22,955,753
Book Value (GAAP)	\$ 14.40
Adjusted Book Value (Non-GAAP)	\$ 20.41