NEWS RELEASE

# Carter Bankshares, Inc. Announces Third Quarter 2026 Financial Results

2026-10-29

MARTINSVILLE, VA / **ACCESS Newswire** / October 29, 2026 / Carter Bankshares, Inc. (the "Company") (NASDAQ:CARE), the holding company of Carter Bank (the "Bank") today announced quarterly net income of $7.8 million, or $0.35 diluted earnings per share ("EPS"), for the third quarter of 2026 compared to net income of $28.9 million, or $1.31 diluted EPS, for the second quarter of 2026 and net income of $5.4 million, or $0.24 diluted EPS, for the third quarter of 2025. Net interest income was $41.2 million for the third quarter of 2026, $40.0 million for the second quarter of 2026, and $33.7 million for the third quarter of 2025. Adjusted net income[2] was $7.6 million for the third quarter of 2026, $11.6 million for the second quarter of 2026 and $5.7 million for the third quarter of 2025.

For the nine months ended September 30, 2026, net income was $122.4 million, or $5.53 diluted EPS, compared to net income of $22.9 million, or $1.00 diluted EPS, for the same period in 2025. Net interest income was $117.1 million for the nine months ended September 30, 2026, and $96.2 million for the nine months ended September 30, 2025. Adjusted net income[2] was $27.8 million and $22.3 million for the nine months ended September 30, 2026 and 2025, respectively.

Significant Developments

During the third quarter of 2026, the Company established the Carter Bankshares, Inc. Dividend Reinvestment and Stock Purchase Plan (the "DRIP"), The Company will offer up to 1.0 million shares of its common stock to existing shareholders of the Company for purchase under the DRIP. The DRIP provides enrolled shareholders with the opportunity to acquire additional shares of the Company's common stock through the reinvestment of cash dividends and optional cash purchases. Shareholders may enroll in the DRIP at any time, with dividend

reinvestments beginning with the first dividend, if any, declared and paid after August 24, 2026. The DRIP is administered by Computershare Trust Company, N.A., the Company's transfer agent.

During the third quarter of 2026, the Company launched a dedicated Small Business Administration ("SBA") lending team focused on SBA 7(a) financing. The initiative expands the Company's ability to serve small businesses nationwide by providing access to financing solutions designed to support a range of business needs and growth opportunities. The team will provide relationship-based banking and personalized service to help eligible small business owners identify financing solutions that support their business objectives.

2026 Strategic Transactions and Balance Sheet Repositioning

During the first six months of 2026, the Company completed two significant transactions: the sale of the large nonperforming credit relationship ("Loan Sale Transaction") and the sale of its membership interest in Bearing Insurance Group, LLC (the "Insurance Transaction"). These transactions generated aggregate nonrecurring pre-tax gains of approximately $100.9 million during the first six months of 2026 and provided an opportunity to strengthen the Company's balance sheet and enhance future earnings potential.

In conjunction with these transactions, the Company completed a strategic repositioning of a portion of its available-for-sale securities portfolio (the "Portfolio Repositioning") during the second quarter of 2026, recognizing a pre-tax loss of $12.5 million. The Portfolio Repositioning involved the sale of $139.4 million in book value of lower-yielding securities available-for-sale and the purchase of approximately $88.5 million of higher-yielding securities available-for-sale. The Portfolio Repositioning completed during the second quarter of 2026 contributed to improved interest income during the third quarter, while also supporting the management of interest rate risk and providing additional liquidity to support organic loan growth.

Financial Highlights for the Three Months Ended September 30, 2026

- Total portfolio loans increased $36.0 million at September 30, 2026 from June 30, 2026, despite approximately $161.0 million in loan payoffs during the third quarter, reflecting solid loan origination activity and continued demand as the Company continued to deploy available liquidity to support organic loan growth. Compared to September 30, 2025, total portfolio loans decreased 1.7%, but increased 4.53%[7] when excluding the impact of the Loan Sale Transaction in the first quarter of 2026;
- Net interest income totaled $41.2 million, an increase of $1.3 million, or 3.2% compared to the prior quarter, and an increase of $7.5 million, or 22.3% compared to the prior year quarter;
- Net interest margin increased 13 basis points to 3.51% for the third quarter of 2026, compared to 3.38% for the prior quarter and increased 65 basis points compared to 2.86% for the prior year quarter. Net interest margin (FTE)[4] increased 15 basis points to 3.55% for the third quarter of 2026, compared to 3.40% for the

prior quarter and increased 68 basis points compared to 2.87% for the prior year quarter;

- Nonperforming loans ("NPLs") decreased by $9.6 million to $27.9 million at September 30, 2026 compared to June 30, 2026 and decreased by $230.7 million compared to September 30, 2025 due to the Loan Sale Transaction during the first quarter of 2026. NPLs to total portfolio loans were 0.74% at September 30, 2026, 1.01% at June 30, 2026 and 6.74% at September 30, 2025;
- The allowance for credit losses to total portfolio loans was 1.42% at September 30, 2026, compared to 1.48% at June 30, 2026 and 1.92% at September 30, 2025. The year-over-year decrease primarily reflects the release of specific reserves of $18.0 million related to the Loan Sale Transaction during the first quarter of 2026; and
- The efficiency ratio was 63.84% for the quarter ended September 30, 2026, compared to 43.66% for the quarter ended June 30, 2026, and 73.43% for the quarter ended September 30, 2025. The efficiency ratio for the second quarter of 2026 reflects the nonrecurring gain recognized during that period as a result of the Insurance Transaction, discussed above. The adjusted efficiency ratio (non-GAAP)[5] was 64.64% for the third quarter of 2026, compared to 62.66% for the second quarter of 2026 and 73.37% for the third quarter of 2025.

"Our core operating performance remained strong during the quarter, highlighted by continued net interest margin expansion and growth in our loan portfolio across our markets, despite some isolated credit headwinds. Excluding the impact of the Loan Sale Transaction during the first quarter of 2026, loans increased approximately 4.53%[7] from a year ago despite elevated payoff activity during 2026. We continue to see a healthy lending pipeline and growing momentum in small business and commercial and industrial lending, supported by construction lending commitments expected to fund over the next 12 to 18 months as projects progress," stated Litz H. Van Dyke, Chief Executive Officer.

Van Dyke continued, "During the third quarter, we also launched a new SBA Lending team, expanding the Bank's ability to help small businesses access financing and pursue growth opportunities throughout the Southeast and nationwide. Small businesses are an important part of the communities and markets we serve, and the addition of this team further strengthens our ability to support their financing needs."

Van Dyke concluded, "The strategic initiatives undertaken during 2026 have strengthened our capital and liquidity position and provided additional financial flexibility to support organic growth, optimize our balance sheet and pursue opportunities as market conditions evolve. We are excited about what the future holds for Carter Bank."

Operating Highlights

Credit Quality

Nonperforming loans totaled $27.9 million at September 30, 2026, compared to $37.6 million at June 30, 2026 and

$258.6 million at September 30, 2025. The linked quarter decrease was primarily attributable to$12.1 million of charge-offs. During the third quarter of 2026 the Company recorded an $8.0 million charge-off related to a commercial and industrial relationship consisting of three loans that were placed on nonaccrual status during the second quarter of 2026. The charge-off followed updated third-party collateral valuations obtained during the third quarter of 2026, and subsequent collection developments, including a voluntary Chapter 11 bankruptcy filing, which created uncertainty regarding the timing and magnitude of expected cash flows during the exclusivity period and reduced the Company's expected recovery on the relationship. During the third quarter of 2026, the Company also recorded a $4.0 million charge-off related to a commercial real estate loan that was placed on nonaccrual status during the third quarter of 2025. The charge-off followed updated third-party collateral valuations obtained during the third quarter of 2026, which supported a reduction in the estimated value of the underlying property and reduced the Company's expected recovery on the loan. The decrease was partially offset by two residential mortgage loans totaling $2.0 million that were placed on nonaccrual status during the third quarter of 2026.

Nonperforming assets totaled $29.2 million at September 30, 2026, compared to $40.9 million at June 30, 2026 and $259.0 million at September 30, 2025. The ratio of nonperforming assets to total portfolio loans plus other real estate owned ("OREO") improved to 0.77% at September 30, 2026, compared to 1.09% at June 30, 2026 and 6.75% at September 30, 2025.

The allowance for credit losses on loans totaled $53.6 million, or 1.42% of total portfolio loans, at September 30, 2026, compared to $55.2 million, or 1.48% at June 30, 2026 and $73.8 million, or 1.92% at September 30, 2025. The allowance for credit losses to nonperforming loans increased to 191.79% at September 30, 2026, compared to 146.88% at June 30, 2026 and 28.52% at September 30, 2025.

During the third quarter of 2026, the allowance for credit losses on loans decreased $1.6 million compared to the second quarter of 2026, primarily reflecting $12.1 million of net charge-offs, partially offset by $10.5 million of provision for credit losses. Specific reserves decreased $2.9 million, primarily attributable to the charge-off of the commercial and industrial relationship discussed above, which reduced the related specific reserve from $3.1 million at June 30, 2026 to zero, and the charge-off of the commercial real estate loan discussed above, which reduced the related specific reserve from $0.6 million to zero at September 30, 2026. These decreases were partially offset by a $0.9 million increase in specific reserves associated with a commercial real estate relationship consisting of three loans, primarily as a result of updated market conditions. The linked quarter increase in the allowance coverage of nonperforming loans was primarily attributable to the decrease in nonperforming loans during the third quarter of 2026. The allowance for credit losses on loans decreased $20.2 million compared to the third quarter of 2025, primarily reflecting the Loan Sale Transaction completed during the first quarter of 2026.

The Company recognized net charge-offs of $12.1 million for the quarter ended September 30, 2026, compared to

net recoveries of $0.7 million for the quarter ended June 30, 2026 and net charge-offs of $0.2 million for the quarter ended September 30, 2025. Annualized net charge-offs as a percentage of average portfolio loans were 1.28% for the third quarter of 2026, compared to annualized net recoveries of 0.07% for the second quarter of 2026 and annualized net charge-offs of 0.02% for the third quarter of 2025.

Management continues to closely monitor credit quality trends and believes the allowance for credit losses remains appropriate based on the composition of the loan portfolio, current economic conditions, and other qualitative factors. Year-to-date credit quality metrics continue to reflect the impact of the first quarter 2026 Loan Sale Transaction. The transaction removed $209.5 million of nonperforming loans from the balance sheet and included the release of $18.0 million of specific reserves and the recognition of $15.0 million of loan recoveries. As a result, year-to-date comparisons to prior periods are influenced by this transaction and should be evaluated in that context.

Net Interest Income and Margin

Net interest income (GAAP) for the quarter ended September 30, 2026 totaled $41.2 million, representing an increase of $1.3 million, or 3.2%, compared to the prior quarter and an increase of $7.5 million, or 22.3%, compared to the prior year quarter. Net interest income, on an FTE basis[4] (non-GAAP) totaled $41.6 million for the quarter ended September 30, 2026, representing an increase of $1.4 million, or 3.6%, compared to the quarter ended June 30, 2026, and an increase of $7.8 million, or 22.9% compared to the quarter ended September 30, 2025.

The linked-quarter increase in net interest income, on an FTE basis[4] (non-GAAP), was primarily attributable to a 10 basis point increase in the yield on average interest-earning assets and a 5 basis point decrease in the cost of average interest-bearing liabilities. The increase in the yield on average interest-earning assets reflected, in part, higher yields on the investment securities portfolio following the Portfolio Repositioning completed during the second quarter of 2026. The decrease in funding costs primarily reflected lower deposit and borrowing costs.

The year-over-year increase in net interest income, on an FTE basis[4] (non-GAAP), was primarily attributable to a 30 basis point increase in the yield on average interest-earning assets and a 36 basis point decrease in the cost of average interest-bearing liabilities. The increase in average interest-earning asset yields reflected higher yields on the investment securities portfolio, including due to the impact of the Portfolio Repositioning completed during the second quarter of 2026, favorable loan repricing and approximately $0.5 million of additional loan prepayment penalties compared to the prior year quarter. Funding costs reflected lower rates paid across several deposit categories, as well as a significant reduction in average Federal Home Loan Bank ("FHLB") borrowings compared to the prior year quarter.

Net interest margin was 3.51% for the quarter ended September 30, 2026 compared to 3.38% for the prior quarter

and 2.86% for the quarter ended September 30, 2025. On an FTE basis[4] (non-GAAP) net interest margin was 3.55% compared to 3.40% and 2.87% for the prior quarter and prior year quarter, respectively.

Net interest margin continued to expand during the third quarter of 2026, benefiting from higher earning-asset yields and lower funding costs. The Portfolio Repositioning completed during the second quarter of 2026 contributed to higher investment securities yields, while favorable loan repricing also supported earning-asset yields. Lower deposit costs also contributed to the improvement in net interest margin, while reduced reliance on higher-cost FHLB borrowings contributed to the increase compared to the third quarter of 2025.

Noninterest Income

Noninterest income totaled $5.0 million for the third quarter of 2026, compared to $28.7 million for the second quarter of 2026 and $5.4 million for the third quarter of 2025.

Compared to the second quarter of 2026, noninterest income decreased $23.7 million. The decrease was primarily attributable to the $35.9 million net gain recognized from the Insurance Transaction during the second quarter of 2026, partially offset by $12.5 million of losses on sales of securities recognized in connection with the Portfolio Repositioning during the second quarter of 2026. Insurance commission income also decreased $0.2 million from the prior quarter, primarily reflecting the impact of the Insurance Transaction and the resulting reduction in ongoing insurance commission income. Other noninterest income during the third quarter of 2026 included a $0.3 million gain on a bank owned life insurance ("BOLI") death benefit, which was offset by $0.5 million of unrealized losses on an equity security.

Compared to the third quarter of 2025, noninterest income decreased $0.4 million, primarily due to a $1.0 million decrease in insurance commission income resulting from the Insurance Transaction and the related reduction in ongoing insurance commission income. This decrease was partially offset by a $0.6 million increase in service charges, commissions and fees, primarily reflecting higher fee income associated with deposit account services.

For the nine months ended September 30, 2026, noninterest income totaled $104.7 million, compared to $17.2 million for the same period in 2025. The increase was primarily attributable to the $65.0 million gain recognized from the Loan Sale Transaction during the first quarter of 2026, the $35.9 million net gain recognized from the Insurance Transaction during the second quarter of 2026, a $1.6 million increase in service charges, commissions and fees, the $0.3 million gain on a BOLI death benefit recognized during the third quarter of 2026, and a $0.3 million increase in debit card interchange fees. These increases were partially offset by $12.5 million of losses on sales of securities recognized in connection with the Portfolio Repositioning during the second quarter of 2026, a $1.9 million gain on a BOLI death benefit recognized during the first quarter of 2025 and a $1.0 million decrease in insurance commission income resulting from the Insurance Transaction.

Noninterest Expense

Noninterest expense totaled $29.5 million for the third quarter of 2026, compared to $30.0 million for the second quarter of 2026 and $28.7 million for the third quarter of 2025.

Compared to the second quarter of 2026, noninterest expense decreased $0.5 million. The largest decrease was attributable to lower other noninterest expense, including a $0.9 million net gain recognized on the sale of two OREO properties during the third quarter of 2026. One of these properties had been written down by $0.8 million during the second quarter of 2026 based on an updated appraisal. In addition, the second quarter of 2026 included a $0.5 million write-down of a closed corporate office building.

Other taxes decreased $0.7 million, primarily due to refunds associated with amended prior year tax filings approved during the third quarter. Data processing expense decreased $0.2 million, reflecting additional expenses recognized during the second quarter of 2026. Professional and legal fees decreased $0.1 million, primarily due to costs incurred during the second quarter of 2026 related to litigation involving the Loan Sale Transaction and the management of special assets, partially offset by recruiting expenses and consulting fees related to tax credit investment purchases incurred during the third quarter of 2026.

These decreases were partially offset by a $2.3 million increase in salaries and employee benefits and a $0.7 million increase in Federal Deposit Insurance Corporation ("FDIC") insurance expense. The increase in salaries and employee benefits was primarily attributable to higher base salaries, incentive compensation, medical costs and restricted stock expense, partially offset by higher deferred compensation associated with loan originations. The increase in FDIC insurance expense primarily reflects the normalization of expense following a favorable true-up recognized in the second quarter as a result of improved credit metrics following the Loan Sale Transaction completed during the first quarter of 2026.

Compared to the third quarter of 2025, noninterest expense increased $0.8 million, primarily reflecting increases of $2.3 million in salaries and employee benefits, $0.6 million in data processing expense, and $0.3 million in debit card expense. These increases were partially offset by decreases of $1.0 million in FDIC insurance expense, $0.9 million in other noninterest expense and $0.8 million in other taxes. Changes in salaries and employee benefits, other noninterest expense and other tax were attributable to similar factors discussed in the linked quarter comparison above. Data processing expense increased primarily due to new and existing service agreements implemented in early 2026. Debit card expenses increased primarily due to the timing of expense recognition during the quarter. FDIC insurance expense decreased primarily due to the favorable impact of the Loan Sale Transaction completed during the first quarter of 2026, which resulted in lower FDIC assessments due to improved credit metrics.

For the nine months ended September 30, 2026, noninterest expense totaled $90.5 million, an increase of $4.5 million compared to the same period in 2025. The increase primarily reflected $3.5 million in salaries and employee benefits, $1.8 million in data processing expense, $0.8 million in other noninterest expense, $0.8 million in occupancy expense, $0.5 million in professional and legal fees and $0.4 million in debit card expense. These increases were partially offset by decreases of $2.6 million in FDIC insurance expense and $1.0 million in other taxes. The changes in these expense categories were generally attributable to the same factors discussed in the quarterly comparison above. The increase in occupancy expense primarily reflected higher costs associated with new and existing service agreements, software licenses, maintenance contracts, and related infrastructure investments.

Income Tax (Benefit) Provision

For the three months ended September 30, 2026, the Company recorded an income tax benefit of $1.4 million, compared to an income tax provision of $1.7 million for the same period in 2025. For the nine months ended September 30, 2026, the Company recorded an income tax provision of $31.2 million, compared to $6.0 million for the same period in 2025. The income tax benefit recognized during the third quarter of 2026 was primarily attributable to the purchase of investment tax credits and lower state income tax expense.

Financial Condition

Total assets were $4.7 billion at September 30, 2026, compared to $4.8 billion at June 30, 2026, a decrease of approximately $71.0 million during the third quarter. The decrease was primarily attributable to a $174.8 million decrease in cash and cash equivalents, partially offset by increases in the investment securities and portfolio loans.

Cash and cash equivalents decreased $174.8 million to $101.7 million at September 30, 2026, from $276.5 million at June 30, 2026, returning to more normalized levels following higher balances at the end of the second quarter. The decrease primarily reflected a $146.2 million decline in interest-bearing deposits in other financial institutions and a $25.1 million decrease in Federal Reserve Bank excess reserves, as available liquidity was deployed to fund loan growth and securities purchases and to support a decline in deposits during the quarter.

Securities available-for-sale increased $37.3 million to $677.6 million at September 30, 2026, from $640.3 million at June 30, 2026. These securities represented 14.3% of total assets at September 30, 2026, compared to 13.3% at June 30, 2026. Equity securities increased $8.8 million compared to June 30, 2026 primarily due to the purchase of two new equity security investments in other financial institutions.

Despite approximately $161.0 million in loan payoffs during the quarter, portfolio loans increased $36.0 million, or

3.8% on an annualized basis, to $3.8 billion at September 30, 2026, primarily reflecting growth in commercial real estate, construction and residential mortgage loans.

The allowance for credit losses on loans totaled $53.6 million, or 1.42% of total portfolio loans at September 30, 2026, compared to $55.2 million, or 1.48%, at June 30, 2026.

Total deposits were $4.1 billion at September 30, 2026, a decrease of $80.2 million, compared to June 30, 2026. The decrease was primarily attributable to a $62.0 million decrease in certificates of deposit, as well as decreases in noninterest-bearing demand, interest-bearing demand and savings deposits, partially offset by a $4.6 million increase in money market accounts. FHLB borrowings totaled $20.0 million at September 30, 2026, compared to no outstanding borrowings at June 30, 2026.

At September 30, 2026, approximately 82.1% of total deposits were insured under FDIC insurance coverage limits, while approximately 17.9% of total deposits were uninsured. At June 30, 2026, approximately 82.3% of total deposits were insured under FDIC insurance coverage limits, while approximately 17.7% of total deposits were uninsured.

Capitalization and Liquidity

The Company maintained a strong capital and liquidity position at September 30, 2026. Capital levels continued to exceed all applicable regulatory requirements, supported by earnings for the quarter and the impact of the recent strategic transactions. The Company remained well capitalized at September 30, 2026.

The Company's Tier 1 capital ratio was 14.24% at September 30, 2026, compared to 14.26% at June 30, 2026. The Company's leverage ratio was 11.95% at September 30, 2026, compared to 11.65% at June 30, 2026. The Company's total risk-based capital ratio was 15.49% at September 30, 2026, compared to 15.51% at June 30, 2026.

During the three months ended September 30, 2026, the Company repurchased 74,151 shares of its common stock at a total cost of $2.2 million and a weighted average cost per share of $29.85. During the nine months ended September 30, 2026, the Company repurchased 182,752 shares of its common stock at a total cost of $5.1 million and a weighted average cost per share of $27.86.

At September 30, 2026, funding sources accessible to the Company included borrowing availability at the FHLB equal to 30.0% of total assets, or $1.4 billion, subject to eligible collateral pledged, of which the Company had the capacity to borrow an additional $818.7 million. During the nine months ended September 30, 2026, the Company's previously disclosed $45.0 million secured line of credit with a correspondent financial institution was converted to an unsecured facility, with a borrowing capacity of $25.0 million. In addition, a $50.0 million unsecured line of credit

with an unrelated correspondent financial institution was fully reinstated. Reflecting the Company's improved earnings performance and enhanced credit risk profile following the Loan Sale Transaction during the first quarter of 2026, the Company now maintains unsecured borrowing lines of credit totaling $115.0 million with five correspondent financial institutions and continues to have access to the institutional CD market.

In addition to these funding sources, the Company had $575.3 million of unpledged available-for-sale investment securities at fair value at September 30, 2026, providing additional liquidity.

About Carter Bankshares, Inc.

Headquartered in Martinsville, VA, Carter Bankshares, Inc. (NASDAQ: CARE) provides a full range of commercial banking, consumer banking, mortgage and other services through its subsidiary Carter Bank. The Company has $4.7 billion in assets and 63 branches in Virginia and North Carolina as of September 30, 2026. For more information or to open an account visit **www.carterbank.com**.

Important Note Regarding Non-GAAP Financial Measures

In addition to results presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), management uses, and this press release contains or references, certain non-GAAP financial measures, including pre-tax pre-provision income, adjusted net income, adjusted earnings per common share (diluted), tangible book value, tangible shareholders' equity, adjusted noninterest income, adjusted noninterest expense, adjusted loan growth, adjusted efficiency ratio, and interest and dividend income, yield on interest-earning assets, net interest income and net interest margin on a fully taxable equivalent ("FTE") basis. These non-GAAP measures should be read along with the accompanying tables in our definitions and reconciliation of GAAP to non-GAAP financial measures.

Management believes these non-GAAP financial measures are useful because they enhance the ability of investors and management to evaluate and compare the Company's operating results across periods in a meaningful manner. These measures also assist in assessing the Company's underlying operating performance and performance trends and facilitate comparisons with other financial services companies.

The Company believes that presenting interest and dividend income, yield on interest-earning assets, net interest income and net interest margin on an FTE basis improves comparability between income derived from taxable and tax-exempt sources and is consistent with industry practice.

While management believes these non-GAAP measures provide meaningful supplemental information, they should not be considered as an alternative to GAAP results, as more relevant than financial results prepared in accordance

with GAAP, or as necessarily comparable to similarly titled non-GAAP measures used by other companies. Non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation or as a substitute for an analysis of the Company's financial condition or results of operations as reported under GAAP. Investors are encouraged to review the Company's GAAP financial results and all other relevant information when evaluating its performance and financial condition.

Important Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements made in Mr. Van Dyke's quotations and may include statements relating to the financial consequences of the Portfolio Restructuring, our SBA lending team and the anticipated benefits of such team, our financial condition, market conditions, results of operations, plans, including our strategic plan, brand strategy, and guiding principles and the anticipated results of the foregoing, objectives, outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels, asset quality, loan pipeline 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 assumptions 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. Actual results may differ significantly from those expressed in or implied by these forward-looking statements. 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 net interest margin, net interest income, funding costs and its deposit, loan and securities portfolios;
- inflation, market and monetary fluctuations;
- changes in trade policies, tariffs, monetary and fiscal policies and laws of the U.S. government and the related impacts on economic conditions and financial markets, and changes in policies of the Federal Reserve, FDIC and U.S. Department of the Treasury;

- 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, including emerging issues related to the development and use of artificial intelligence that could give rise to legal or regulatory action or increase cybersecurity threats;
- 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 loans, 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 geopolitical conflicts or public health events (such as pandemics), and of any governmental and societal responses thereto; these potential adverse effects may include, without limitation, adverse effects on macroeconomic conditions, 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, and the Company and the Bank, in particular and changes impacting the rulemaking, supervision, examination and enforcement priorities of the federal banking agencies;
- 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 acquired operations will be more difficult, disruptive or more costly than anticipated;
- the soundness of other financial institutions and any indirect exposure related to 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;
- material increases in costs and expenses;
- reliance on significant customer relationships;
- general economic or business conditions, including unemployment levels, supply chain disruptions, slowdowns in economic growth, government shutdowns and geopolitical instability and tensions;
- 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 associates;
- expansions or consolidations in the Company's branch network, including that the anticipated benefits of the Company's branch acquisitions or 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
- 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 Securities and Exchange Commission, including in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2025. 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 made. We caution you not to unduly rely on forward-looking statements because the assumptions, beliefs, expectations and projections about future events that 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, except as required by law.

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CARTER BANKSHARES, INC.
CONSOLIDATED SELECTED FINANCIAL DATA

BALANCE SHEETS

| (Dollars in Thousands, except share data) | September 30, 2026 (unaudited) | June 30, 2026 (unaudited) | September 30, 2025 (unaudited) |
|---|---|---|---|
| ASSETS | | | |
| Cash and Due From Banks | $ 37,626 | $ 41,101 | $ 42,557 |
| Interest-Bearing Deposits in Other Financial Institutions | 21,207 | 167,427 | 7,684 |
| Federal Reserve Bank Excess Reserves | 42,892 | 68,007 | 56,707 |
| Total Cash and Cash Equivalents | 101,725 | 276,535 | 106,948 |
| Securities Available-for-Sale, at Fair Value (amortized cost of $740,179 at September 30, 2026, $682,318 at June 30, 2026 and $786,629 at September 30, 2025) | 677,567 | 640,302 | 727,903 |
| Equity Securities | 21,479 | 12,676 | 10,269 |
| Loans Held-for-Sale | - | 467 | 478 |
| Portfolio Loans | 3,770,643 | 3,734,594 | 3,835,653 |
| Allowance for Credit Losses | (53,550) | (55,170) | (73,762) |
| Portfolio Loans, net | 3,717,093 | 3,679,424 | 3,761,891 |
| Bank Premises and Equipment, net | 69,044 | 69,820 | 71,653 |
| Goodwill | 1,193 | 1,193 | 1,193 |
| Core Deposit Intangible | 760 | 812 | 1,007 |
| Other Real Estate Owned, net | 1,234 | 3,356 | 330 |
| Other Restricted Stock, at Cost | 9,426 | 8,476 | 11,598 |
| Bank Owned Life Insurance | 40,606 | 45,704 | 51,649 |
| Other Assets | 90,810 | 63,118 | 95,200 |
| Total Assets | $ 4,730,937 | $ 4,801,883 | $ 4,840,119 |
| LIABILITIES | | | |
| Deposits: | | | |
| Noninterest-Bearing Demand | $ 647,585 | $ 655,482 | $ 606,203 |
| Interest-Bearing Demand | 857,118 | 866,759 | 809,527 |
| Money Market | 514,676 | 510,125 | 552,564 |
| Savings | 313,472 | 318,774 | 335,502 |
| Certificates of Deposit | 1,784,457 | 1,846,416 | 1,906,551 |
| Total Deposits | 4,117,308 | 4,197,556 | 4,210,347 |
| Federal Home Loan Bank Borrowings | 20,000 | - | 175,500 |
| Reserve for Unfunded Loan Commitments | 2,077 | 2,220 | 3,072 |
| Other Liabilities | 64,633 | 62,961 | 38,362 |
| Total Liabilities | 4,204,018 | 4,262,737 | 4,427,281 |
| SHAREHOLDERS' EQUITY | | | |
| Common Stock, Par Value $1.00 Per Share, Authorized 100,000,000 Shares; | | | |
| Outstanding- 22,091,410 shares at September 30, 2026, 22,162,213 shares at June 30, 2026 and 22,406,406 shares at September 30, 2025 | 22,091 | 22,162 | 22,406 |
| Additional Paid-in Capital | 71,020 | 72,505 | 79,997 |
| Retained Earnings | 482,962 | 477,417 | 356,488 |
| Accumulated Other Comprehensive Loss | (49,154) | (32,938) | (46,053) |
| Total Shareholders' Equity | 526,919 | 539,146 | 412,838 |
| Total Liabilities and Shareholders' Equity | $ 4,730,937 | $ 4,801,883 | $ 4,840,119 |
| PERFORMANCE RATIOS | | | |
| Return on Average Assets (QTD Annualized) | 0.65% | 2.39% | 0.45% |
| Return on Average Assets (YTD Annualized) | 3.39% | 4.75% | 0.64% |

| | | | |
|---|---|---|---|
| Return on Average Shareholders' Equity (QTD Annualized) | 5.68% | 22.01% | 5.24% |
| Return on Average Shareholders' Equity (YTD Annualized) | 32.64% | 48.08% | 7.61% |
| Portfolio Loans to Deposit Ratio | 91.58% | 88.97% | 91.10% |
| Allowance for Credit Losses to Total Portfolio Loans | 1.42% | 1.48% | 1.92% |
| CAPITALIZATION RATIOS | | | |
| Shareholders' Equity to Assets | 11.14% | 11.23% | 8.53% |
| Tier 1 Leverage Ratio | 11.95% | 11.65% | 9.41% |
| Risk-Based Capital - Tier 1 | 14.24% | 14.26% | 10.66% |
| Risk-Based Capital - Total | 15.49% | 15.51% | 11.91% |

## INCOME STATEMENTS

| | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| (Dollars in Thousands, except per share data) | September 30, 2026 (unaudited) | June 30, 2026 (unaudited) | September 30, 2025 (unaudited) | September 30, 2026 (unaudited) | September 30, 2025 (unaudited) |
| Interest Income | $ 62,086 | $ 61,491 | $ 59,170 | $ 182,762 | $ 172,924 |
| Interest Expense | 20,854 | 21,541 | 25,451 | 65,646 | 76,708 |
| NET INTEREST INCOME | 41,232 | 39,950 | 33,719 | 117,116 | 96,216 |
| Provision (Recovery) for Credit Losses | 10,476 | 2,010 | 2,896 | (21,431) | (1,459) |
| (Recovery) Provision for Unfunded Commitments | (143) | (554) | 335 | (915) | (114) |
| NET INTEREST INCOME AFTER PROVISION (RECOVERY) FOR CREDIT LOSSES | 30,899 | 38,494 | 30,488 | 139,462 | 97,789 |
| NONINTEREST INCOME | | | | | |
| Gain on the Insurance Transaction | - | 35,949 | - | 35,949 | - |
| Gain on the Loan Sale Transaction | - | - | - | 65,000 | - |
| Losses on Sales of Securities, net | - | (12,531) | - | (12,451) | - |
| Service Charges, Commissions and Fees | 2,504 | 2,491 | 1,860 | 7,123 | 5,499 |
| Debit Card Interchange Fees | 2,031 | 2,063 | 1,942 | 6,242 | 5,988 |
| Insurance Commissions | (34) | 164 | 1,004 | 1,084 | 2,062 |
| Bank Owned Life Insurance Income | 440 | 457 | 357 | 1,333 | 1,055 |
| Other | 43 | 137 | 207 | 408 | 2,575 |
| Total Noninterest Income | 4,984 | 28,730 | 5,370 | 104,688 | 17,179 |
| NONINTEREST EXPENSE | | | | | |
| Salaries and Employee Benefits | 16,314 | 14,051 | 14,023 | 45,280 | 41,762 |
| Occupancy Expense, net | 4,589 | 4,584 | 4,582 | 14,034 | 13,284 |
| FDIC Insurance Expense | 455 | (241) | 1,450 | 1,724 | 4,316 |
| Other Taxes | 82 | 776 | 867 | 1,783 | 2,736 |
| Advertising Expense | 821 | 820 | 669 | 2,567 | 2,288 |
| Telephone Expense | 325 | 278 | 312 | 895 | 923 |
| Professional and Legal Fees | 1,905 | 2,053 | 1,852 | 5,504 | 5,003 |
| Data Processing | 1,939 | 2,177 | 1,367 | 5,969 | 4,206 |
| Debit Card Expense | 1,305 | 1,072 | 959 | 3,378 | 2,942 |
| Other | 1,769 | 4,416 | 2,623 | 9,368 | 8,590 |
| Total Noninterest Expense | 29,504 | 29,986 | 28,704 | 90,502 | 86,050 |

| | | | | | |
|---|---|---|---|---|---|
| Income Before Income Taxes | 6,379 | 37,238 | 7,154 | 153,648 | 28,918 |
| Income Tax (Benefit) Provision | (1,382) | 8,327 | 1,735 | 31,219 | 6,036 |
| Net Income | $ 7,761 | $ 28,911 | $ 5,419 | $ 122,429 | $ 22,882 |
| | | | | | |
| Shares Outstanding, at End of Period | 22,091,410 | 22,162,213 | 22,406,406 | 22,091,410 | 22,406,406 |
| Average Shares Outstanding - Basic & Diluted | 21,801,450 | 21,838,645 | 22,294,228 | 21,828,660 | 22,655,931 |
| PER SHARE DATA | | | | | |
| Basic Earnings Per Common Share* | $ 0.35 | $ 1.31 | $ 0.24 | $ 5.53 | $ 1.00 |
| Diluted Earnings Per Common Share* | $ 0.35 | $ 1.31 | $ 0.24 | $ 5.53 | $ 1.00 |
| Book Value | $ 23.85 | $ 24.33 | $ 18.42 | $ 23.85 | $ 18.42 |
| Tangible Book Value[3] | $ 23.76 | $ 24.24 | $ 18.33 | $ 23.76 | $ 18.33 |
| Market Value | $ 29.89 | $ 34.01 | $ 19.41 | $ 29.89 | $ 19.41 |
| PROFITABILITY RATIOS (GAAP) | | | | | |
| Net Interest Margin | 3.51% | 3.38% | 2.86% | 3.32% | 2.78% |
| Efficiency Ratio | 63.84% | 43.66% | 73.43% | 40.80% | 75.89% |
| PROFITABILITY RATIOS (Non-GAAP) | | | | | |
| Net Interest Margin (FTE)[4] | 3.55% | 3.40% | 2.87% | 3.34% | 2.80% |
| Adjusted Efficiency Ratio (Non-GAAP)[5] | 64.64% | 62.66% | 73.37% | 66.47% | 75.77% |

*All outstanding unvested restricted stock awards are considered participating securities for the earnings per share calculation. As such, these shares have been allocated to a portion of net income ($126 thousand, $402 thousand and $68 thousand for the quarters ended September 30, 2026, June 30, 2026 and September 30, 2025, respectively and $1,744 thousand and $261 thousand for the nine months ended September 30, 2026 and 2025, respectively) and are excluded from the diluted earnings per share calculation.

NET INTEREST MARGIN (FTE) (QTD AVERAGES)

(Unaudited)

| | September 30, 2026 | | | June 30, 2026 | | | September 30, 2025 | | |
|---|---|---|---|---|---|---|---|---|---|
| (Dollars in Thousands) | Average Balance | Income/ Expense | Rate | Average Balance | Income/ Expense | Rate | Average Balance | Income/ Expense | Rate |
| ASSETS | | | | | | | | | |
| Interest-Bearing Deposits with Banks | $ 177,775 | $ 1,683 | 3.76% | $ 291,575 | $ 2,712 | 3.73% | $ 64,407 | $ 720 | 4.44% |
| Tax-Free Investment Securities[4] | 69,117 | 1,157 | 6.64% | 37,890 | 488 | 5.17% | 11,583 | 84 | 2.88% |
| Taxable Investment Securities | 656,587 | 5,633 | 3.40% | 671,139 | 5,323 | 3.18% | 802,184 | 6,672 | 3.30% |
| Total Securities | 725,704 | 6,790 | 3.71% | 709,029 | 5,811 | 3.29% | 813,767 | 6,756 | 3.29% |
| Commercial Real Estate | 2,198,121 | 32,853 | 5.93% | 2,155,650 | 31,936 | 5.94% | 2,038,467 | 31,595 | 6.15% |
| Commercial & Industrial | 259,747 | 4,114 | 6.28% | 251,682 | 3,769 | 6.01% | 193,609 | 3,205 | 6.57% |
| Residential Mortgages | 819,629 | 8,898 | 4.31% | 820,831 | 8,739 | 4.27% | 826,413 | 8,832 | 4.24% |
| Other Consumer | 24,199 | 257 | 4.21% | 25,246 | 285 | 4.53% | 27,886 | 365 | 5.19% |
| Construction | 442,012 | 7,765 | 6.97% | 473,565 | 8,348 | 7.07% | 441,945 | 7,716 | 6.93% |
| Other | - | - | -% | - | - | -% | 265,218 | - | -% |
| Total Loans[a] | 3,743,708 | 53,887 | 5.71% | 3,726,974 | 53,077 | 5.71% | 3,793,538 | 51,713 | 5.41% |
| Other Restricted Stock, at Cost | 8,537 | 129 | 6.00% | 8,476 | 128 | 6.06% | 8,956 | 144 | 6.38% |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total Interest-Earning Assets | 4,655,724 | 62,489 | 5.33% | 4,736,054 | 61,728 | 5.23% | 4,680,668 | 59,333 | 5.03% |
| Noninterest Earning Assets | 112,240 | | | 120,968 | | | 123,748 | | |
| Total Assets | $ 4,767,964 | | | $ 4,857,022 | | | $ 4,804,416 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | |
| Interest-Bearing Demand | $ 874,309 | $ 3,315 | 1.50% | $ 900,160 | $ 3,400 | 1.51% | $ 809,318 | $ 3,509 | 1.72% |
| Money Market | 510,678 | 2,557 | 1.99% | 511,221 | 2,522 | 1.98% | 554,903 | 3,614 | 2.58% |
| Savings | 317,225 | 143 | 0.18% | 325,283 | 130 | 0.16% | 341,123 | 141 | 0.16% |
| Certificates of Deposit | 1,814,198 | 14,702 | 3.22% | 1,872,499 | 15,350 | 3.29% | 1,899,939 | 16,761 | 3.50% |
| Total Interest-Bearing Deposits | 3,516,410 | 20,717 | 2.34% | 3,609,163 | 21,402 | 2.38% | 3,605,283 | 24,025 | 2.64% |
| Federal Home Loan Bank Borrowings | 1,304 | 13 | 3.96% | - | - | -% | 119,870 | 1,284 | 4.25% |
| Other Borrowings | 10,613 | 124 | 4.64% | 10,775 | 139 | 5.17% | 11,145 | 142 | 5.05% |
| Total Borrowings | 11,917 | 137 | 4.56% | 10,775 | 139 | 5.17% | 131,015 | 1,426 | 4.32% |
| Total Interest-Bearing Liabilities | 3,528,327 | 20,854 | 2.34% | 3,619,938 | 21,541 | 2.39% | 3,736,298 | 25,451 | 2.70% |
| Noninterest-Bearing Liabilities | 697,738 | | | 710,174 | | | 658,178 | | |
| Shareholders' Equity | 541,899 | | | 526,910 | | | 409,940 | | |
| Total Liabilities and Shareholders' Equity | $ 4,767,964 | | | $ 4,857,022 | | | $ 4,804,416 | | |
| Net Interest Income[4] | | $ 41,635 | | | $ 40,187 | | | $ 33,882 | |
| Net Interest Margin[4] | | | 3.55% | | | 3.40% | | | 2.87% |

[a] Nonaccruing loans are included in the daily average loan amounts outstanding.

NET INTEREST MARGIN (FTE) (YTD AVERAGES)

(Unaudited)

| | Nine Months Ended September 30, 2026 | | | Nine Months Ended September 30, 2025 | | |
|---|---|---|---|---|---|---|
| (Dollars in Thousands) | Average Balance | Income/ Expense | Rate | Average Balance | Income/ Expense | Rate |
| ASSETS | | | | | | |
| Interest-Bearing Deposits with Banks | $ 182,151 | $ 5,088 | 3.73% | $ 63,256 | $ 2,111 | 4.46% |
| Tax-Free Investment Securities[4] | 39,714 | 1,728 | 5.82% | 11,622 | 253 | 2.91% |
| Taxable Investment Securities | 686,888 | 16,538 | 3.22% | 809,533 | 20,123 | 3.32% |
| Total Securities | 726,602 | 18,266 | 3.36% | 821,155 | 20,376 | 3.32% |
| Commercial Real Estate | 2,165,274 | 96,476 | 5.96% | 1,976,465 | 91,297 | 6.18% |
| Commercial & Industrial | 250,609 | 11,829 | 6.31% | 200,407 | 9,830 | 6.56% |
| Residential Mortgages | 823,587 | 26,365 | 4.28% | 816,691 | 25,912 | 4.24% |
| Other Consumer | 25,315 | 821 | 4.34% | 28,031 | 1,173 | 5.59% |
| Construction | 461,303 | 24,209 | 7.02% | 443,901 | 22,341 | 6.73% |
| Other | 67,223 | - | -% | 265,723 | - | -% |
| Total Loans[a] | 3,793,311 | 159,700 | 5.63% | 3,731,218 | 150,553 | 5.39% |
| Other Restricted Stock, at Cost | 10,966 | 502 | 6.12% | 7,970 | 396 | 6.64% |
| Total Interest-Earning Assets | 4,713,030 | 183,556 | 5.21% | 4,623,599 | 173,436 | 5.02% |
| Noninterest Earning Assets | 120,985 | | | 123,946 | | |
| Total Assets | $ 4,834,015 | | | $ 4,747,545 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest-Bearing Demand | $ 864,518 | $ 9,424 | 1.46% | $ 786,890 | $ 10,556 | 1.79% |
| Money Market | 529,457 | 8,054 | 2.03% | 539,018 | 10,443 | 2.59% |
| Savings | 323,179 | 384 | 0.16% | 347,985 | 383 | 0.15% |
| Certificates of Deposit | 1,861,113 | 45,812 | 3.29% | 1,901,140 | 51,725 | 3.64% |
| Total Interest-Bearing Deposits | 3,578,267 | 63,674 | 2.38% | 3,575,033 | 73,107 | 2.73% |
| Federal Home Loan Bank Borrowings | 53,198 | 1,569 | 3.94% | 99,668 | 3,172 | 4.26% |
| Other Borrowings | 10,751 | 403 | 5.01% | 10,761 | 429 | 5.33% |
| Total Borrowings | 63,949 | 1,972 | 4.12% | 110,429 | 3,601 | 4.36% |
| Total Interest-Bearing Liabilities | 3,642,216 | 65,646 | 2.41% | 3,685,462 | 76,708 | 2.78% |
| Noninterest-Bearing Liabilities | 690,312 | | | 660,253 | | |
| Shareholders' Equity | 501,487 | | | 401,830 | | |
| Total Liabilities and Shareholders' Equity | $ 4,834,015 | | | $ 4,747,545 | | |
| Net Interest Income[4] | | $ 117,910 | | | $ 96,728 | |
| Net Interest Margin[4] | | | 3.34% | | | 2.80% |

[a] Nonaccruing loans are included in the daily average loan amounts outstanding.

## LOANS AND LOANS HELD-FOR-SALE

(Unaudited)

| (Dollars in Thousands) | September 30, 2026 | June 30, 2026 | September 30, 2025 |
|---|---|---|---|
| Commercial | | | |
| Commercial Real Estate | $ 2,173,392 | $ 2,143,362 | $ 2,063,181 |
| Commercial and Industrial | 260,705 | 262,432 | 218,038 |
| Total Commercial Loans | 2,434,097 | 2,405,794 | 2,281,219 |
| Consumer | | | |
| Residential Mortgages | 817,700 | 814,383 | 826,944 |
| Other Consumer | 24,355 | 25,154 | 29,077 |
| Total Consumer Loans | 842,055 | 839,537 | 856,021 |
| Construction | 494,491 | 489,263 | 466,701 |
| Other | - | - | 231,712 |
| Total Portfolio Loans | 3,770,643 | 3,734,594 | 3,835,653 |
| Loans Held-for-Sale | - | 467 | 478 |
| Total Loans | $ 3,770,643 | $ 3,735,061 | $ 3,836,131 |

## ASSET QUALITY DATA

(Unaudited)

| (Dollars in Thousands) | For the Periods Ended | | |
|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 |
| Nonaccrual Loans | | | |
| Commercial Real Estate | $ 17,546 | $ 21,562 | $ 24,124 |
| Commercial and Industrial | 5,961 | 13,546 | 1,072 |
| Residential Mortgages | 3,895 | 1,945 | 4,822 |
| Other Consumer | 84 | 72 | 26 |
| Construction | 435 | 436 | 39 |
| Other | - | - | 228,554 |
| Total Nonperforming Loans | 27,921 | 37,561 | 258,637 |
| Other Real Estate Owned | 1,234 | 3,356 | 330 |
| Total Nonperforming Assets | $ 29,155 | $ 40,917 | $ 258,967 |

| | | | |
|---|---|---|---|
| Nonperforming Loans to Total Portfolio Loans | 0.74% | 1.01% | 6.74% |
| Nonperforming Assets to Total Portfolio Loans plus Other Real Estate Owned | 0.77% | 1.09% | 6.75% |
| Allowance for Credit Losses to Total Portfolio Loans | 1.42% | 1.48% | 1.92% |
| Allowance for Credit Losses to Nonperforming Loans | 191.79% | 146.88% | 28.52% |
| Net Loan Charge-offs / (Recoveries) QTD | $ 12,096 | $ (657) | $ 157 |
| Net Loan (Recoveries) / Charge-offs YTD | $ (3,490) | $ (15,586) | $ 379 |
| Net Loan Charge-offs / (Recoveries) (Annualized) to Average Portfolio Loans QTD | 1.28% | (0.07)% | 0.02% |
| Net Loan (Recoveries) / Charge-offs (Annualized) to Average Portfolio Loans YTD | (0.12)% | (0.82)% | 0.01% |

## ALLOWANCE FOR CREDIT LOSSES

(Unaudited)

| (Dollars in Thousands) | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Balance Beginning of Period | $ 55,170 | $ 52,503 | $ 71,023 | $ 71,491 | $ 75,600 |
| Provision (Recovery) for Credit Losses | 10,476 | 2,010 | 2,896 | (21,431) | (1,459) |
| Charge-offs: | | | | | |
| Commercial Real Estate | 4,009 | - | - | 4,009 | - |
| Commercial and Industrial | 8,034 | - | - | 8,034 | 7 |
| Residential Mortgages | - | - | - | - | - |
| Other Consumer | 113 | 161 | 256 | 412 | 715 |
| Construction | 353 | - | - | 353 | 1 |
| Other | - | - | - | - | - |
| Total Charge-offs | 12,509 | 161 | 256 | 12,808 | 723 |
| Recoveries: | | | | | |
| Commercial Real Estate | 353 | 248 | - | 601 | - |
| Commercial and Industrial | - | - | 1 | - | 6 |

| | | | | | |
|---|---|---|---|---|---|
| Residential Mortgages | 2 | 2 | 2 | 6 | 12 |
| Other Consumer | 58 | 57 | 96 | 180 | 325 |
| Construction | - | 511 | - | 511 | 1 |
| Other | - | - | - | 15,000 | - |
| Total Recoveries | 413 | 818 | 99 | 16,298 | 344 |
| Total Net Charge-offs / (Recoveries) | 12,096 | (657) | 157 | (3,490) | 379 |
| Balance End of Period | $ 53,550 | $ 55,170 | $ 73,762 | $ 53,550 | $ 73,762 |

## DEFINITIONS AND RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES:

(Unaudited)

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[1] Pre-tax Pre-provision Income (Non-GAAP)

| | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| (Dollars in Thousands) | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Net Interest Income | $ 41,232 | $ 39,950 | $ 33,719 | $ 117,116 | $ 96,216 |
| Noninterest Income | 4,984 | 28,730 | 5,370 | 104,688 | 17,179 |
| Noninterest Expense | 29,504 | 29,986 | 28,704 | 90,502 | 86,050 |
| Pre-tax Pre-provision Income (Non-GAAP) | $ 16,712 | $ 38,694 | $ 10,385 | $ 131,302 | $ 27,345 |

---

[2] Adjusted Net Income (Non-GAAP)

| | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| (Dollars in Thousands, except per share data) | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Net Income | $ 7,761 | $ 28,911 | $ 5,419 | $ 122,429 | $ 22,882 |
| Less: Gain on the Insurance Transaction | - | (35,949) | - | (35,949) | - |
| Less: Gain on the Loan Sale Transaction | - | - | - | (65,000) | - |
| Specific Reserves Released from the Loan Sale Transaction | - | - | - | (18,035) | - |
| Net Recoveries from the Loan Sale Transaction | - | - | - | (15,000) | - |
| Losses on Sales of Securities, net | - | 12,531 | - | 12,451 | - |
| Equity Security Unrealized Fair Value Loss (Gain) | 509 | 71 | (69) | 625 | (228) |
| Losses on Sales & Write-downs of Bank Premises, net | 88 | 105 | 11 | 194 | 68 |
| (Gains) Losses on Sales and Write-downs of OREO, net | (883) | 1,326 | (89) | 1,012 | 254 |
| 1035 Exchange fee on BOLI | - | - | - | - | 527 |
| Acquisition Costs | - | - | 33 | - | 419 |
| FHLB Early Prepayment Credit | - | - | - | (130) | - |
| Severance Pay | - | - | - | - | 40 |
| Contingent Liability | - | - | - | - | 38 |
| Total Tax Effect | 60 | 4,603 | 24 | 25,165 | (235) |
| Gain on BOLI death benefit[6] | (256) | - | - | (256) | (1,882) |
| Modified Endowment Contract (MEC) 10% penalty on BOLI Surrender | 91 | - | 123 | 91 | 123 |
| Tax Effect on BOLI Surrender | 191 | - | 259 | 191 | 259 |
| Adjusted Net Income (Non-GAAP) | $ 7,561 | $ 11,598 | $ 5,711 | $ 27,788 | $ 22,265 |

| | | | | | |
|---|---|---|---|---|---|
| Average Shares Outstanding - diluted | 21,801,450 | 21,838,645 | 22,294,228 | 21,828,660 | 22,655,931 |
| Adjusted Earnings Per Common Share (diluted) (Non-GAAP) | $ 0.35 | $ 0.53 | $ 0.26 | $ 1.27 | $ 0.98 |

[3] Tangible Book Value (Non-GAAP)

| | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| (Dollars in Thousands, except per share data) | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Total Shareholders' Equity | $ 526,919 | $ 539,146 | $ 412,838 | $ 526,919 | $ 412,838 |
| Less: Goodwill and Other Intangible Assets, net of deferred tax asset and liability | (1,956) | (2,009) | (2,205) | (1,967) | (2,206) |
| Tangible Shareholders' Equity (Non-GAAP) | 524,963 | 537,137 | 410,633 | 524,952 | 410,633 |
| Shares Outstanding | 22,091,410 | 22,162,213 | 22,406,406 | 22,091,410 | 22,406,406 |
| Tangible Book Value (Non-GAAP) | $ 23.76 | $ 24.24 | $ 18.33 | $ 23.76 | $ 18.33 |

[4] Net interest income has been computed on a fully taxable equivalent basis ("FTE") using 21% federal income tax rate for the 2026 and 2025 periods.

Net Interest Income (FTE) (Non-GAAP)

| | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| (Dollars in Thousands) | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Interest and Dividend Income (GAAP) | $ 62,086 | $ 61,491 | $ 59,170 | $ 182,762 | $ 172,924 |
| Tax Equivalent Adjustment[4] | 403 | 237 | 163 | 794 | 512 |
| Interest and Dividend Income (FTE) (Non-GAAP) | 62,489 | 61,728 | 59,333 | 183,556 | 173,436 |
| Average Earning Assets | $ 4,655,724 | $ 4,736,054 | $ 4,680,668 | $ 4,713,030 | $ 4,623,599 |
| Yield on Interest-earning Assets (GAAP) | 5.29% | 5.21% | 5.02% | 5.18% | 5.00% |
| Yield on Interest-earning Assets (FTE) (Non-GAAP) | 5.33% | 5.23% | 5.03% | 5.21% | 5.02% |
| Net Interest Income (GAAP) | $ 41,232 | $ 39,950 | $ 33,719 | $ 117,116 | $ 96,216 |
| Tax Equivalent Adjustment[4] | 403 | 237 | 163 | 794 | 512 |
| Net Interest Income (FTE) (Non-GAAP) | 41,635 | 40,187 | 33,882 | 117,910 | 96,728 |
| Average Earning Assets | $ 4,655,724 | $ 4,736,054 | $ 4,680,668 | $ 4,713,030 | $ 4,623,599 |
| Net Interest Margin (GAAP) | 3.51% | 3.38% | 2.86% | 3.32% | 2.78% |
| Net Interest Margin (FTE) (Non-GAAP) | 3.55% | 3.40% | 2.87% | 3.34% | 2.80% |

[5]Adjusted Efficiency Ratio (Non-GAAP)

| | Quarter-to-Date | | | Year-to-Date | |
|---|---|---|---|---|---|
| (Dollars in Thousands) | September 30, 2026 | June 30, 2026 | September 30, 2025 | September 30, 2026 | September 30, 2025 |
| Noninterest Expense | $ 29,504 | $ 29,986 | $ 28,704 | $ 90,502 | $ 86,050 |
| Less: Losses on sales & write-downs of Branch Premises, net | (88) | (105) | (11) | (194) | (68) |
| Less: Gains (Losses) on Sales & write-downs of OREO, net | 883 | (1,326) | 89 | (1,012) | (254) |

| | | | | | |
|---|---|---|---|---|---|
| Less: 1035 Exchange fee on BOLI | - | - | - | - | (527) |
| Less: Acquisition Costs | - | - | (33) | - | (419) |
| Less: Severance Pay | - | - | - | - | (40) |
| Less: Contingent Liability | - | - | - | - | (38) |
| Adjusted Noninterest Expense (Non-GAAP) | 30,299 | 28,555 | 28,749 | 89,296 | 84,704 |
| | | | | | |
| Net Interest Income | 41,232 | 39,950 | 33,719 | 117,116 | 96,216 |
| Plus: Taxable Equivalent Adjustment[4] | 403 | 237 | 163 | 794 | 512 |
| Net Interest Income (FTE) (Non-GAAP) | 41,635 | 40,187 | 33,882 | 117,910 | 96,728 |
| Less: Losses on Sales of Securities, net | - | 12,531 | - | 12,451 | - |
| Less: Equity Security Unrealized Fair Value Loss (Gain) | 509 | 71 | (69) | 625 | (228) |
| Less: Gain on BOLI death benefit[6] | (256) | - | - | (256) | (1,882) |
| Less: Gain on the Insurance Transaction | - | (35,949) | - | (35,949) | - |
| Less: Gain on the Loan Sale Transaction | - | - | - | (65,000) | - |
| Less: FHLB Early Prepayment Credit | - | - | - | (130) | - |
| Plus: Noninterest Income | 4,984 | 28,730 | 5,370 | 104,688 | 17,179 |
| Net Interest Income (FTE) (Non-GAAP) plus Adjusted Noninterest Income (Non-GAAP) | $ 46,872 | $ 45,570 | $ 39,183 | $ 134,339 | $ 111,797 |
| Efficiency Ratio (GAAP) | 63.84% | 43.66% | 73.43% | 40.80% | 75.89% |
| Adjusted Efficiency Ratio (Non-GAAP) | 64.64% | 62.66% | 73.37% | 66.47% | 75.77% |

[6]The Gain on BOLI death benefit is tax-exempt.

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[7]Loan Growth (Non-GAAP)

| | Year-to-Date | |
|---|---|---|
| (Dollars in Thousands) | September 30, 2026 | September 30, 2025 |
| Portfolio Loans | $ 3,770,643 | $ 3,835,653 |
| Less: Loans Related to the Loan Sale Transaction | | 228,554 |
| Adjusted Loans (Non-GAAP) | | $ 3,607,099 |
| Portfolio Loan Growth (GAAP) | (1.69)% | |
| Loan Growth (Non-GAAP) | 4.53% | |

SOURCE: Carter Bankshares, Inc.

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