



Carter Bankshares, Inc.

CELEBRATING **50** YEARS

INVESTOR PRESENTATION

FIRST QUARTER 2024

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; increased delinquency and foreclosure rates on commercial real estate loans; 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, including the outcome of the lawsuit filed against the Bank and its directors by West Virginia Governor James C. Justice, II, his wife Cathy Justice, his son James C. Justice, III and various related entities that he and/or they own and control, concerning their lending relationship with the Bank, and other lawsuits related to the large NPL relationship; 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 recent large bank failures and their impact on the broader market through other customers, suppliers and partners or that the conditions which resulted in the liquidity concerns with those failed banks 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, 2023. 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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SECTION 01

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



65

BRANCHES



07

CORPORATE
CENTERS



03

CORPORATE
OFFICES IN
VIRGINIA

\$4.6B

ASSETS

\$3.5B

LOANS

\$3.8B

DEPOSITS

CORPORATE HIGHLIGHTS

- Strong Deposit Growth in Q1'24
- Strong and Improving Available Liquidity Position in Q1'24
- Diversified and granular deposit base, approximately 78.8% Retail Customers
- Approximately 82.8% of Deposits, including Collateralized Muni deposits are FDIC Insured
- Branch network expansion in strategic growth markets (Charlottesville and Raleigh) with Commercial and Retail Teams

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



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, 2024

VIRGINIA
**TOTAL
BRANCHES**
53

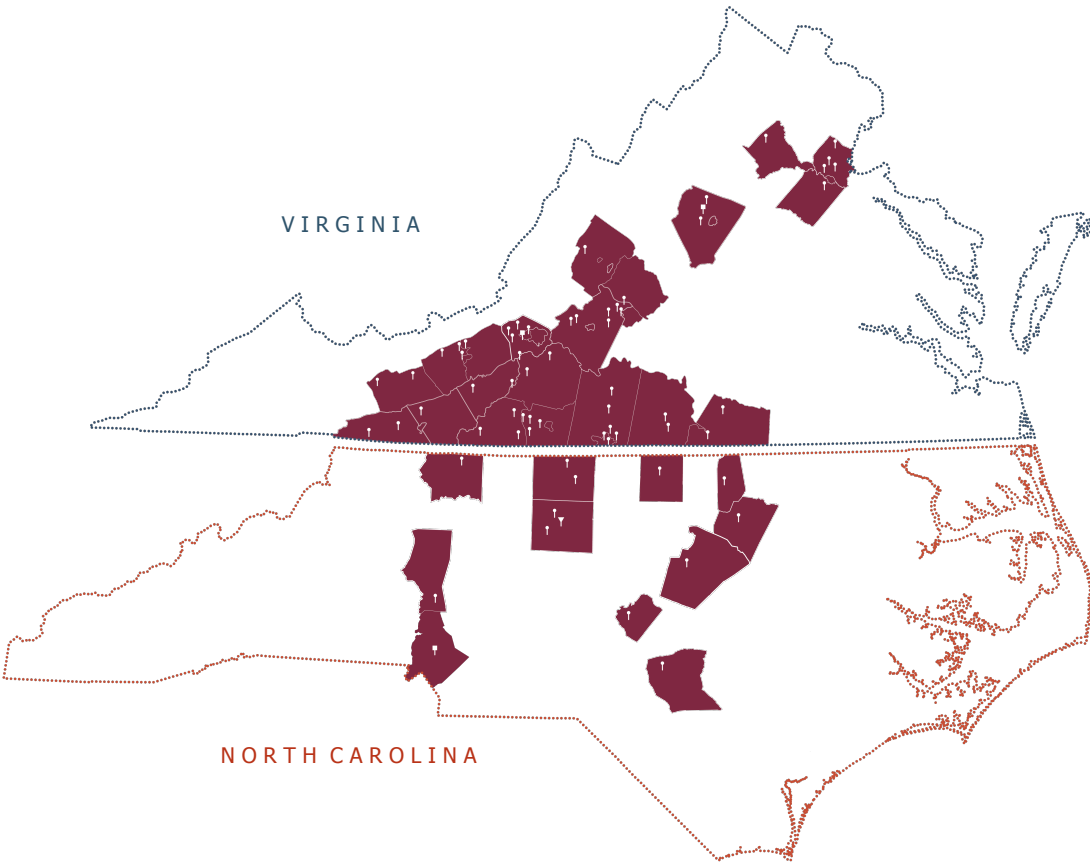
Washington DC
Roanoke
Lynchburg
Charlottesville
Blacksburg-Christiansburg
Non MSA

**TOTAL
DEPOSITS**
\$3.4
BILLION

NORTH CAROLINA
**TOTAL
BRANCHES**
12

Charlotte
Greensboro
Raleigh Durham
Fayetteville
Non MSA

**TOTAL
DEPOSITS**
\$0.4
BILLION



YEAR END BRANCHES	2018	2019	2020	2021	2022	2023	2024
	105	101	92	69	66	65	65

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



Associates attended a luncheon in High Point, NC to support Go Red for Women, which is a worldwide initiative of the American Heart Association to increase women’s heart health awareness and serve as a catalyst for change to improve the lives of women locally, nationally, and globally.



To assist in breaking the cycle of poverty, associates participated in the United Way of Henry County & Martinsville’s annual Dollars & Sense Reality Fair. Over 270 area students participated in the event, which is meant to expose high school seniors to the costs associated with real life.

629
VOLUNTEER COMMUNITY
SERVICE HOURS

33 NONPROFITS
SUPPORTED
BY ASSOCIATES SERVING ON
BOARDS & COMMITTEES

\$58,014
CHARITABLE DONATIONS &
SPONSORSHIPS TO NONPROFITS

15 FINANCIAL
EDUCATION
CLASSES FACILITATED
FOR 158 STUDENTS

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, corporate & social responsibility, 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.

We will focus on increasing market share in target growth markets.

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

← SUPERIOR FINANCIAL PERFORMANCE & OPERATIONAL EXCELLENCE →

SAFETY AND SOUNDNESS

Capital	Asset Quality	Earnings	Liquidity
10.89% Common Equity Tier 1 Ratio ("CET1") 	0.25% Delinquency/ Portfolio Loans ○ ○ ○	0.52% Return on Avg Assets (YTD) 	\$1.3B Total Liquidity Sources ○ ○ ○
12.15% Total Risk- based Capital Ratio 	8.76% NPL/Portfolio Loans ○ ○ ○	6.59% Return on Avg Shareholders' Equity (YTD) 	11.8% Highly Liquid Assets / Total Assets ○ ○ ○
9.34% Leverage Ratio 	2.75% ACL/Total Portfolio Loans ○ ○ ○	2.60% NIM(FTE)(YTD) 	82.0% Highly Liquid Assets / Uninsured Deposits ○ ○ ○
\$15.60 Book Value	0.06% Net Chg-offs/ Portfolio Loans (YTD)	79.01% Core Efficiency Ratio (YTD)	199.0% Total available liquidity / uninsured deposits

SECTION 02

FINANCIAL HIGHLIGHTS

BALANCE SHEET & INCOME STATEMENT

<i>\$ in thousands</i>	1Q2024	4Q2023	QTD Q/Q Change %	1Q2023	QTD Y/Y Change %
Operational Results					
Net Interest Income	\$ 28,419	\$ 27,420	3.6 %	\$ 40,785	(30.3)%
Provision for Credit Losses	16	2,895	(99.4)%	1,415	(98.9)%
(Recovery) Provision for Unfunded Commitments	(43)	587	(107.3)%	84	(151.2)%
Noninterest Income	5,045	3,245	55.5 %	4,735	6.5 %
Noninterest Expense	26,257	29,072	(9.7)%	23,576	11.4 %
Income Tax Provision (Benefit)	1,423	(1)	(142400.0)%	4,504	(68.4)%
Net Income (Loss)	\$ 5,811	\$ (1,888)	(407.8)%	\$ 15,941	(63.5)%
Diluted Earnings (Loss) Per Common Share	\$ 0.25	\$ (0.08)	(412.5)%	\$ 0.67	(62.7)%
Balance Sheet Condition					
Assets	\$ 4,554,946	\$ 4,512,539	0.9 %	\$ 4,365,655	4.3 %
Portfolio Loans	3,509,071	3,505,910	0.1 %	3,248,898	8.0 %
Allowance for Credit Losses	(96,536)	(97,052)	(0.5)%	(94,694)	1.9 %
Securities Available-for-Sale	768,832	779,003	(1.3)%	862,856	(10.9)%
Deposits	3,830,521	3,721,915	2.9 %	3,536,988	8.3 %
Borrowings	310,500	393,400	(21.1)%	435,135	(28.6)%
Shareholders' Equity	359,066	351,243	2.2 %	354,986	1.1 %

3.6%

Net Interest Income up QoQ

55.5%

Noninterest Income up QoQ

(9.7)%

Noninterest Expense down QoQ

8.0%

Loan Growth YoY

8.3%

Deposits up YoY

FINANCIAL/SHAREHOLDER RATIOS

	1Q2024	4Q2023	QTD Q/Q Change %	1Q2023	QTD Y/Y Change %
Shareholder Ratios					
Diluted Earnings (Loss) Per Share (QTD)	\$ 0.25	\$ (0.08)	(412.5)%	\$ 0.67	(62.7)%
Financial Ratios					
Return on Avg Assets (QTD)	0.52 %	(0.17)%	(405.9)%	1.51 %	(65.6)%
Return on Avg Shareholders' Equity (QTD)	6.59 %	(2.24)%	(394.2)%	18.88 %	(65.1)%
Net Interest Margin (FTE)(QTD) ¹	2.60 %	2.49 %	4.4 %	3.98 %	(34.7)%
Efficiency Ratio (QTD) ¹	79.01 %	88.48 %	(10.7)%	51.18 %	54.4 %
Asset Quality Ratios					
NPL/Portfolio Loans	8.76 %	8.83 %	(0.8)%	0.26 %	3,269.2 %
NPA/Total Assets plus OREO	8.82 %	8.89 %	(0.8)%	0.51 %	1,629.4 %
ACL/Total Portfolio Loans	2.75 %	2.77 %	(0.7)%	2.91 %	(5.5)%
Net Chg-offs/Portfolio Loans (QTD annualized)	0.06 %	0.04 %	50.0 %	0.07 %	(14.3)%

HIGHLIGHTS

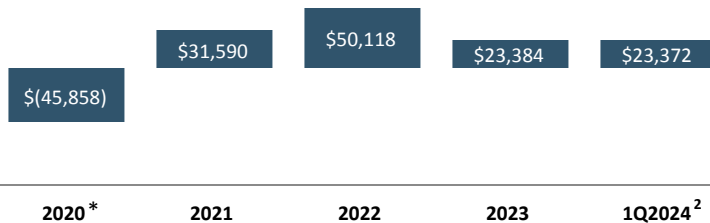
- **Diluted EPS improvement from the prior quarter**
- **Net Interest Margin up from prior quarter**
- **ROA and ROE returned to positive metrics**

As of March 31, 2024

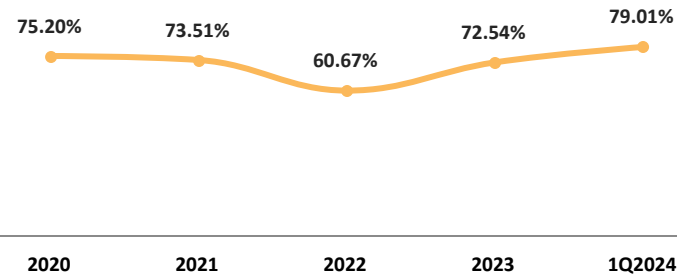
¹ Non-GAAP Financial measure - see Non-GAAP reconciliation

FINANCIAL PERFORMANCE TRENDS

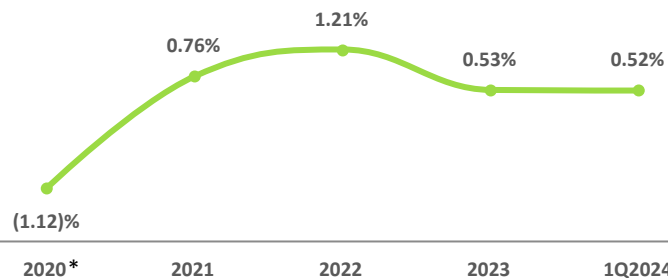
Net Income, in millions



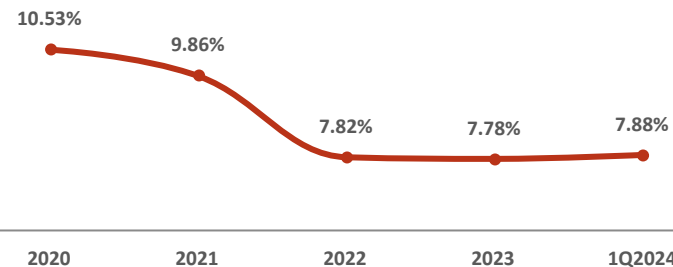
Efficiency Ratio ³



ROA



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.

² Net income for the quarter ended March 31, 2024 is annualized.

³ 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.

Since December of 2021, 3.8 million shares have been repurchased at a total cost of \$59.8 million at an average cost per share of \$15.95.

REGULATORY CAPITAL

10.89%

TIER 1

12.15%

TOTAL

9.34%

LEVERAGE

	Regulatory Well Capitalized	Carter Bankshares 03/31/2024	Excess (\$) (In Thousands) 03/31/2024
Common Equity Tier 1 Ratio ("CET1")	6.50 %	10.89 %	\$ 172,810
Tier 1 Risk-based Ratio	8.00 %	10.89 %	\$ 113,722
Total Risk-based Capital Ratio	10.00 %	12.15 %	\$ 84,799
Leverage Ratio	5.00 %	9.34 %	\$ 199,291
Critically Undercapitalized Category	Tangible equity to total assets ≤2%		
Capital Conservation Buffer	≥2.5%; composed of CET1		

	Actual (\$) 03/31/2024	Cumulative AOCI impact 03/31/2024	Specific Reserve impact 03/31/2024
Book Value per Common Share	\$ 15.60	\$ (3.03)	\$ (1.89)
			\$(4.92)
Adjusted Book Value ¹	\$ 20.52		

As of March 31, 2024

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

\$1.3B

TOTAL AVAILABLE LIQUIDITY

Continue to maintain a strong liquidity position:

- Ongoing FHLB collateral pledging¹
- Maintain three 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
 - Secured Federal Funds Lines

Strong coverage of uninsured deposits:

- Total available liquidity / uninsured deposits 199.0%

<i>\$ in thousands</i>	March 31, 2024	December 31, 2023	Favorable / (Unfavorable)
Cash and Due From Banks, including Interest-bearing Deposits	\$ 108,110	\$ 54,529	\$ 53,581
FHLB Borrowing Availability ¹	593,774	480,266	113,508
Unsecured Lines of Credit	50,000	50,000	—
Collateralized Lines of Credit	45,000	—	45,000
Unpledged Investment Securities	465,391	563,537	(98,146)
Excess Pledged Securities	45,333	61,774	(16,441)
Total Liquidity Sources	\$ 1,307,607	\$ 1,210,106	\$ 97,501

As of March 31, 2024

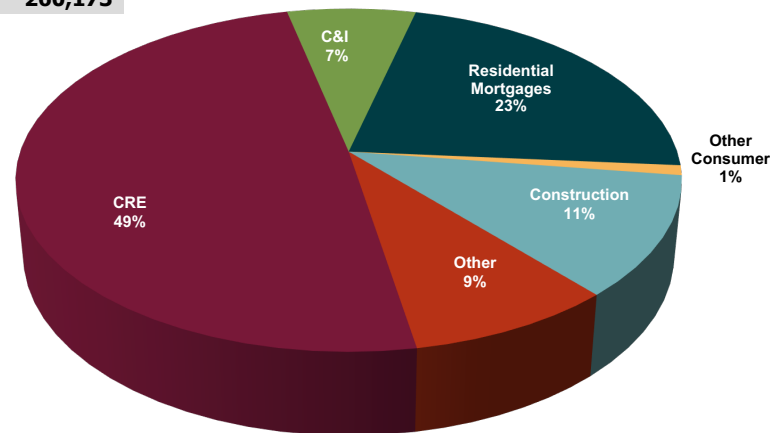
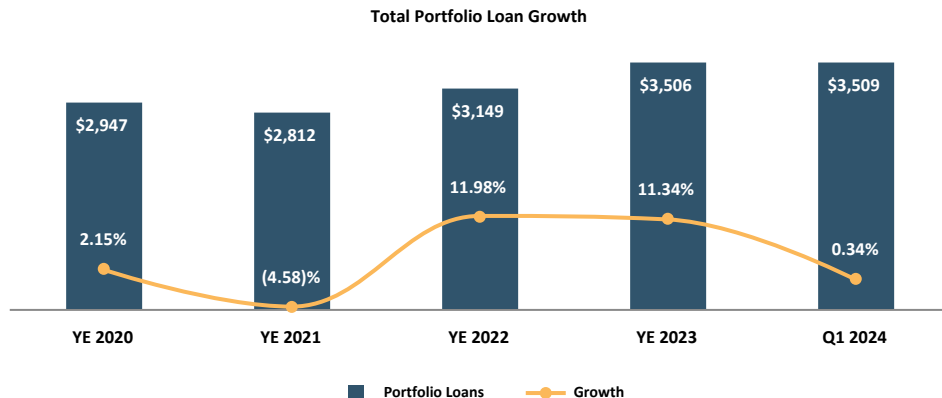
¹ For the periods presented above, the Company maintained a secured FHLB Borrowing Facility with FHLB of Atlanta equal to 25% of the Bank's assets approximating \$1.1 billion, with available borrowing capacity subject to the amount of eligible collateral pledged at any given time.

LOAN COMPOSITION

\$ in thousands	For the Period Ending			Variance	
	03/31/24	12/31/23	03/31/23	Quarter	Year
Commercial Real Estate	\$ 1,728,929	\$ 1,670,631	\$ 1,575,675	\$ 58,298	\$ 153,254
Commercial and Industrial	257,176	271,511	290,293	(14,335)	(33,117)
Residential Mortgages	788,125	787,929	675,340	196	112,785
Other Consumer	32,428	34,277	41,308	(1,849)	(8,880)
Construction	397,219	436,349	361,003	(39,130)	36,216
Other ¹	305,194	305,213	305,279	(19)	(85)
Total Portfolio Loans²	\$ 3,509,071	\$ 3,505,910	\$ 3,248,898	\$ 3,161	\$ 260,173

LOAN PORTFOLIO

- Total loans increased \$260.2M, or 8.01% YoY due to solid loan growth, primarily in the commercial real estate and the residential mortgage segments.
- First Quarter loan growth was muted by \$80.0M in loan pay-offs of two large commercial real estate loans.

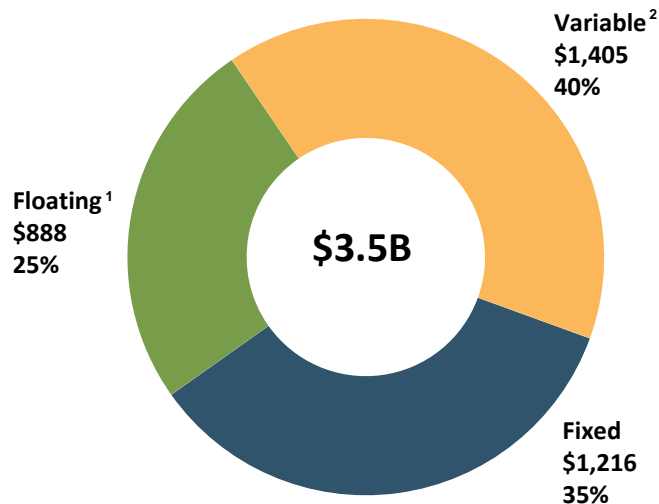


¹ Other loans include unique risk attributes considered inconsistent with our current underwriting standards.

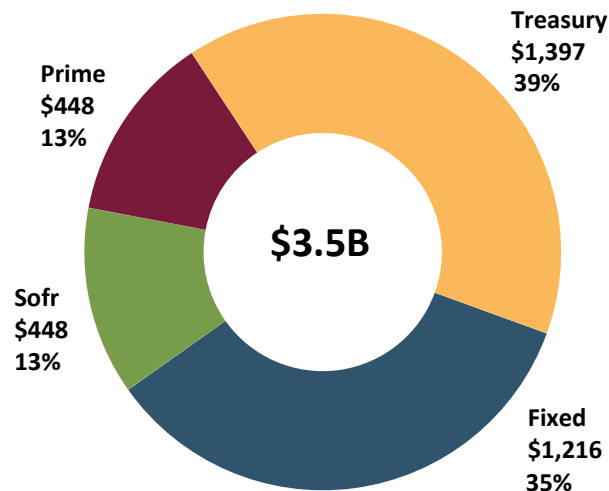
² Total Portfolio Loans is net of loans held-for-sale and Loan Portfolio Segments are sourced from Fed. Call Codes (RC-C).

\$ 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)

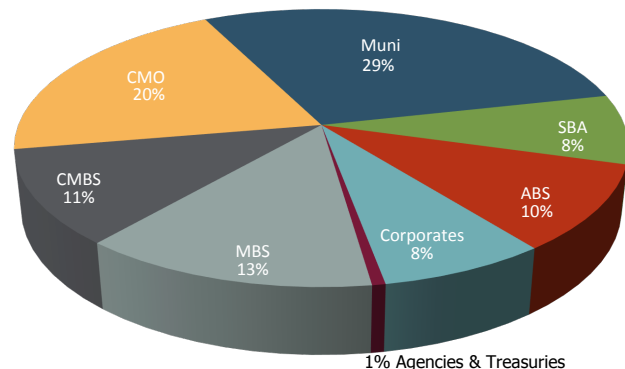
\$ in thousands	For the Periods Ending		Variance 03/31/24 to 12/31/23	% of Gross Loans	% of RBC
	03/31/24	12/31/23			
1. Hospitality, Agriculture & Energy	\$ 301,913	\$ 301,913	\$ —	8.60%	63.07%
2. Retail Real Estate & Food Services	53,243	53,576	(333)	1.52%	11.12%
3. Retail Real Estate	37,622	38,972	(1,350)	1.07%	7.86%
4. Hospitality	37,369	37,502	(133)	1.06%	7.81%
5. Construction / Commercial Property	35,500	—	35,500	1.01%	7.42%
6. Non-Owner Occupied / Commercial Real Estate	35,364	27,834	7,530	1.01%	7.39%
7. Non-Owner Occupied / Commercial Real Estate	33,605	33,752	(147)	0.96%	7.02%
8. Industrial & Retail Real Estate	33,560	33,885	(325)	0.96%	7.01%
9. Multifamily & student housing	32,460	32,747	(287)	0.93%	6.78%
10. Multifamily / Commercial Real Estate	32,000	32,000	—	0.91%	6.67%
Top Ten (10) Relationships	\$ 632,636	\$ 592,181	\$ 40,455	18.03%	132.15%
Total Gross Loans	\$ 3,509,071	\$ 3,505,910	\$ 3,161		
% of Total Gross Loans	18.03%	16.89%	1.14%		
<i>Concentration (25% of RBC)</i>	\$ 119,681	\$ 121,231			

BOND PORTFOLIO

\$ in thousands	3/31/2024			12/31/2023		
	Amortized Cost	Net Unrealized (Losses)/Gains	Fair Value	Amortized Cost	Net Unrealized (Losses)/Gains	Fair Value
U.S. Government Agency Securities	40,094	(722)	39,372	44,185	(358)	43,827
Residential Mortgage-Backed Securities	110,096	(10,312)	99,784	110,726	(11,576)	99,150
Commercial Mortgage-Backed Securities	29,582	(462)	29,120	31,578	(415)	31,163
Other Commercial Mortgage-Backed Securities	24,462	(2,565)	21,897	24,522	(2,666)	21,856
Asset Backed Securities	149,844	(10,570)	139,274	150,832	(10,826)	140,006
Collateralized Mortgage Obligations	170,179	(11,838)	158,341	174,396	(12,863)	161,533
States and Political Subdivisions	263,249	(42,200)	221,049	263,557	(41,449)	222,108
Corporate Notes	70,750	(10,755)	59,995	70,750	(11,390)	59,360
Total Debt Securities	858,256	\$ (89,424)	\$ 768,832	870,546	\$ (91,543)	\$ 779,003

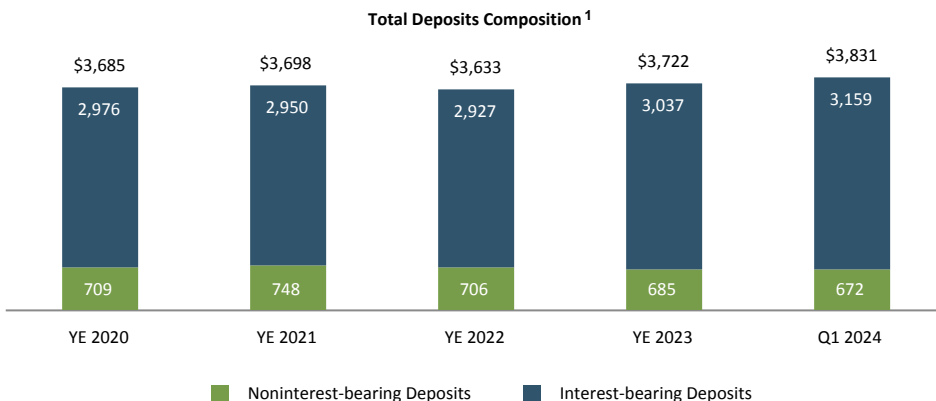
BOND OVERVIEW

- The bond portfolio is 100% available-for-sale.
- Our portfolio consists of 48.2% of securities issued by United States government sponsored entities and carry an implicit government guarantee.
- States and political subdivisions comprise 28.8% 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 March 31, 2024, the Company held 53.1% fixed rate and 46.9% floating rate securities.
- The modest improvement in unrealized losses was largely due to bond maturities and amortizations, somewhat offset by price changes due to higher intermediate interest rates.
- Securities comprise 16.9% of total assets at March 31, 2024.
- Shorter maturity profile with an average life of 5.7 years; less interest rate risk with an effective duration of 4.3; and higher than peer book yield of 3.71%.



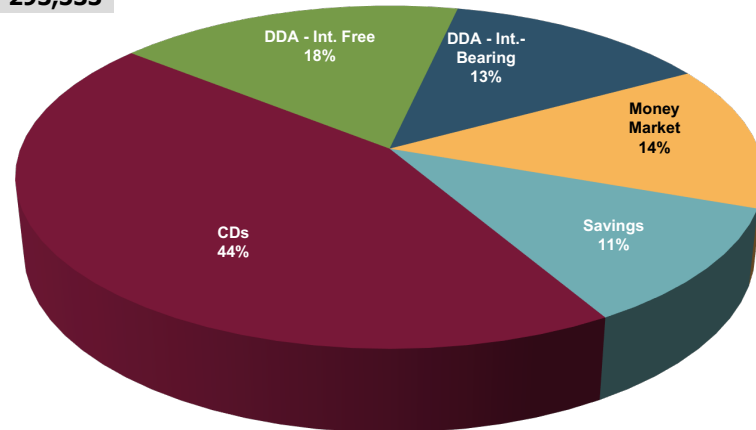
DEPOSIT COMPOSITION

\$ in thousands	For the Period Ending			Variance	
	03/31/24	12/31/23	03/31/23	Quarter	Year
Lifetime Free Checking	\$ 671,981	\$ 685,218	\$ 690,914	\$ (13,237)	\$ (18,933)
Interest-Bearing Demand	515,614	481,506	500,749	34,108	14,865
Money Market	520,785	513,664	430,938	7,121	89,847
Savings	427,461	454,876	606,976	(27,415)	(179,515)
Certificates of Deposits	1,694,680	1,586,651	1,307,411	108,029	387,269
Total Deposits	\$3,830,521	\$3,721,915	\$3,536,988	\$ 108,606	\$ 293,533



DEPOSIT STATISTICS

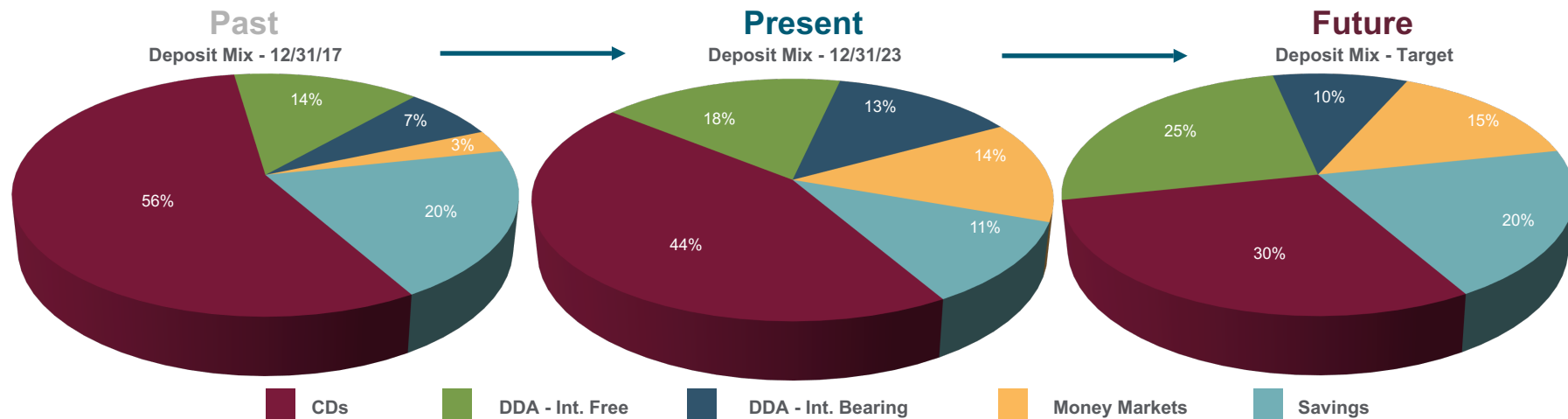
- Total deposits increased \$108.6M QoQ
- Diversified and granular deposit base, approximately 78.8% Retail Customers
- Approximately 82.8% of Deposits, including Collateralized Muni deposits are FDIC Insured
- Partnership with IntraFi for available coverage over \$250K FDIC insured limit



¹ Period end balances at March 31, 2024, \$ in millions

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

- Deposits currently stand at \$3.8B
- CD Portfolio (\$1.7B) is relatively short with 83% of the portfolio scheduled to mature within 12 months and 89% 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



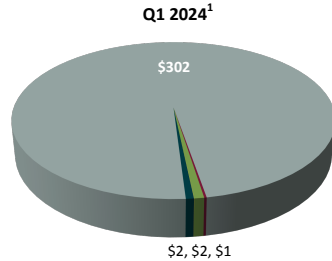
SECTION 03

ASSET QUALITY

ASSET QUALITY

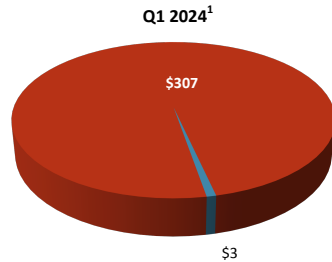
Nonperforming Loan Breakdown

	YE 2020	YE 2021	YE 2022	YE 2023 ¹	Q1 2024 ¹
NPL					
CRE	\$ 22	\$ 3	\$ 2	\$ 1	\$ 1
C&I	1	1	—	—	—
Res. Mtg.	5	1	1	4	2
Other Consumer	4	2	4	—	—
Construction	—	—	—	3	2
Other	—	—	—	302	302
Total NPL	\$ 32	\$ 7	\$ 7	\$ 310	\$ 307

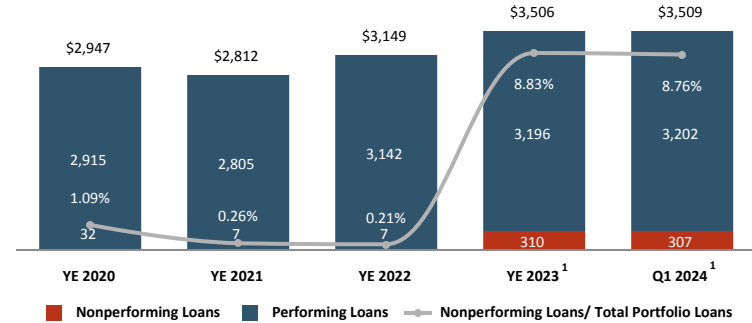


Nonperforming Assets

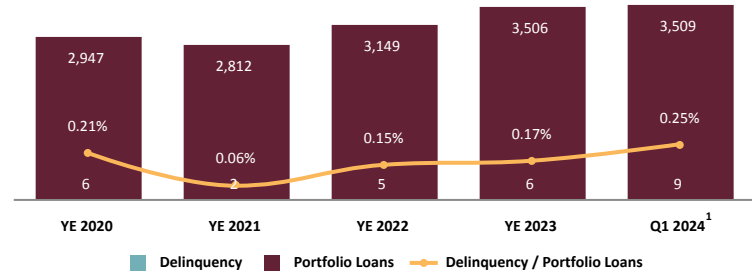
	YE 2020	YE 2021	YE 2022	YE 2023 ¹	Q1 2024 ¹
NPA					
NPLs	\$ 32	\$ 7	\$ 7	\$ 310	\$ 307
OREO	16	11	8	2	3
Total NPA	\$ 48	\$ 18	\$ 15	\$ 312	\$ 310



Nonperforming Loans / Total Portfolio Loans



Delinquency / Portfolio Loans

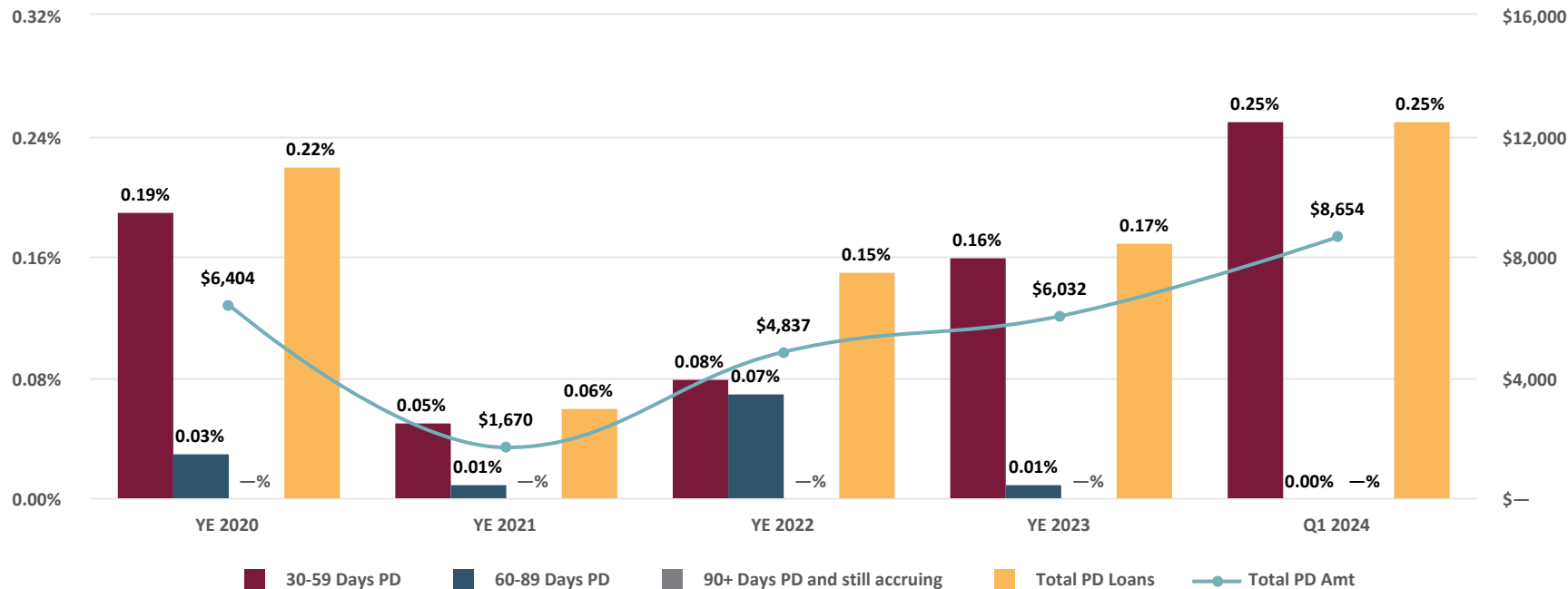


As of March 31, 2024, \$ in millions

¹The 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

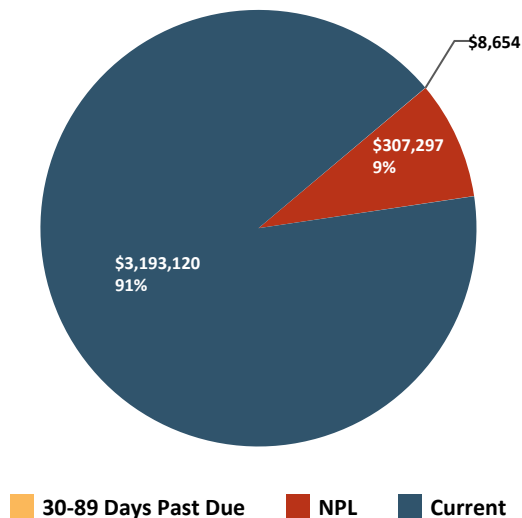
Past Due Loans / Total Portfolio Loans



As of March 31, 2024, \$ in thousands

DELINQUENCY TRENDS

Delinquency Trends



March 31, 2024

<i>#s in thousands</i>	Current	30-89 Days Past Due	NPL	Total Portfolio Loans
Commercial Real Estate	\$ 1,723,718	\$ 4,570	\$ 641	\$ 1,728,929
Commercial and Industrial	256,125	942	109	257,176
Residential Mortgages	784,017	1,617	2,491	788,125
Other Consumer	31,958	420	50	32,428
Construction	394,021	1,105	2,093	397,219
Other ¹	3,281	—	301,913	305,194
Total	\$3,193,120	\$ 8,654	\$ 307,297	\$3,509,071

¹ Represents the Bank's largest lending relationship with an aggregate principal value of \$301.9 million placed on nonaccrual status during the second quarter of 2023.

NONPERFORMING RELATIONSHIPS

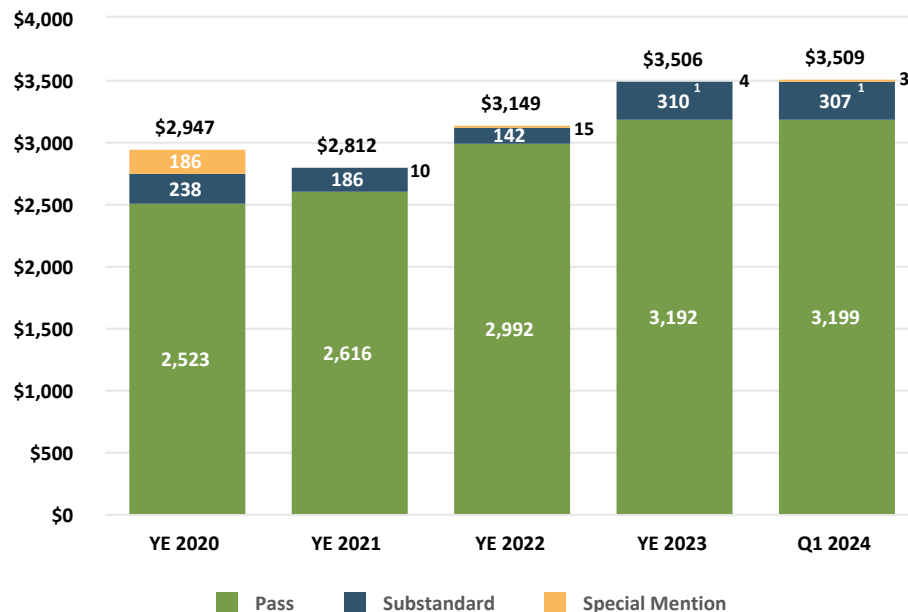
\$ in thousands	Nonaccrual Balance		Change	Comments
	03/31/24	12/31/23		
1. Other ¹	\$ 301,913	\$ 301,913	\$ —	Other
2. Residential Construction	2,090	2,090	—	Residential Construction
3. Residential	825	825	—	Residential Mortgage Loan
4. CRE	465	689	(224)	Commercial Property
5. Residential	418	—	418	Residential Mortgage Loan
6. Residential	—	1,142	(1,142)	Residential Mortgage Loan
7. Construction	—	808	(808)	Residential Lot Developer
Subtotal: Top 5 Nonaccrual Loans	305,711	307,467	(1,756)	
Total Nonaccrual Loans	307,297	309,535	(2,238)	
Top 5 Nonaccrual Loans / Total Nonaccrual Loans	99.48%	99.33%	0.15%	
Total Portfolio Loans	3,509,071	3,505,910	3,161	
Total Nonaccrual Loans / Total Portfolio Loans	8.76%	8.83%	(0.07)%	

As of March 31, 2024

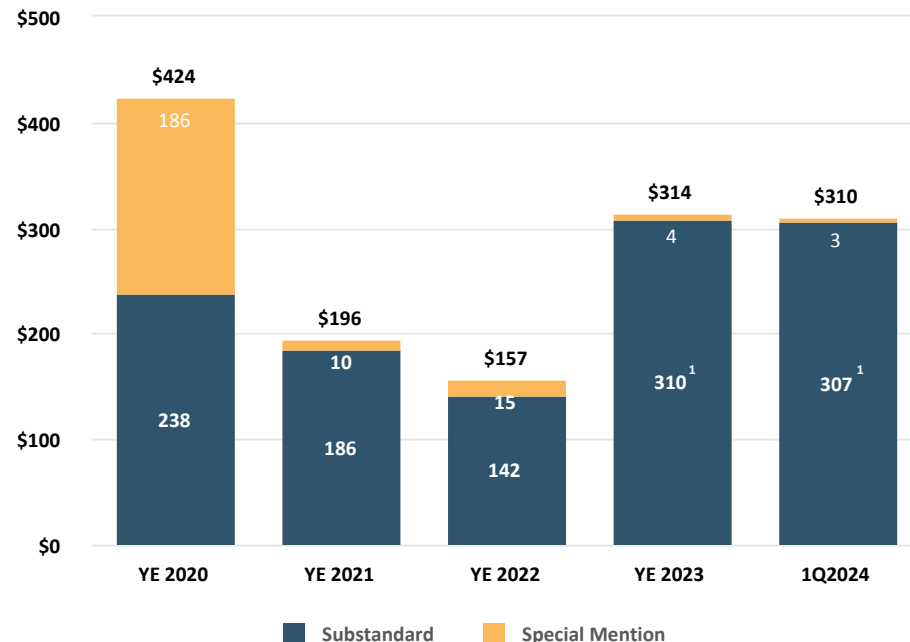
¹ The Company placed commercial loans in the Other segment of the Company's loan portfolio, relating to the Bank's largest lending relationship which has an aggregate principal amount of \$301.9 million, on nonaccrual status due to loan maturities and failure to pay in full during the second quarter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

LOAN PORTFOLIO - RISK RATINGS

Portfolio Credit Quality Trend



Non-Pass Credit Quality Trend

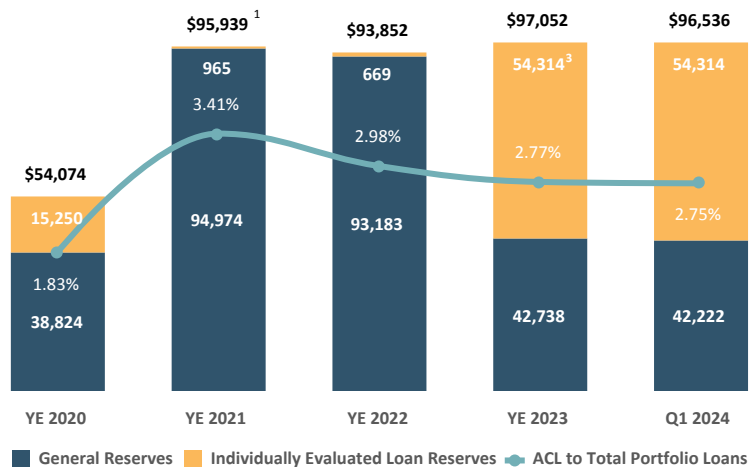


As of March 31, 2024, \$ in millions

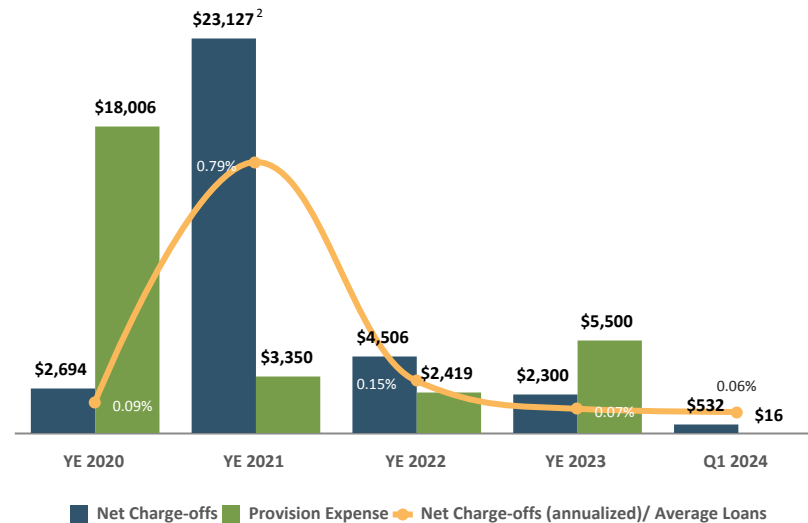
¹The Company placed commercial loans in the Other segment of the Company's loan portfolio, relating to the Bank's largest lending relationship which has an aggregate principal amount of \$301.9 million, on nonaccrual status due to loan maturities and failure to pay in full during the second quarter of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

ACL, NET CHARGE-OFFS & PROVISION EXPENSE

ACL Composition & ACL Coverage Ratio



Net Charge-offs & Provision Expense



As of March 31, 2024, \$ in thousands

¹ Included in 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".

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.

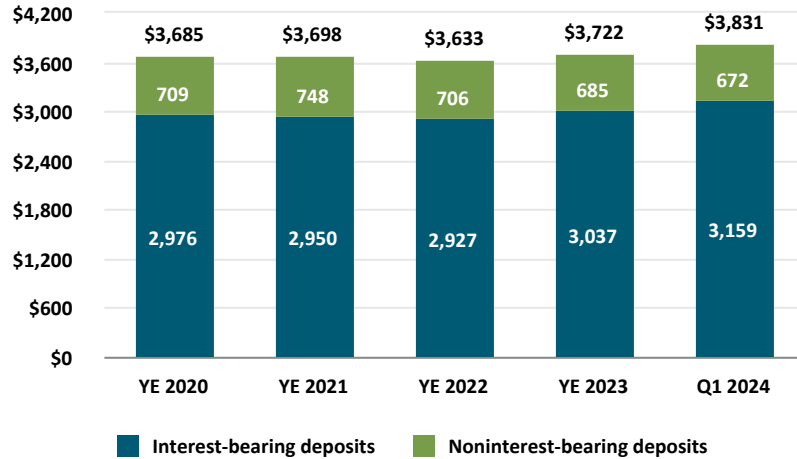
³ The specific reserves increased \$53.6 million during the second quarter of 2023 due to our largest lending relationship, that was previously reserved in general reserves within the Other segment, moved to nonperforming status and is currently individually evaluated.

SECTION 04

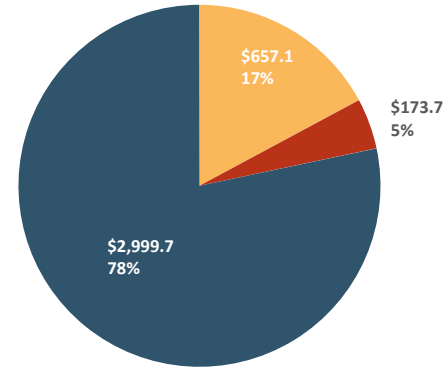
DEPOSIT MIX

DEPOSITS

Total Deposit Composition¹



Insured/Uninsured Deposits



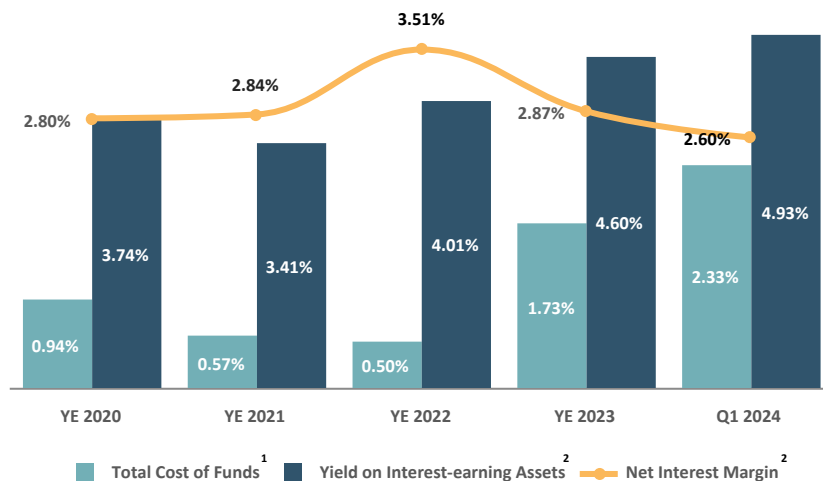
Uninsured Deposits (orange), Collateralized Muni² (red), Insured Deposits (dark blue)

- **Well- diversified deposit base of 225,000 customers**
 - average commercial deposit account balance is \$43.0K
 - average retail deposit account balance is \$14.0K
- **Deposit mix of 78.8% Consumer / 21.2% Business**
- **At March 31, 2024, the Bank had no deposit relationships greater than, or equal to, 2.5% of total deposits.**
- **Partnership with IntraFi for available coverage over \$250K FDIC insured limit.**

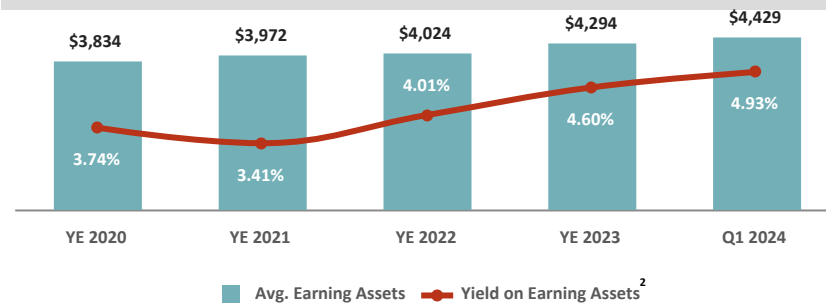
¹ Period end balances, at March 31, 2024, \$ in millions

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

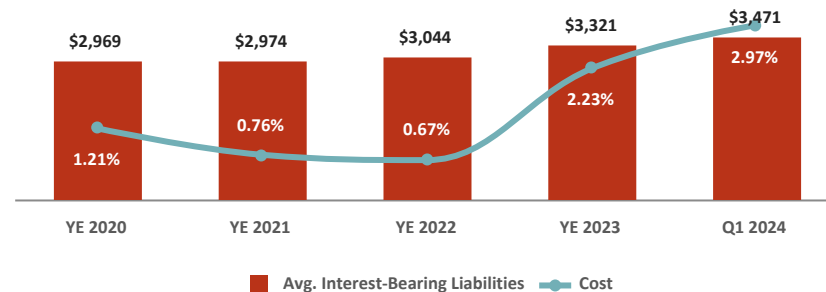
NET INTEREST INCOME



Avg. Earning Assets & Yield



Avg. Interest-Bearing Liabilities & Costs



Average balances, as of March 31, 2024, \$ 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.

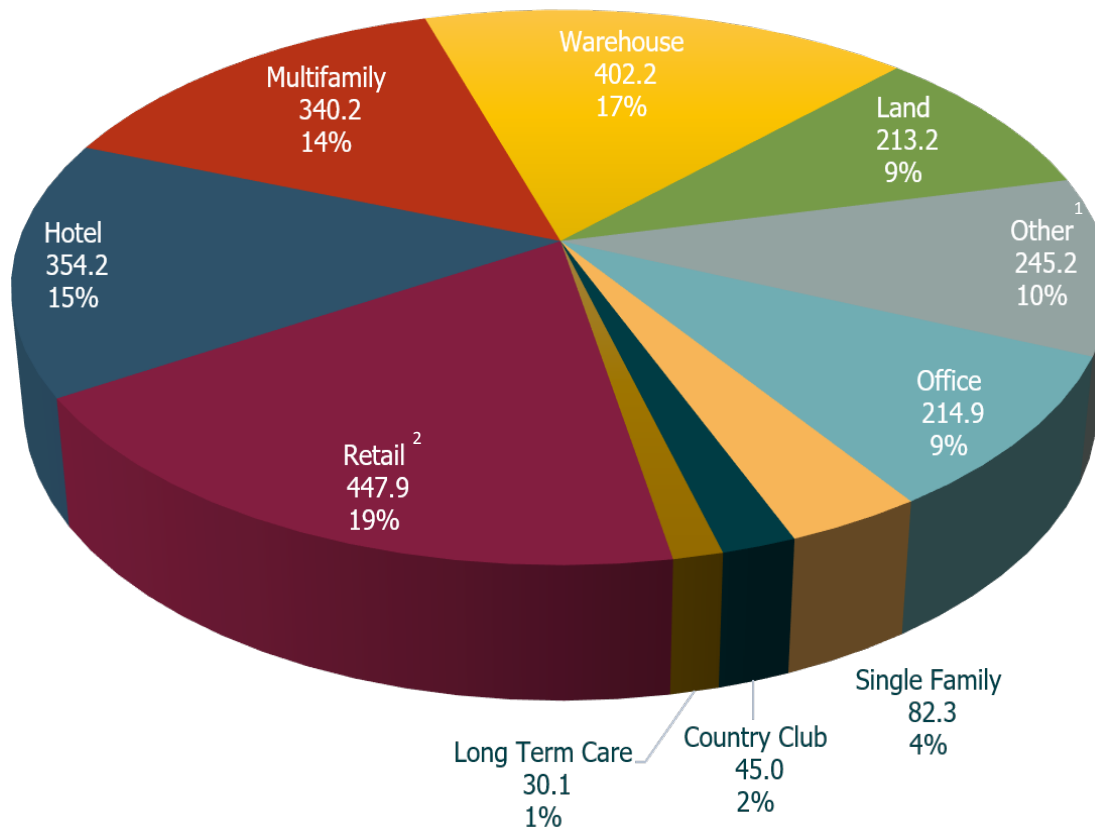
² Computed on a fully taxable equivalent basis (FTE) using 21% federal income tax statutory rate for 2020 through 2024.

SECTION 05

COMMERCIAL LOANS

CRE SEGMENT OVERVIEW

By Collateral Code



**Grand Total of
Segments
\$2,375.2**

As of March 31, 2024, \$ in millions

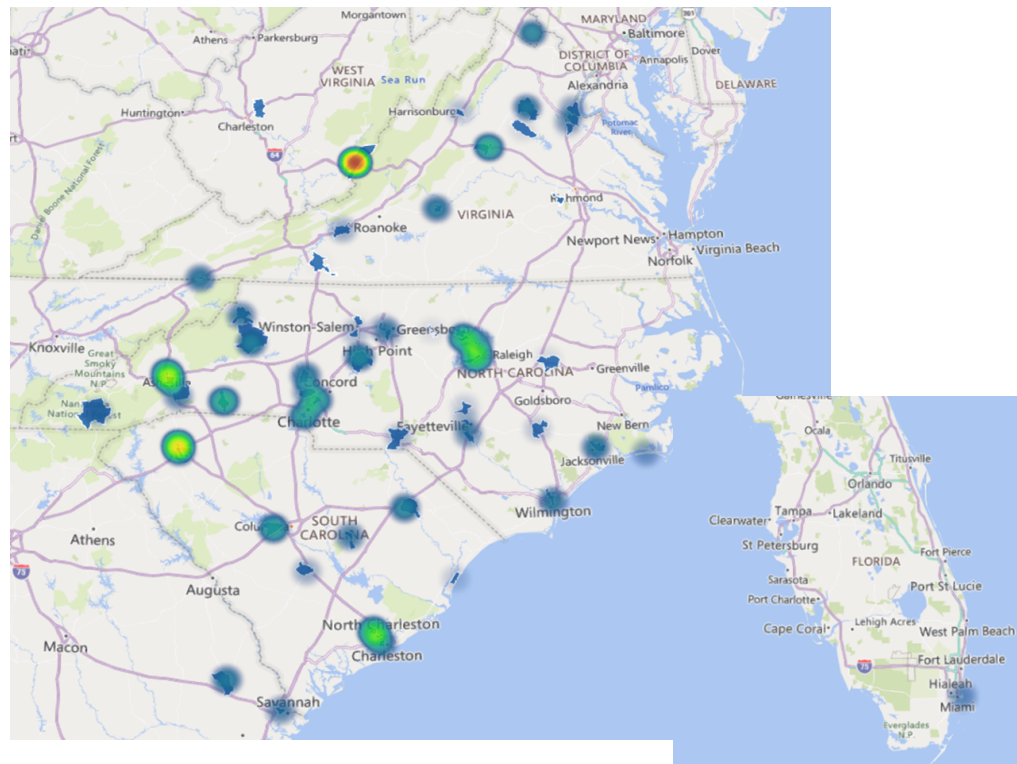
¹ Other CRE & Other Commercial Segments include, but are not limited to, Special / Limited Use, Church, Mobile Home Park, Gas Station, Self-Storage Facilities & Auto Shops

² Includes restaurant loans of \$32.9 million

HOSPITALITY METRICS

- Total portfolio balance \$354.2M
- Geographic diversification (see map)
- Mean loan size in portfolio \$6.1M¹
- Median of loans in portfolio \$4.1M¹
- The largest loan in portfolio \$51.6M¹
- 9.25% are under construction¹
- Top 10 borrowers make up 45.68% of the total hospitality commitment¹
- No delinquent loans in the hospitality portfolio¹
- There are 12.85%* loans in the hospitality portfolio that are adversely classified or NPL¹
- 92.49% of hospitality portfolio is funded¹

	AVERAGE		
	4.80	52.8%	\$90K
RISK RATING	LTV	DEBT/KEY	



As of March 31, 2024

*Relates to the Company's largest NPL relationship.

¹ Commitment Level

HOSPITALITY METRICS

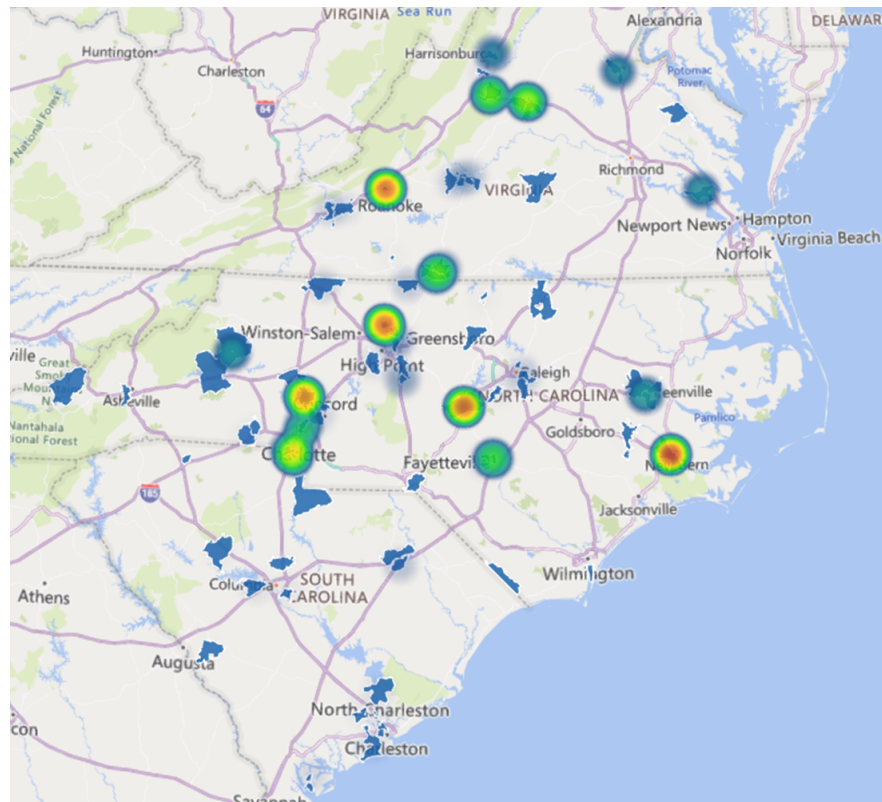
Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Hilton	\$ 121,199	34.2 %	\$ 139,313	62.2 %	\$ 8,657	\$ 112
IHG	87,985	24.9 %	101,065	55.6 %	5,176	92
Upscale Independent/Boutique	57,427	16.2 %	57,427	28.2 %	28,714	74
Wyndham	23,909	6.7 %	23,909	58.5 %	2,391	41
Marriott	21,279	6.0 %	35,979	48.6 %	4,256	79
Independent	15,521	4.4 %	15,579	52.3 %	2,587	153
Radisson	11,006	3.1 %	11,006	52.3 %	2,751	37
Best Western	8,042	2.3 %	8,042	38.3 %	2,011	18
Choice	7,881	2.2 %	7,881	50.2 %	1,970	30
Hospitality Totals	\$ 354,249	100.0 %	\$ 400,201	52.8 %	\$ 6,501	\$ 90

Category	Hospitality Portfolio Balance	Percentage of Total Balance	Hospitality Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
North Carolina	\$ 171,428	48.4 %	\$ 206,332	56.3 %	\$ 4,633	\$ 91
South Carolina	76,413	21.6 %	87,403	61.4 %	6,947	103
West Virginia	55,935	15.8 %	55,935	24.5 %	18,645	69
Virginia	39,761	11.2 %	39,819	55.0 %	3,059	94
Georgia	10,712	3.0 %	10,712	56.6 %	5,356	62
Hospitality Totals	354,249	100.0 %	400,201	52.8 %	7,728	90

MULTIFAMILY METRICS

- Total portfolio balance \$340.2M
- Geographic diversification (see map)
- Mean loan size in portfolio \$3.2M¹
- Median of loans in portfolio \$223K¹
- The largest loan in portfolio \$36M¹
- 51.04% are under construction¹
- Top 10 borrowers make up 61.44% of the total multifamily commitment¹
- 0.77% loans in the portfolio that are delinquent¹
- There are no loans in the portfolio that are considered NPL¹
- There are no adversely classified loans in this portfolio¹
- 89.45% of portfolio is funded¹

	AVERAGE	
4.73	53.7%	\$104K
RISK RATING	LTV	DEBT/DOOR



MULTIFAMILY METRICS

Category	Multifamily Portfolio Balance	Percentage of Total Balance	Multifamily Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size	Avg. of Debt per Door - Total Commitment
Multifamily	\$ 258,812	76.1 %	\$ 408,340	52.8 %	\$ 3,405	\$ 116
Student	71,578	21.0 %	71,578	64.0 %	7,944	51
Other ⁽¹⁾	—	— %	50	— %	—	—
Participations in Affordable Housing	9,818	2.9 %	10,977	19.3 %	185	13
Multifamily Totals	340,208	100.0 %	490,945	53.7 %	2,884	104

Category	Multifamily Portfolio Balance	Percentage of Total Balance	Multifamily Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size	Avg. of Debt per Door - Total Commitment
Multifamily						
North Carolina	138,022	40.6 %	222,064	50.9 %	2,226	118
South Carolina	34,171	10.0 %	46,366	52.1 %	1,367	119
Virginia	96,437	28.3 %	150,937	53.5 %	2,143	104
Student Housing						
Virginia	49,798	14.7 %	49,798	62.3 %	6,225	57
South Carolina	19,880	5.8 %	19,880	69.3 %	19,880	41
North Carolina	1,900	0.6 %	1,900	52.8 %	1,900	8
Multifamily Totals	340,208	100.0 %	490,945	53.7 %	5,624	104

As of March 31, 2024, \$ in thousands

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

RETAIL METRICS

- Total portfolio balance \$415.0M^{**}
- Geographic diversification (see map)
- Mean loan size in portfolio \$2.8M¹
- Median of loans in portfolio \$1.1M¹
- The largest loan in portfolio \$28M¹
- 15.57% are under construction¹
- Top 10 borrowers make up 36.70% of the total retail commitment¹
- There are no delinquent loans in the portfolio¹
- 0.01% of loans are primarily rated special mention¹
- 0.01% are in NPL status¹
- 94.34% of retail portfolio is funded¹

4.31

RISK RATING

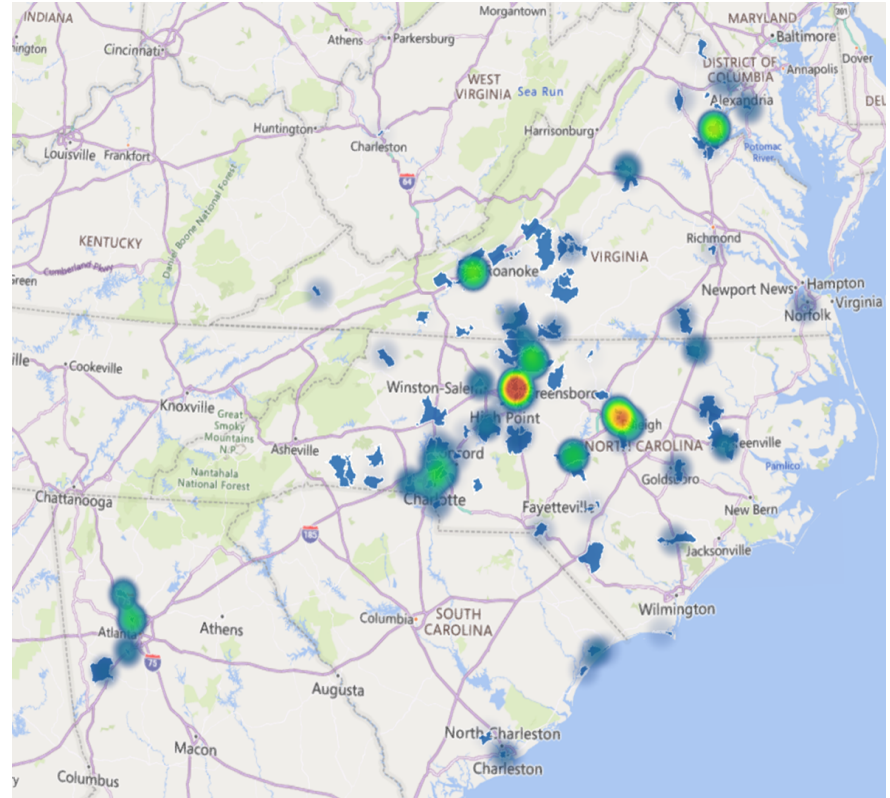
AVERAGE

57.9%

LTV

\$138

DEBT/SQ FT



As of March 31, 2024

^{**} Excludes restaurant loans of \$32.9 million

¹ Commitment Level

RETAIL METRICS

Category	Retail Portfolio Balance	Percentage of Total Balance	Retail Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size	Avg. of Debt per Square Ft- Total Commitment
Anchored Strip Centers	\$ 226,589	54.6 %	\$ 239,608	59.8 %	4,926	\$ 121
Unanchored Strip Centers	82,385	19.9 %	102,752	49.9 %	1,554	171
Outparcels/Single Tenant	74,958	18.1 %	87,157	60.8 %	1,270	162
Power Centers	28,819	6.9 %	29,422	62.7 %	7,205	104
Big Box	2,254	0.5 %	2,254	49.9 %	751	44
Retail Totals	\$ 415,005	100.0 %	\$ 461,193	57.9 %	\$ 3,141	\$ 138

Category	Retail Portfolio Balance	Percentage of Total Balance	Retail Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size
North Carolina	\$ 247,972	59.7 %	\$ 284,697	52.8 %	\$ 2,666
Virginia	87,171	21.0 %	87,170	65.2 %	1,816
Georgia	32,891	7.9 %	33,476	64.5 %	5,482
South Carolina	22,377	5.4 %	31,256	73.6 %	1,598
Ohio	10,644	2.6 %	10,644	58.8 %	10,644
Florida	9,947	2.4 %	9,947	77.1 %	9,947
Maryland	3,610	0.9 %	3,610	32.8 %	3,610
West Virginia	393	0.1 %	393	47.6 %	393
Retail Totals	\$ 415,005	100.0 %	\$ 461,193	57.9 %	\$ 4,520

As of March 31, 2024, \$ in thousands

(1) Excludes restaurant loans of \$33.2 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 \$214.9M
- Geographic diversification (see map)
- Mean loan size in portfolio \$1.85M¹
- Median of loans in portfolio \$380K¹
- The largest loan in portfolio \$23M¹
- 4.28% are under construction¹
- Top 10 borrowers make up 57.67% of the total office commitment¹
- 0.20% of this segment is delinquent¹
- 0.39% of loans are primarily rated special mention¹
- 0.39% are in NPL status¹
- 94.09% of office portfolio is funded¹

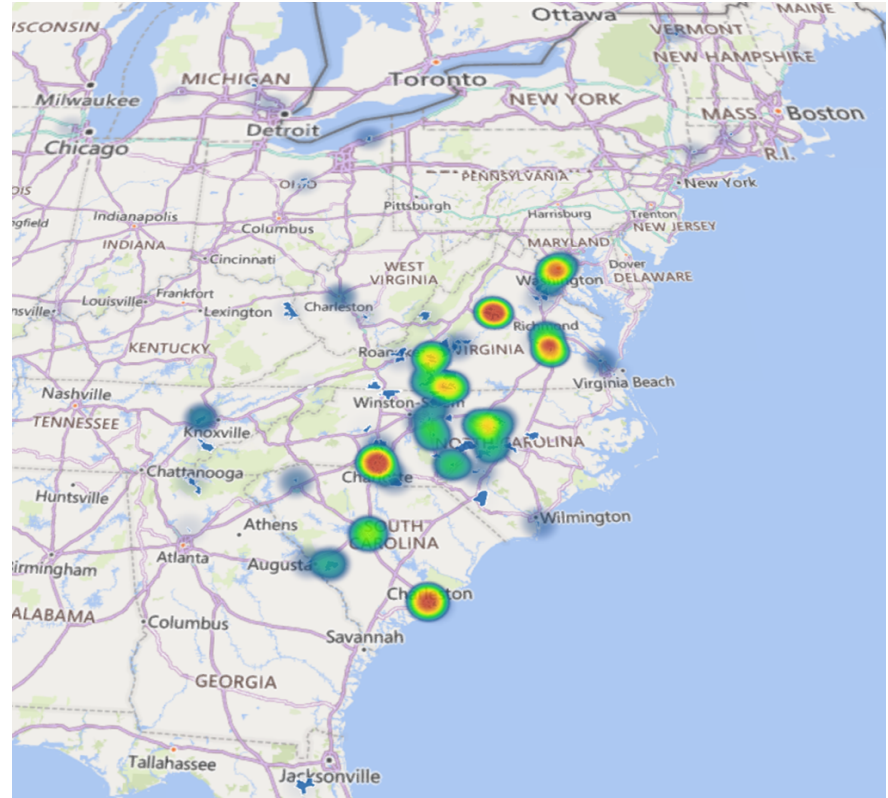
AVERAGE

4.30

RISK RATING

\$113

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	\$ 182,455	84.9 %	\$ 208,809	\$ 1,983	\$ 118
Medical Offices	23,777	11.0 %	26,372	1,399	82
Veterinary Offices	7,643	3.6 %	13,548	382	102
Law Offices	1,018	0.5 %	1,018	170	64
Office Totals	\$ 214,893	100.0 %	\$ 249,747	\$ 984	\$ 113

Category	Office Portfolio Balance	Percentage of Total Balance	Office Commitment Balance	Avg. GL Balance Size	Avg. of Debt per Square Ft- Total Commitment
Virginia	\$ 104,090	48.4 %	\$ 107,004	\$ 1,928	\$ 101
North Carolina	57,102	26.6 %	82,187	1,098	118
South Carolina	30,789	14.3 %	35,546	10,263	134
Maryland	6,752	3.2 %	6,752	6,752	124
Tennessee	3,109	1.4 %	3,109	1,555	56
Georgia	2,963	1.5 %	5,061	741	172
West Virginia	2,463	1.2 %	2,463	821	70
Ohio	1,965	0.9 %	1,965	982	109
Michigan	1,682	0.8 %	1,682	420	127
Conneticut	1,374	0.6 %	1,374	458	95
Vermont	948	0.4 %	948	474	168
Illinois	537	0.2 %	537	537	134
Maine	380	0.2 %	380	380	160
Indiana	297	0.1 %	297	297	47
Kentucky	238	0.1 %	238	238	76
Florida	204	0.1 %	204	204	78
Office Totals	\$ 214,893	100.0 %	\$ 249,747	\$ 1,697	\$ 113

SECTION 06

NON-GAAP RECONCILIATION

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)	1Q2024	4Q2023	1Q2023
Interest Income (FTE)(Non-GAAP)			
Interest and Dividend Income (GAAP)	\$ 54,049	\$ 51,863	\$ 51,955
Tax Equivalent Adjustment ³	206	236	264
Interest and Dividend Income (FTE) (Non-GAAP)	54,255	52,099	52,219
Average Earning Assets	4,429,020	4,404,458	4,186,164
Yield on Interest-earning Assets (GAAP)	4.91%	4.67%	5.03%
Yield on Interest-earning Assets (FTE) (Non-GAAP)	4.93%	4.69%	5.06%
Net Interest Income (GAAP)	\$ 28,419	\$ 27,420	\$ 40,785
Tax Equivalent Adjustment ³	206	236	264
Net Interest Income (FTE) (Non-GAAP)	28,625	27,656	41,049
Average Earning Assets	4,429,020	4,404,458	4,186,164
Net Interest Margin (GAAP)	2.58%	2.47%	3.95%
Net Interest Margin (FTE) (Non-GAAP)	2.60%	2.49%	3.98%

³ Computed on a fully taxable equivalent basis ("FTE") using a 21% federal income tax rate for the 2024 and 2023 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, associate separations, contingent liability, the losses (gains) on sales of securities, net, losses on sales of bank premises, net, 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 Efficiency Ratio (Non-GAAP)		Quarter-to-Date				
(Dollars in Thousands)		1Q2024	4Q2023	1Q2023		
Noninterest Expense	\$	26,257	\$	29,072	\$	23,576
Less: Losses on Sales and Write-downs of Branch Premises, net		(1)		(19)		(33)
Less: Gains (Losses) on Sales and Write-downs of OREO, net		342		(201)		—
Less: Associate Separations		—		(192)		—
Less: Contingent Liability		—		—		(115)
Noninterest Expense (Non-GAAP)	\$	26,598	\$	28,660	\$	23,428
Net Interest Income	\$	28,419	\$	27,420	\$	40,785
Plus: Taxable Equivalent Adjustment ³		206		236		264
Net Interest Income (FTE) (Non-GAAP)	\$	28,625	\$	27,656	\$	41,049
Less: Losses on Sales of Securities, net		—		1,511		12
Less: OREO Income		(8)		(21)		(16)
Noninterest Income		5,045		3,245		4,735
Net Interest Income (FTE) (Non-GAAP) plus Noninterest Income	\$	33,662	\$	32,391	\$	45,780
Efficiency Ratio (GAAP)		78.46%		94.81%		51.79%
Efficiency Ratio (Non-GAAP)		79.01%		88.48%		51.18%

³ Computed on a fully taxable equivalent basis ("FTE") using a 21% federal income tax rate for the 2024 and 2023 periods.

NON-GAAP RECONCILIATION

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 1Q2024	
(Dollars in Thousands)		
Adjusted Book Value (Non-GAAP)		
Total Shareholders' Equity	\$	359,066
Add: Accumulated Other Comprehensive Loss ("AOCI")		69,796
Add: Other Segment Reserve Release, net of tax		43,661
Total Shareholders' Equity, excluding AOCI and segment reserve release (Non-GAAP)	\$	472,523
Common Shares Outstanding at End of Period		23,020,542
Book Value (GAAP)	\$	15.60
Adjusted Book Value (Non-GAAP)	\$	20.52