

Investor Presentation

Fourth Quarter and Year Ended 2025

Nasdaq: CARE



Carter
Bankshares, Inc.

LIFE LIVED FULL

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 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; 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 CRE loans, and the potential impacts of changes in market conditions on the value of real estate collateral; increased delinquency and foreclosure rates on CRE 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 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 with; 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 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 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, 2024. 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 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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SECTION 01

Overview

Company History

Focused on the future.

A well-capitalized franchise with momentum

1974

Bank established de novo 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

2024

Carter Bankshares, Inc. unveiled a new logo and a refreshed visual brand identity to reflect our revitalized focus

Footprint

HQ

Martinsville, Virginia

64

Branches

10

Corporate Centers

Stats

\$4.9B

Assets

\$3.9B

Loans

\$4.2B

Deposits

Corporate Highlights

Acquired two First Reliance Bank North Carolina branches and onboarded new customers

Announced plans to expand in Greenville, South Carolina and Gastonia, North Carolina and hired new market executives

65.1% of Loan Production funded at a weighted average rate of 6.49% FYE, with Construction loans of approximately \$500M funding over the next 12-18 months

Total portfolio loans increased \$254.7M or 7.0% YOY

Strong Available Liquidity Position

Diversified and Granular Deposit base, approximately 78.2% Retail Customers

Regional Footprint

Virginia

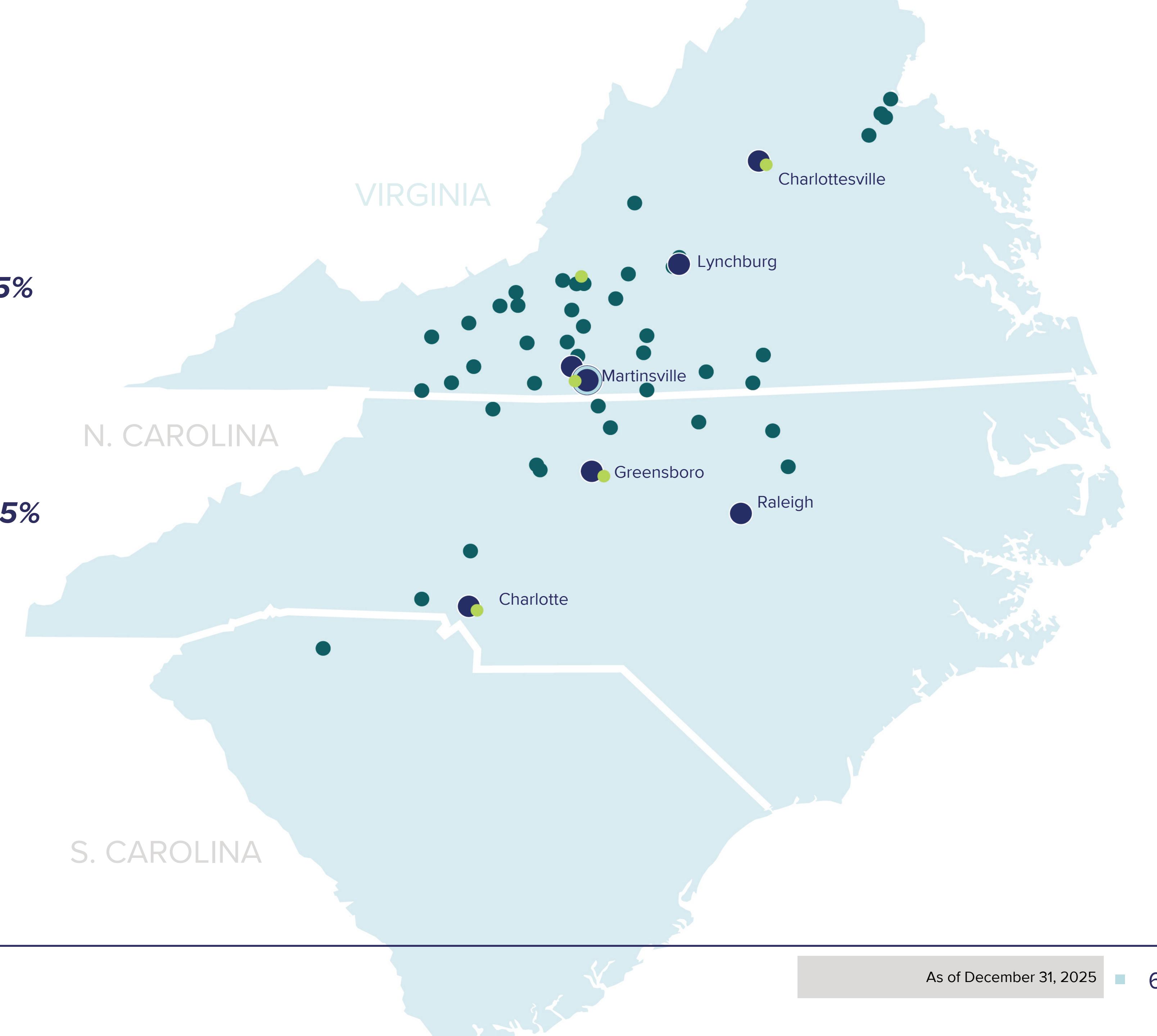
- 51 Total Branches
- Total Deposits \$3.7B
- Annual Commercial Loan Production 35%

North Carolina

- 13 Total Branches in North Carolina
- Total NC Deposits \$0.5B
- Annual Commercial Loan Production 65%

Map Key

-  Corporate Headquarters
-  Regional Offices
-  Branches
-  Mortgage Loan Offices



Leadership Team



Litz Van Dyke

*Chief Executive Officer
40 years in Industry
9 years at the Bank*



Bradford Langs

*President
Chief Strategy Officer
39 years in Industry
8 years at the Bank*



Wendy Bell

*Senior Executive Vice President
Chief Strategy Officer
41 years in Industry
8 years at the Bank*



Loran Adams

*Executive Vice President
Director of Regulatory Risk Management
42 years in Industry
8 years at the Bank*



Tami Buttrey

*Executive Vice President
Chief Retail Banking Officer
42 years in Industry
6 years at the Bank*



Jane Ann Davis

*Executive Vice President
Chief Administrative Officer
41 years in Industry
41 years at the Bank*



Tony Kallsen

*Senior Executive Vice President
Chief Credit Risk Officer
34 years in Industry
7 years at the Bank*



Joyce Parker

*Executive Assistant
39 years in Industry
36 years at the Bank*



Chrystal Parnell

*Executive Vice President
Chief Marketing & Communications Officer
22 years in Industry
3 years at the Bank*



Matt Speare

*Senior Executive Vice President
Chief Operations Officer
23 years in Industry
8 years at the Bank*



Rich Spiker

*Senior Executive Vice President
Chief Lending Officer
36 years in Industry
8 years at the Bank*



Charlie Sword

*Senior Vice President
Controller
19 years in Industry
5 years at the Bank*



OUR PURPOSE

To create opportunities for more
people and businesses to prosper.

Rewarding Relationships



Corporate & Social Responsibility



Through the Bank's FHLB Down Payment Assistance Programs, 69 grants totaling over \$1,142,000 were disbursed in 2025 to first-time home buyers or community partners, such as first responders, teachers, or hospital staff.



Eighteen Carter Bank associates recently attended the We Impact Virginia summit in Danville. The summit, organized by Virginia Tech, featured a dynamic group of female leaders and innovators who shared compelling stories, practical strategies, and valuable insights to motivate women and drive positive change in our communities and professions.



The bank recycled over 77,000 pounds of paper in 2025 through normal course of business and quarterly Community Shred Days sponsored by the Green Team. This equates to 657 trees or over 158,000 kilowatts of energy saved.



Investment Highlights

Strong Financial Performance

- Strong Liquidity & Capital Position
- CET1 of 10.70%
- ACL coverage of 1.84%
- \$1.2B of total available liquidity
- 155.7% total available liquidity/ uninsured deposits



**Carter
Bankshares, Inc.**

Attractive Markets & Customers

- Well Positioned in Virginia & North Carolina including Fast Growing Markets such as Charlottesville, Charlotte, Greensboro, Roanoke, Raleigh and Winston-Salem.

Conservative Credit Culture

- Well-reserved with our other segment reserve for the largest lending relationship
- Excluding the largest lending relationship, credit quality remains strong & underwriting remains conservative

Executing Strategic Objectives

- Investments in Human Capital, Brand & Culture, Technology, Loan & Deposit Diversification, Customer Experience, and Safety & Soundness should provide operational leverage and growth going forward

Strategic Initiatives

Superior financial performance and operational excellence.

Growing responsibly with financial safety and soundness in mind is an essential practice that enables the Bank to prosper and remain independent. We're known for our ability to provide exceptional service and build long-lasting relationships with customers. We will continue to build upon this differentiation with exceptional experiences, strong relationships, and community impact by investing in ways to improve the customer experience and gain operational efficiencies.

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 focus on initiatives around enhancing technology, operations, customer experience, C&I, CRA, channel delivery, and product development. From a risk management perspective, we will strengthen change management systems and leverage the Board's ERM Committee.

Grow Responsibly

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.

Provide Exceptional Experience

Gain Operational Efficiency

Safety & Soundness



SECTION 02

Financial

Balance Sheet & Income Statement

Operational Results	4Q 2025	3Q 2025	QTD Q/Q Change \$	4Q 2024	QTD Y/Y Change \$	YE 2025	YE 2024	YTD Change \$
Net Interest Income	\$ 34,604	\$ 33,719	\$ 885	\$ 29,148	\$ 5,456	\$ 130,820	\$ 114,457	\$ 16,363
(Recovery) Provision for Credit Losses	(2,178)	2,896	(5,074)	(5,114)	2,936	(3,637)	(5,039)	1,402
(Recovery) Provision for Unfunded Commitments	(80)	335	(415)	81	(161)	(194)	(7)	(187)
Noninterest Income	5,225	5,370	(145)	5,368	(143)	22,404	21,368	1,036
Noninterest Expense	31,004	28,704	2,300	28,866	2,138	117,054	110,002	7,052
Income Tax Expense	2,603	1,735	868	2,403	200	8,639	6,346	2,293
Net Income	\$ 8,480	\$ 5,419	\$ 3,061	\$ 8,280	\$ 200	\$ 31,362	\$ 24,523	\$ 6,839

Balance Sheet Condition

Assets	\$ 4,851,922	\$ 4,840,119	\$ 11,803	\$ 4,659,189	\$ 192,733	
Portfolio Loans	3,879,560	3,835,653	43,907	3,624,826	254,734	
Allowance for Credit Losses	(71,491)	(73,762)	2,271	(75,600)	4,109	
Securities	691,612	727,903	(36,291)	718,400	(26,788)	
Deposits	4,210,889	4,210,347	542	4,153,421	57,468	
Borrowings	178,500	175,500	3,000	70,000	108,500	
Shareholders' Equity	\$ 419,697	\$ 412,838	\$ 6,859	\$ 384,313	\$ 35,384	

\$0.9M / \$5.5M / \$16.4M
Net Interest Income up Q/Q, Y/Y & YTD
\$(-2.2)M / \$(-3.6)M
(Recoveries) for Credit Losses QTD & YTD
\$3.1M / \$6.8M
Net Income up QTD & YTD
\$192.7M
Asset Growth up Y/Y
\$43.9M / \$254.7M
Loan Growth up Q/Q & Y/Y
\$57.5M
Deposits up Y/Y

Financial / Shareholder Ratios

Shareholder Ratios	4Q 2025	3Q 2025	QTD Q/Q Change \$	4Q 2024	QTD Y/Y Change \$	YE 2025	YE 2024	YTD Change \$
Diluted Earnings (Loss) Per Share (QTD & YTD)	\$ 0.38	\$ 0.24	\$ 0.14	\$ 0.36	\$ 0.02	\$ 1.38	\$ 1.06	\$ 0.32
Financial Ratios								
Return on Avg Assets (QTD & YTD)	0.70%	0.45%	0.25%	0.71%	(0.01)%	0.66%	0.54%	0.12%
Return on Avg Shareholders' Equity (QTD & YTD)	8.12%	5.24%	2.88%	8.58%	(0.46)%	7.74%	6.67%	1.07%
Net Interest Margin (FTE)(QTD & YTD) ¹	2.93%	2.87%	0.06%	2.58%	0.35%	2.83%	2.58%	0.25%
Adjusted Efficiency Ratio (QTD & YTD) ¹	76.85%	73.37%	3.48%	82.76%	(5.91)%	76.05%	80.95%	(4.90)%
Asset Quality Ratios								
NPL / Portfolio Loans	6.29%	6.74%	(0.45)%	7.15%	(0.86)%			
NPA / Total Assets plus OREO	6.29%	6.75%	(0.46)%	7.17%	(0.88)%			
ACL / Portfolio Loans	1.84%	1.92%	(0.08)%	2.09%	(0.25)%			
Net Chg-offs / Portfolio Loans (QTD annualized)	0.01%	0.02%	(0.01)%	0.02%	(0.01)%	0.01%	0.46%	(0.45)%

\$0.14 / \$0.02 / \$0.32

Diluted EPS up Q/Q, Y/Y & YTD

0.25% / 0.12%

ROA up Q/Q & YTD

2.88% / 1.07%

ROE up Q/Q & YTD

0.06% / 0.35% / 0.25%

NIM (FTE) expansion Q/Q, Y/Y & YTD

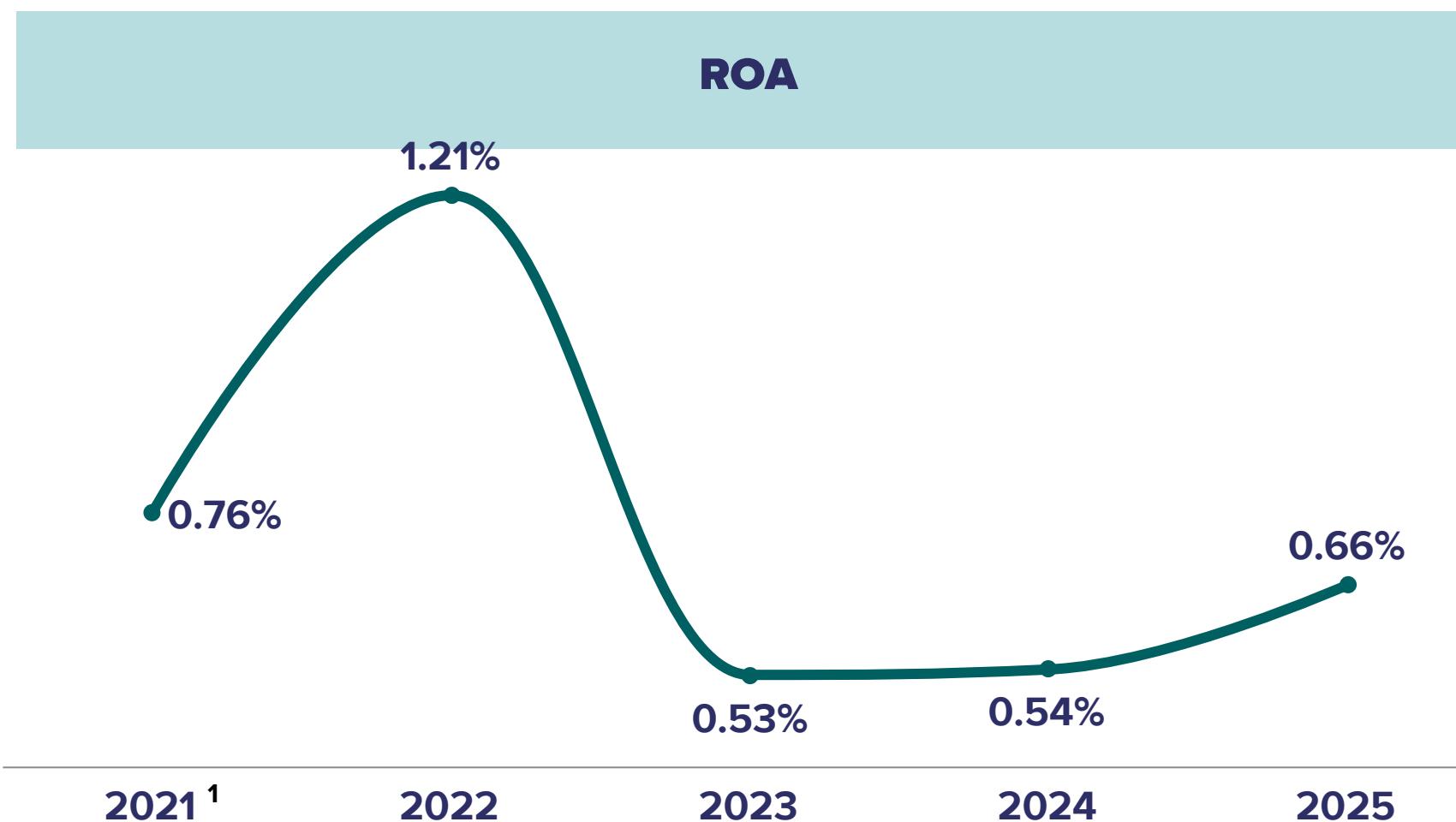
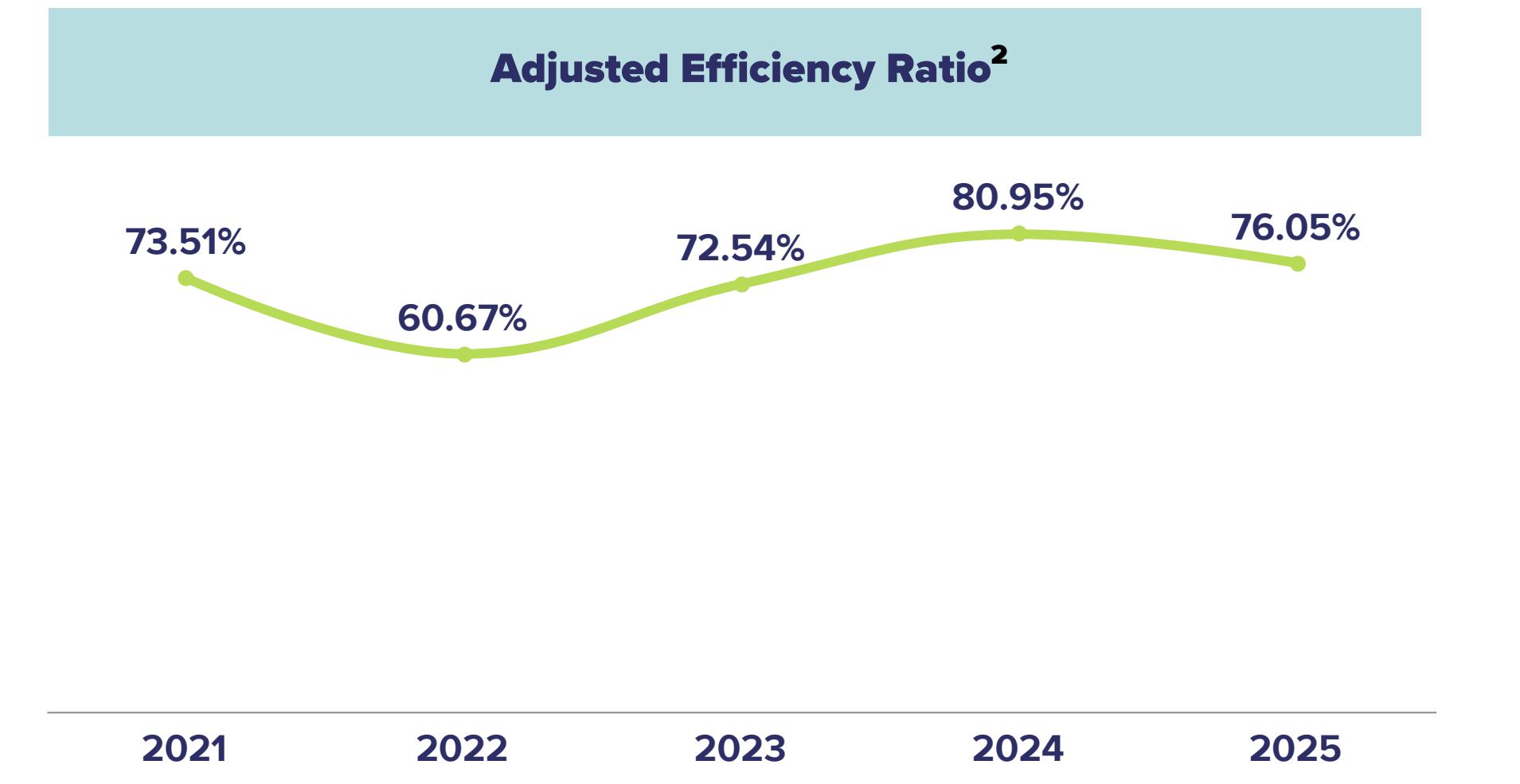
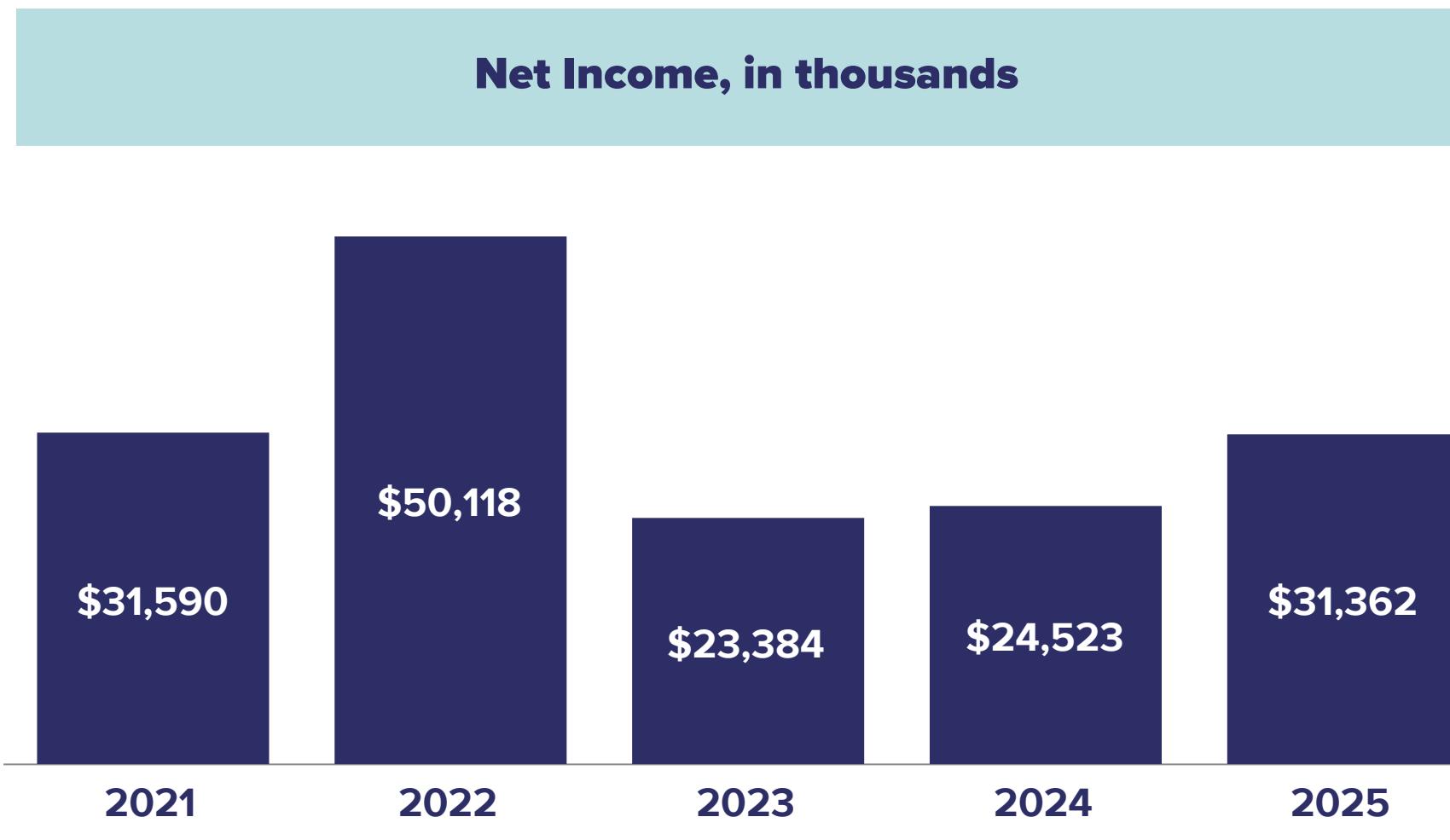
\$14.5M / \$38.0M

Curtailment payments QTD & YTD received from the Bank's largest NPL relationship

0.01%

Net Charge-offs at both 4Q 2025 & YE 2025

Financial Performance Trends



Capital Management

- Focus on maintaining a strong regulatory capital position in excess of regulatory thresholds.
- Ensure capital levels are commensurate with the Company's risk profile and strategic plan objectives.
- As of December 31, 2025 we purchased 1,124,690 shares of common stock under 2025 Program, effective May 1, 2025 at a total cost \$20.0 million at an average cost per share of \$17.78.

REGULATORY CAPITAL		
TIER 1	TOTAL	LEVERAGE
10.70%	11.95%	9.43%

	Regulatory Well Capitalized	Actual	Excess (\$) (In Thousands)	Carter Bankshares Excludes Impact of Large NPL	Excess (\$) Excludes Impact of Large NPL (In Thousands)
Common Equity Tier 1 Ratio ("CET 1")	6.50%	10.70%	\$ 180,334	12.69%	\$ 259,475
Tier 1 Risk-based Ratio	8.00%	10.70%	115,857	12.69%	196,623
Total Risk-based Capital Ratio	10.00%	11.95%	83,875	13.95%	165,469
Leverage Ratio	5.00%	9.43%	216,026	10.91%	288,124
Critically Undercapitalized Category	Tangible equity to total assets \leq 2%				
Capital Conservation Buffer	\leq 2.5% composed of CET 1				

	Actual (\$) 12/31/25	Cumulative AOCL Impact 12/31/25	Other Segment Reserve Impact 12/31/25 ¹
Book Value per Common Share	\$ 19.01	\$ (1.91)	\$ (0.64)
Adjusted Book Value ²	\$ 21.56	\$ (2.55)	

Liquidity

\$1.2B

TOTAL AVAILABLE LIQUIDITY

Continue to maintain a strong liquidity position:

- Ongoing FHLB collateral pledging¹
- Maintain three unsecured lines of credit
- Maintain one secured line 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

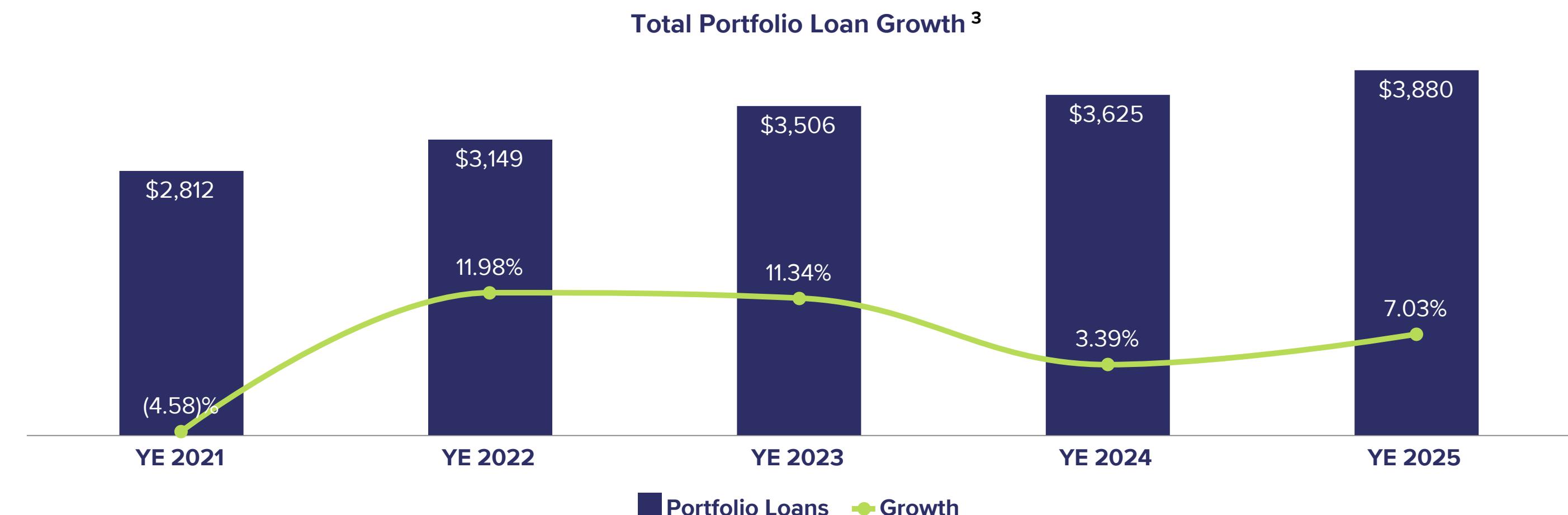
Strong coverage of uninsured deposits:

- Total available liquidity / uninsured deposits 155.7%

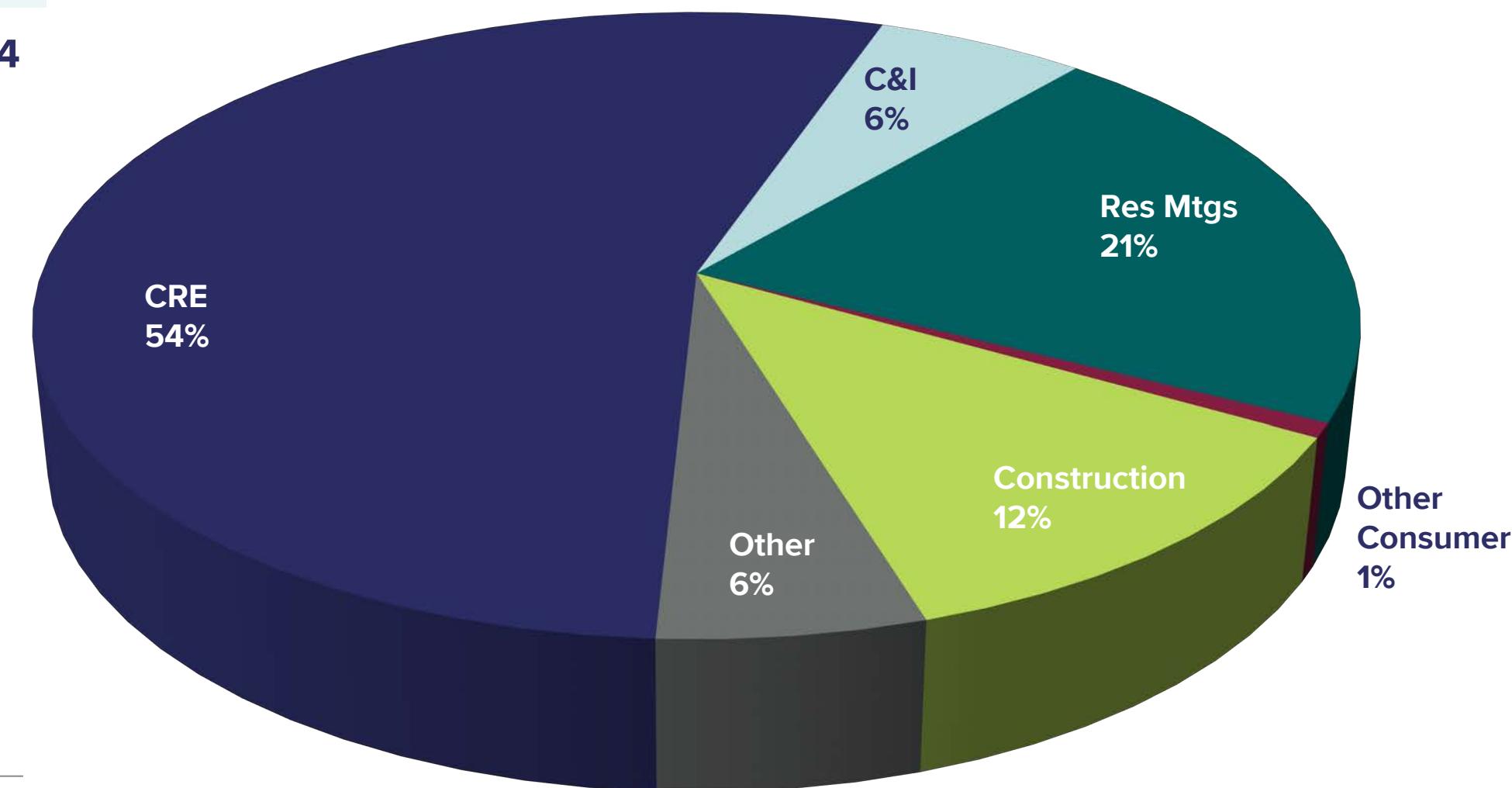
<i>\$ in thousands</i>	December 31, 2025	December 31, 2024	Change
Cash and Due From Banks, including Interest-bearing Deposits	\$ 105,163	\$ 131,171	\$ (26,008)
FHLB Borrowing Availability ¹	609,392	735,294	(125,902)
Unpledged Investment Securities	402,220	418,350	(16,130)
Collateralized Lines of Credit	45,000	45,000	—
Excess Pledged Securities	33,443	33,022	421
Unsecured Lines of Credit	30,000	30,000	—
Total Liquidity Sources	\$ 1,225,218	\$ 1,392,837	\$ (167,619)

Loan Composition

\$ in thousands	For the Period Ending			Variance	
	12/31/2025	9/30/2025	12/31/2024	Quarter	Year
Commercial Real Estate	\$ 2,114,314	\$ 2,063,181	\$ 1,869,831	\$ 51,133	\$ 244,483
Commercial and Industrial	231,921	218,038	230,483	13,883	1,438
Residential Mortgages	822,141	826,944	777,471	(4,803)	44,670
Other Consumer	28,416	29,077	28,908	(661)	(492)
Construction	465,613	466,701	462,930	(1,088)	2,683
Other ¹	217,155	231,712	255,203	(14,557)	(38,048)
Total Portfolio Loans²	\$ 3,879,560	\$ 3,835,653	\$ 3,624,826	\$ 43,907	\$ 254,734

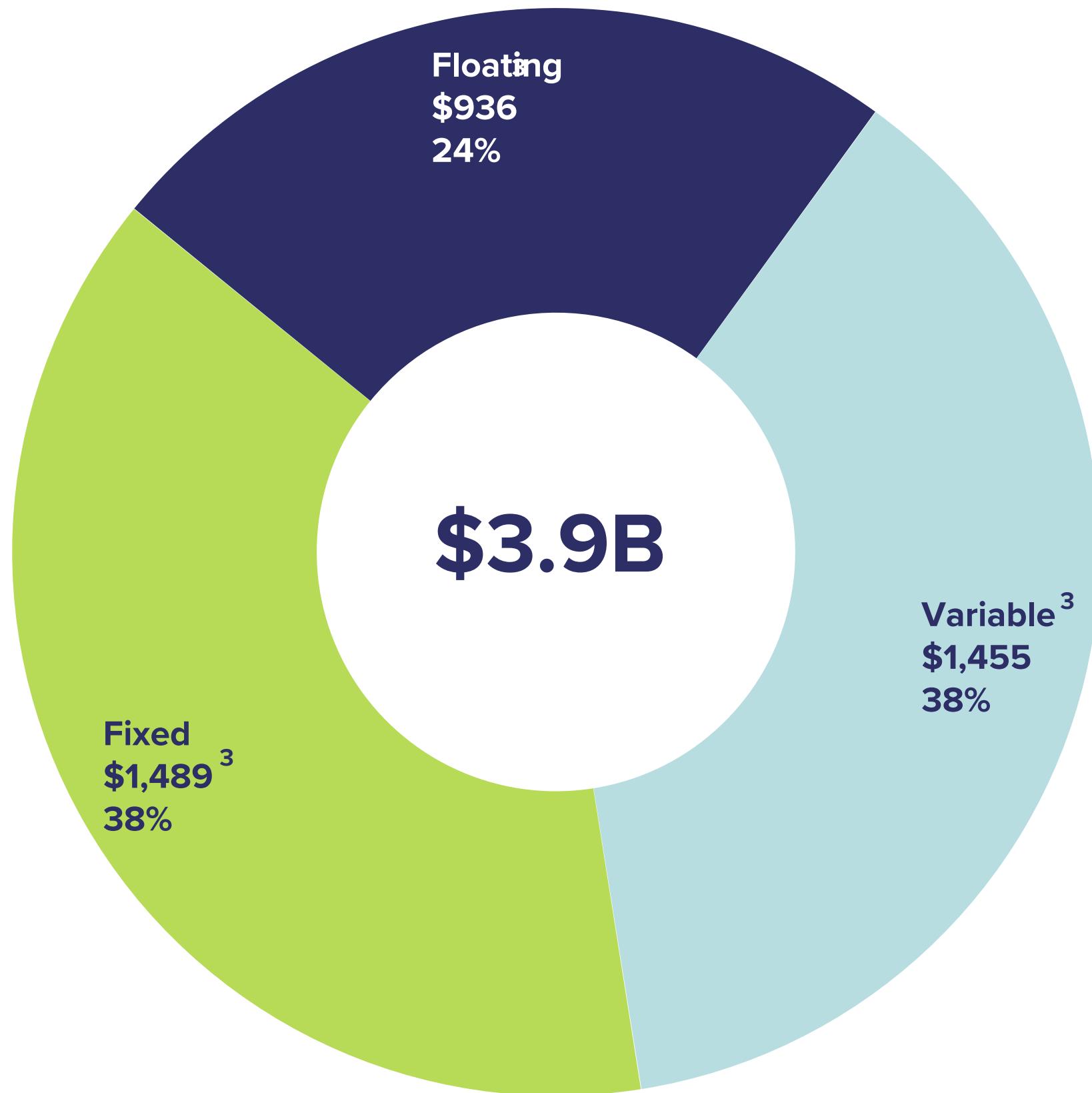


- Total portfolio loans increased \$254.7M, or 7.0% YoY due to loan growth, primarily in the CRE, residential mortgages, construction and C&I segments.
- 65.1% of Loan Production funded at a weighted average rate of 6.49% YTD 2025, with Construction loans of approximately \$500M funding over the next 12-18 months.
- The Other segment is down \$38.0M YOY primarily due to curtailment payments made by the Bank's largest lending relationship since these loans were placed in nonaccrual status in the second quarter of 2023.

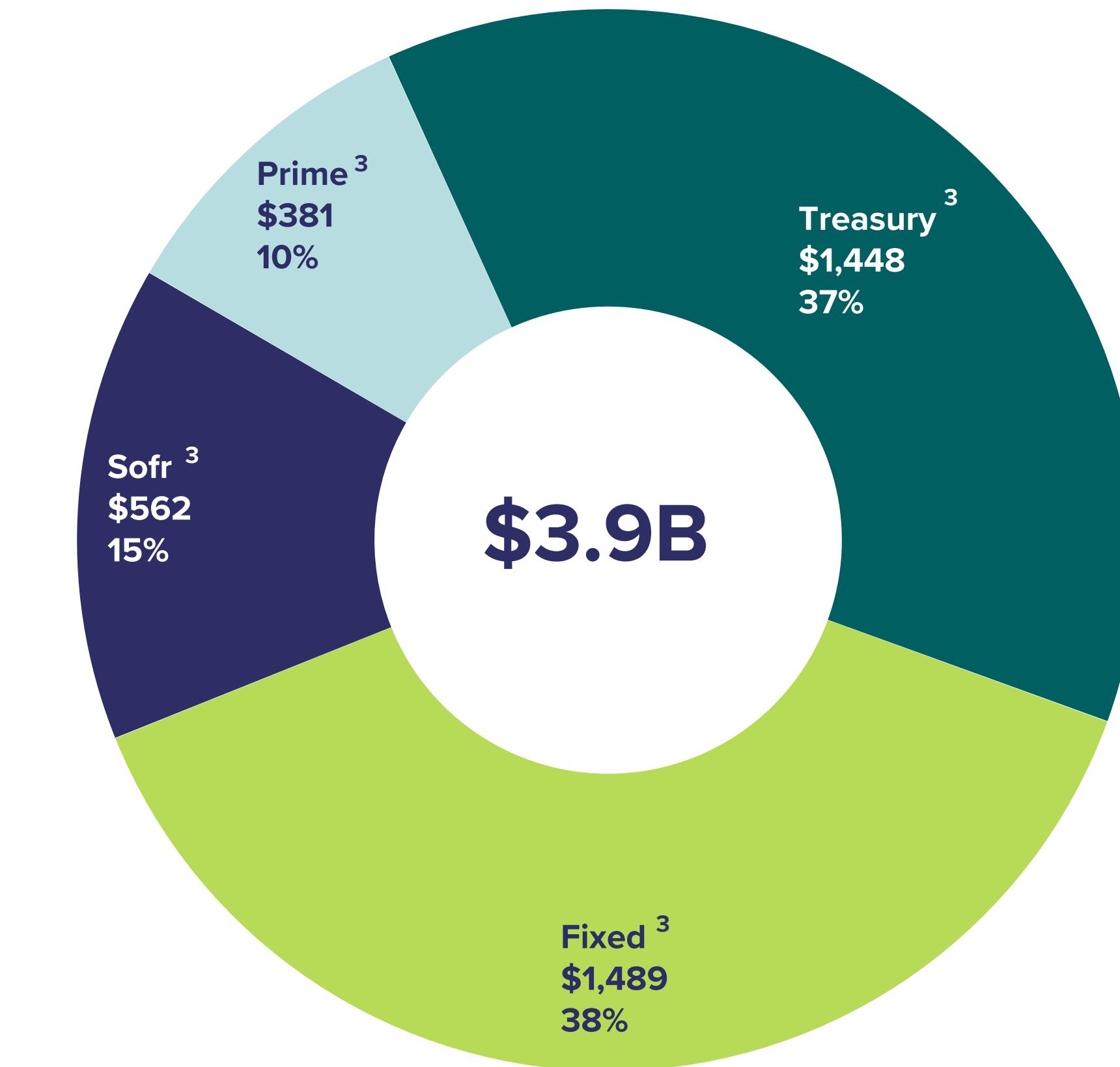


Loan Portfolio Repricing & Index 4Q2025

Loan Portfolio by Rate Type



Loan Portfolio by Rate Index Type



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

²Variable 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.

³\$ in millions

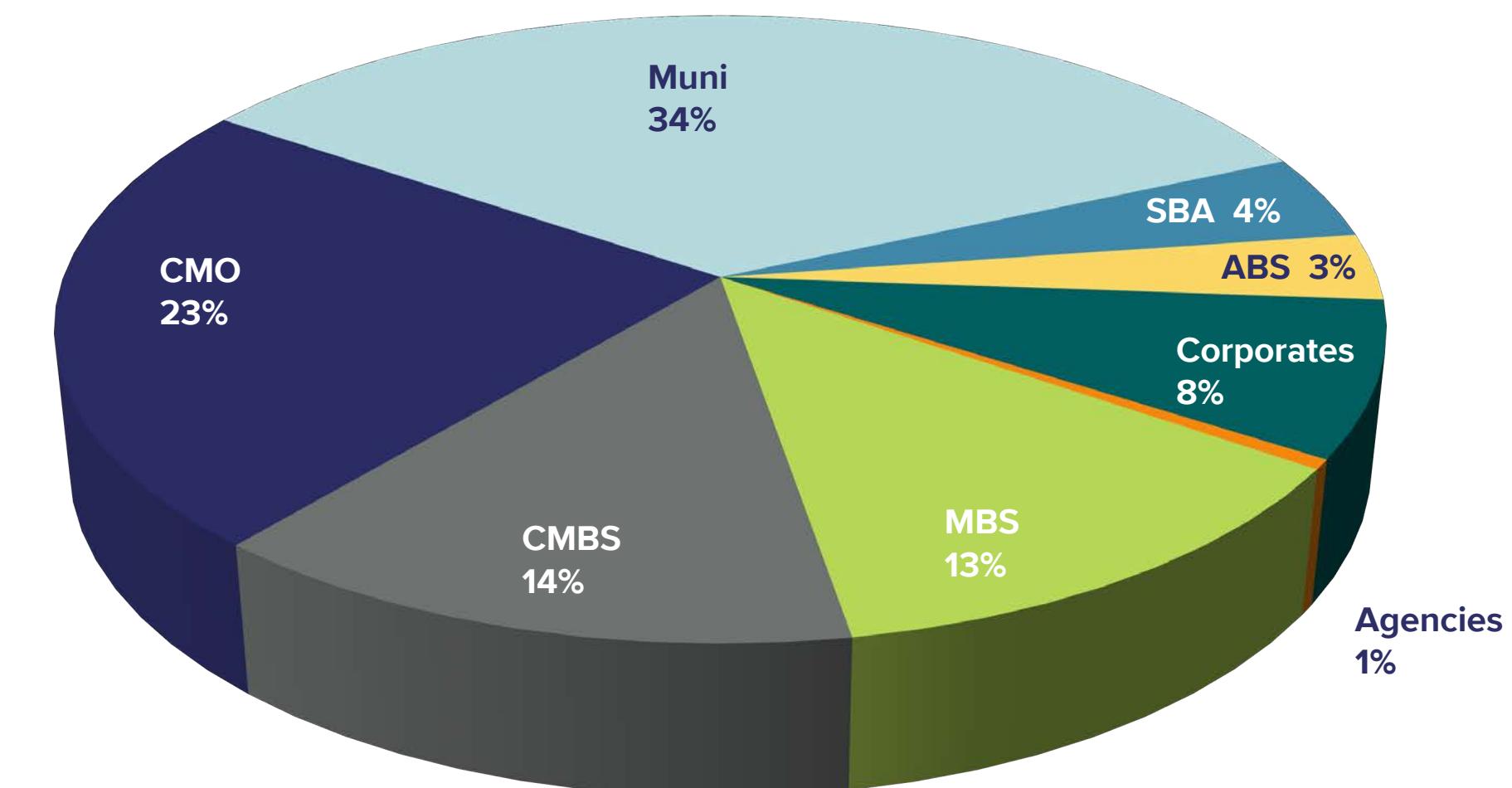
Top Ten (10) Relationships (Total Commitment)

\$ in thousands	For the Periods Ending			Change	% of Gross Loans	% of RBC
	12/31/2025	12/31/2024				
1. Hospitality, Agriculture & Energy	\$ 214,020	\$ 251,982	\$ (37,962)		5.52%	41.66%
2. Multifamily	58,610	58,871	(261)		1.51%	11.41%
3. Retail & Office	54,838	52,913	1,925		1.41%	10.67%
4. Office & Retail	51,560	40,462	11,098		1.33%	10.04%
5. Warehouse	47,969	49,661	(1,692)		1.24%	9.34%
6. Retail	47,619	44,511	3,108		1.23%	9.27%
7. Land & Self-Storage	47,392	43,004	4,388		1.22%	9.22%
8. Warehouse	46,687	44,577	2,110		1.20%	9.09%
9. Long-Term Care	46,199	46,199	—		1.19%	8.99%
10. Multifamily	44,842	36,972	7,870		1.15%	8.73%
Top Ten (10) Relationships	\$ 659,736	\$ 669,152	\$ (9,416)		17.00%	128.42%
Total Gross Loans	\$ 3,879,899	\$ 3,624,826	\$ 255,073			
% of Total Gross Loans	17.00 %	18.46 %	(1.46)%			
Concentration (25% of Risk Based Capital ("RBC"))	\$ 128,431	\$ 125,190				

Bond Portfolio

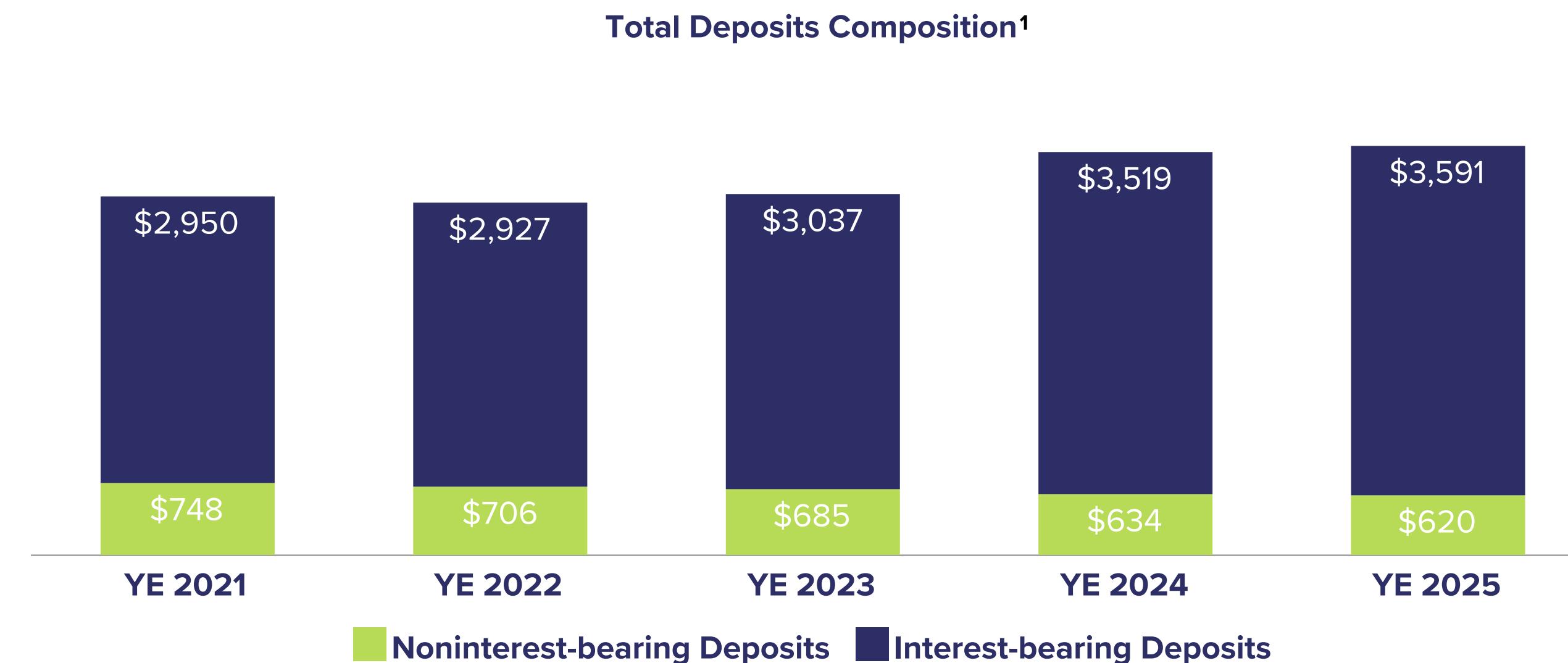
	12/31/2025			12/31/2024		
	\$ in thousands	Amortized Cost	Net Unrealized / Gains	Fair Value	Amortized Cost	Net Unrealized (Losses)/ Gains
U.S. Government Agency Securities	\$ 19,796	\$ (421)	\$ 19,375	\$ 27,634	\$ (684)	\$ 26,950
Residential Mortgage-Backed Securities	83,918	(7,145)	76,773	106,593	(10,440)	96,153
Commercial Mortgage-Backed Securities	25,438	(316)	25,122	22,233	(646)	21,587
Other Commercial Mortgage-Backed Securities	25,297	(1,043)	24,254	24,064	(2,094)	21,970
Asset Backed Securities	100,643	(5,846)	94,797	127,978	(9,457)	118,521
Collateralized Mortgage Obligations	168,749	(6,929)	161,820	158,610	(10,022)	148,588
States and Political Subdivisions	262,275	(28,051)	234,224	262,879	(41,698)	221,181
Corporate Notes	59,250	(4,003)	55,247	70,750	(7,300)	63,450
Total Debt Securities	\$ 745,366	\$ (53,754)	\$ 691,612	\$ 800,741	\$ (82,341)	\$ 718,400

- The bond portfolio is 100% available-for-sale.
- Our portfolio consists of 45.1% of securities issued by United States government sponsored entities and carry an implicit government guarantee.
- States and political subdivisions comprise 33.9% 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 December 31, 2025, the Company held 63.7% fixed rate and 36.3% floating rate securities.
- The material improvement in unrealized losses was largely due to bond maturities, amortizations and lower intermediate-term interest rates.
- Securities comprise 14.3% of total assets at December 31, 2025.
- Shorter maturity profile with an average life of 4.9 years; less interest rate risk with an effective duration of 3.73; and higher than peer book yield of 3.20%

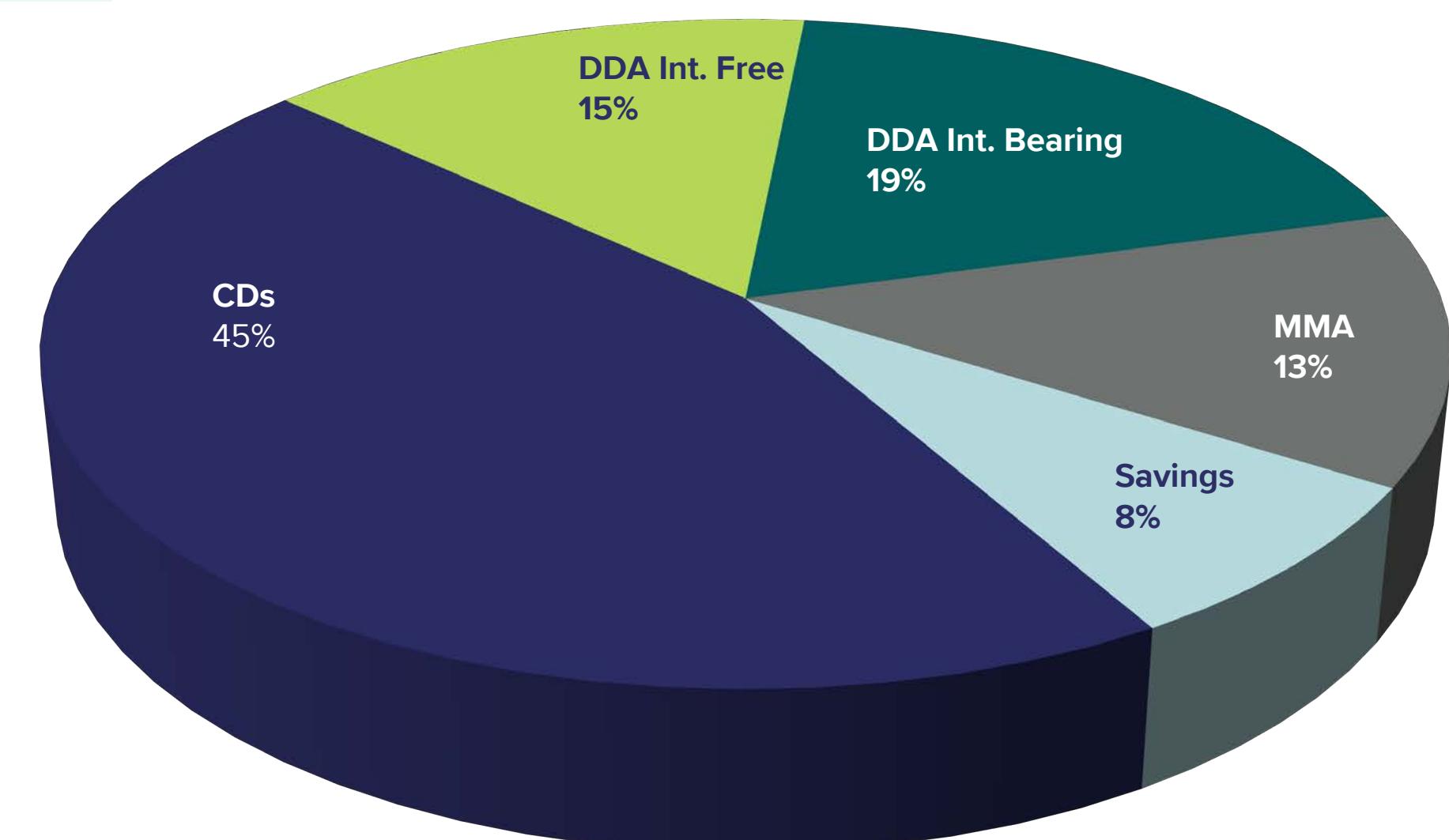


Deposit Composition

\$ in thousands	For the Period Ending			Variance	
	12/31/2025	9/30/2025	12/31/2024	Quarter	Year
Lifetime Free Checking	\$ 620,473	\$ 606,203	\$ 634,436	\$ 14,270	\$ (13,963)
Interest-Bearing Demand	808,171	809,527	726,947	(1,356)	81,224
Money Market	553,964	552,564	512,162	1,400	41,802
Savings	326,182	335,502	355,506	(9,320)	(29,324)
Certificates of Deposits	1,902,099	1,906,551	1,924,370	(4,452)	(22,271)
Total Deposits	\$ 4,210,889	\$ 4,210,347	\$ 4,153,421	\$ 542	\$ 57,468



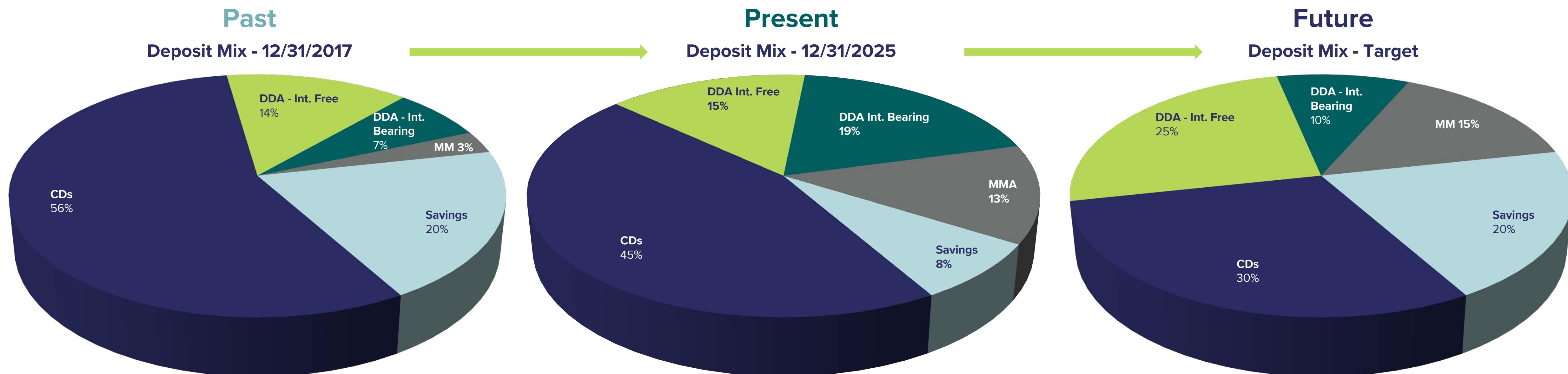
- Total deposits increased \$57.5M YoY
- Diversified and granular deposit base, approximately 78.2% Retail Customers
- Approximately 81.3% of Deposits, including Collateralized Muni deposits are FDIC Insured
- Partnership with IntraFi for available coverage over \$250K FDIC insured limit



Deposits

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

- Deposits currently stand at \$4.2B
- CD Portfolio (\$1.9B) is relatively short with 71.7% of the portfolio scheduled to mature within 12 months and 93.6% 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



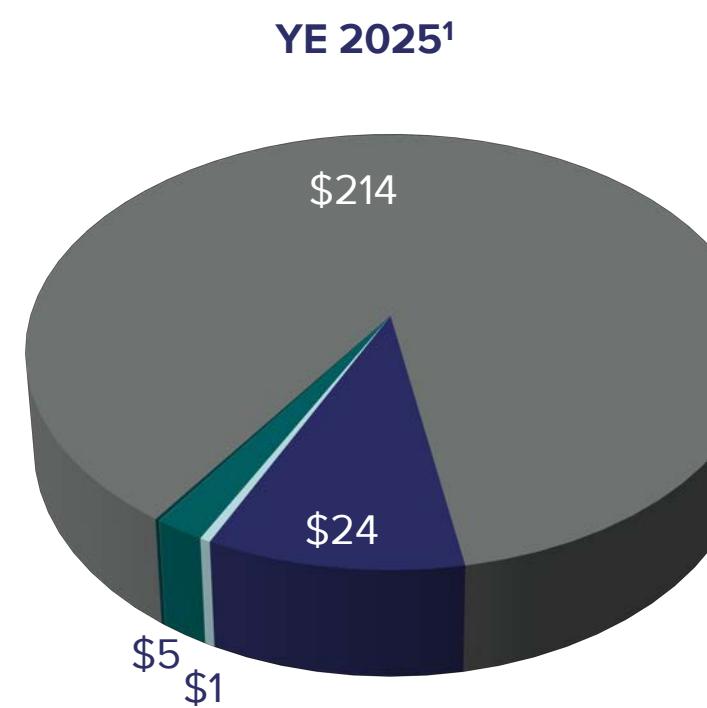
SECTION 03

Asset Quality

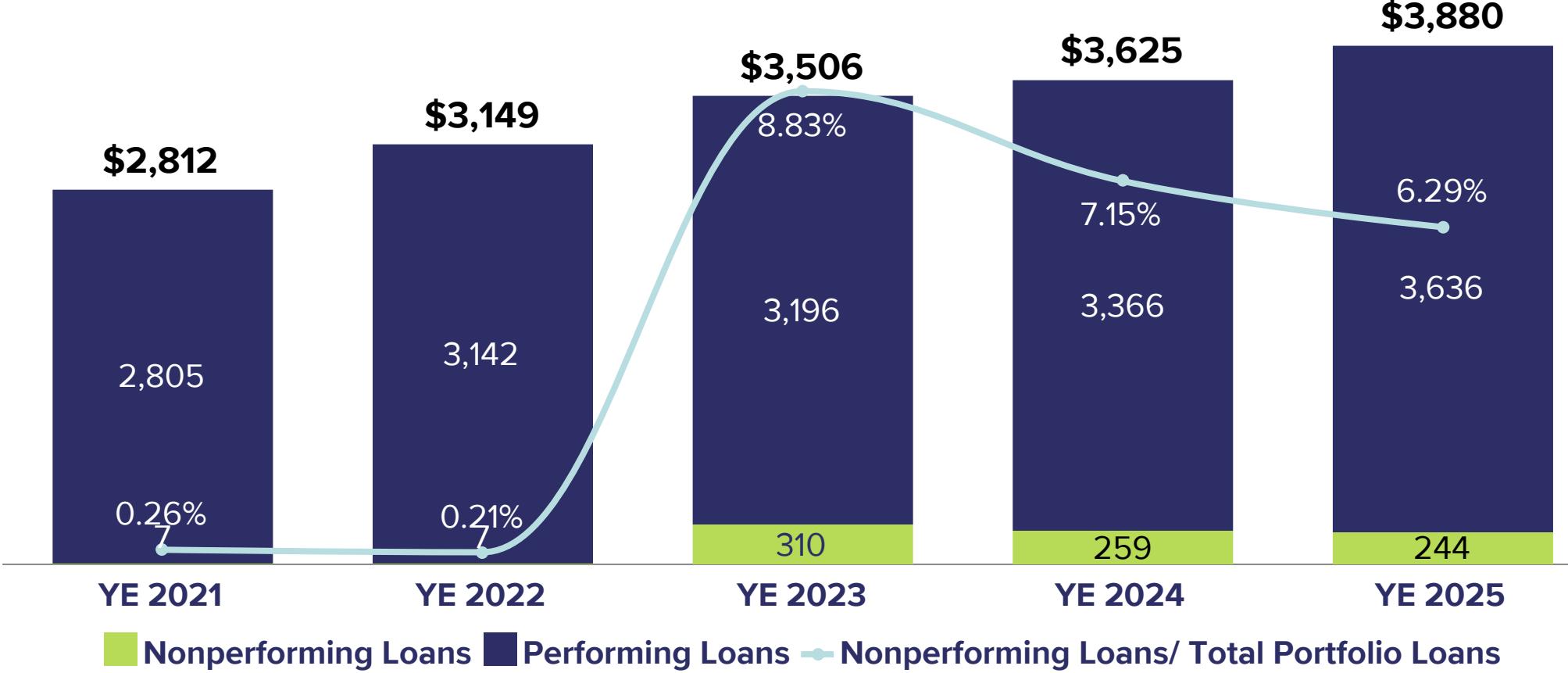
Asset Quality

Nonperforming Loan Breakdown

	YE 2021	YE 2022	YE 2023	YE ¹ 2024	YE ¹ 2025
NPL					
CRE	\$ 3	\$ 2	\$ 1	\$ 1	\$ 24
C&I	1	—	—	1	1
Res. Mtg.	1	1	4	5	5
Other Consumer	2	4	—	—	—
Construction	—	—	3	—	—
Other	—	—	302	252	214
Total NPL	\$ 7	\$ 7	\$ 310	\$ 259	\$ 244

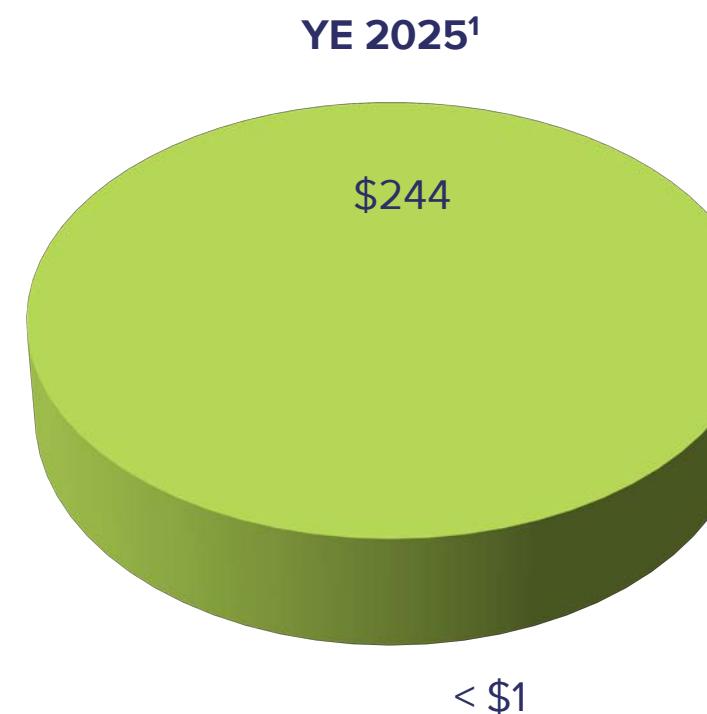


Nonperforming Loans / Total Portfolio Loans

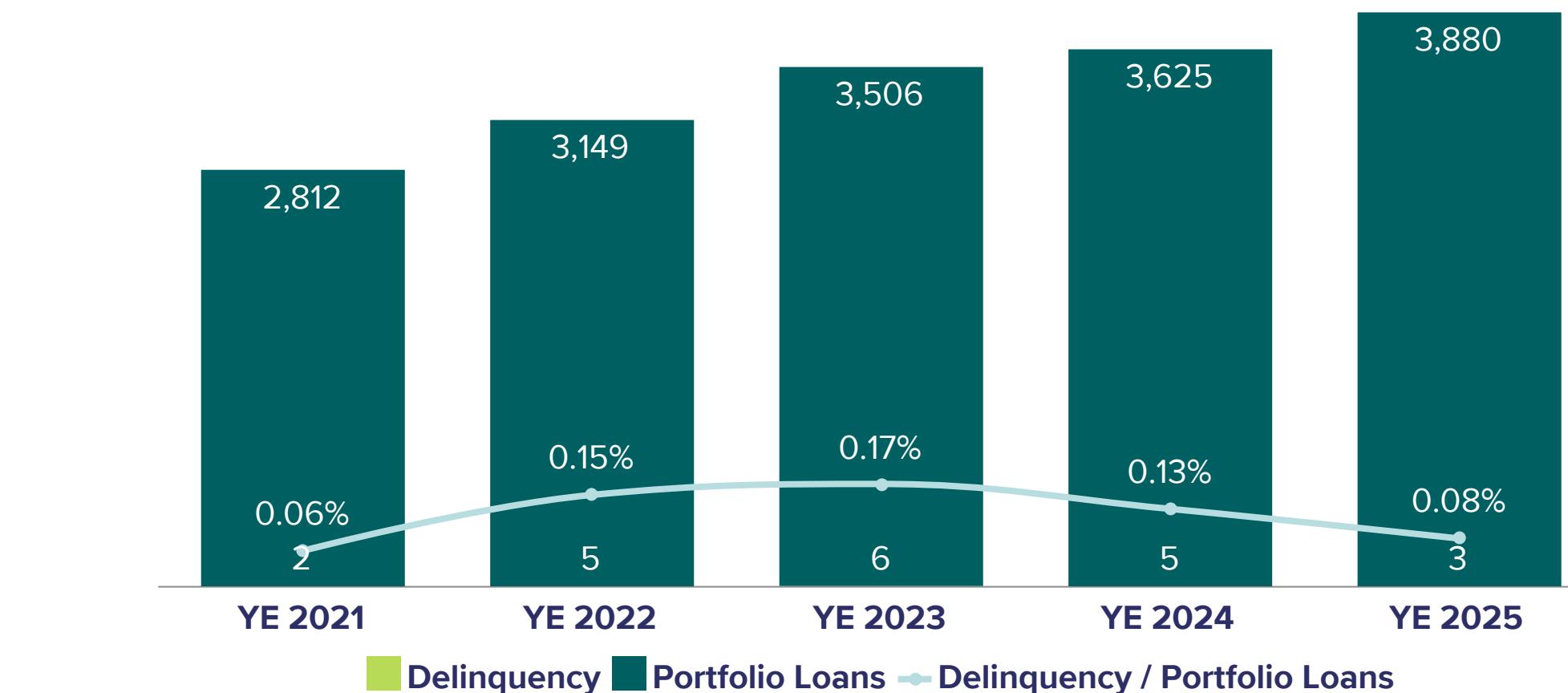


Nonperforming Assets

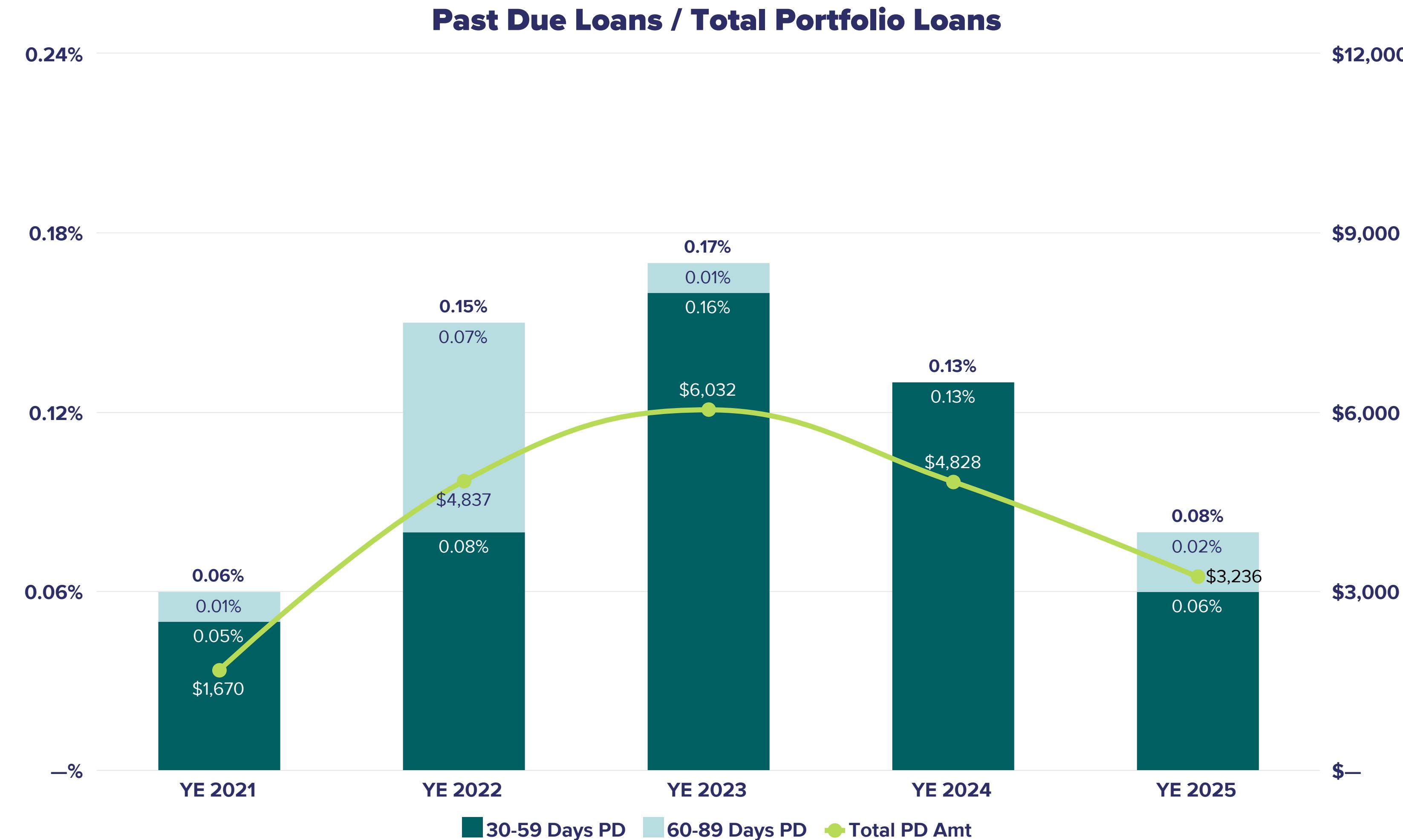
	YE 2021	YE 2022	YE 2023	YE 2024	YE 2025
NPA					
NPLs	\$ 7	\$ 7	\$ 310	\$ 259	\$ 244
OREO	11	8	2	1	—
Total NPA	\$ 18	\$ 15	\$ 312	\$ 260	\$ 244



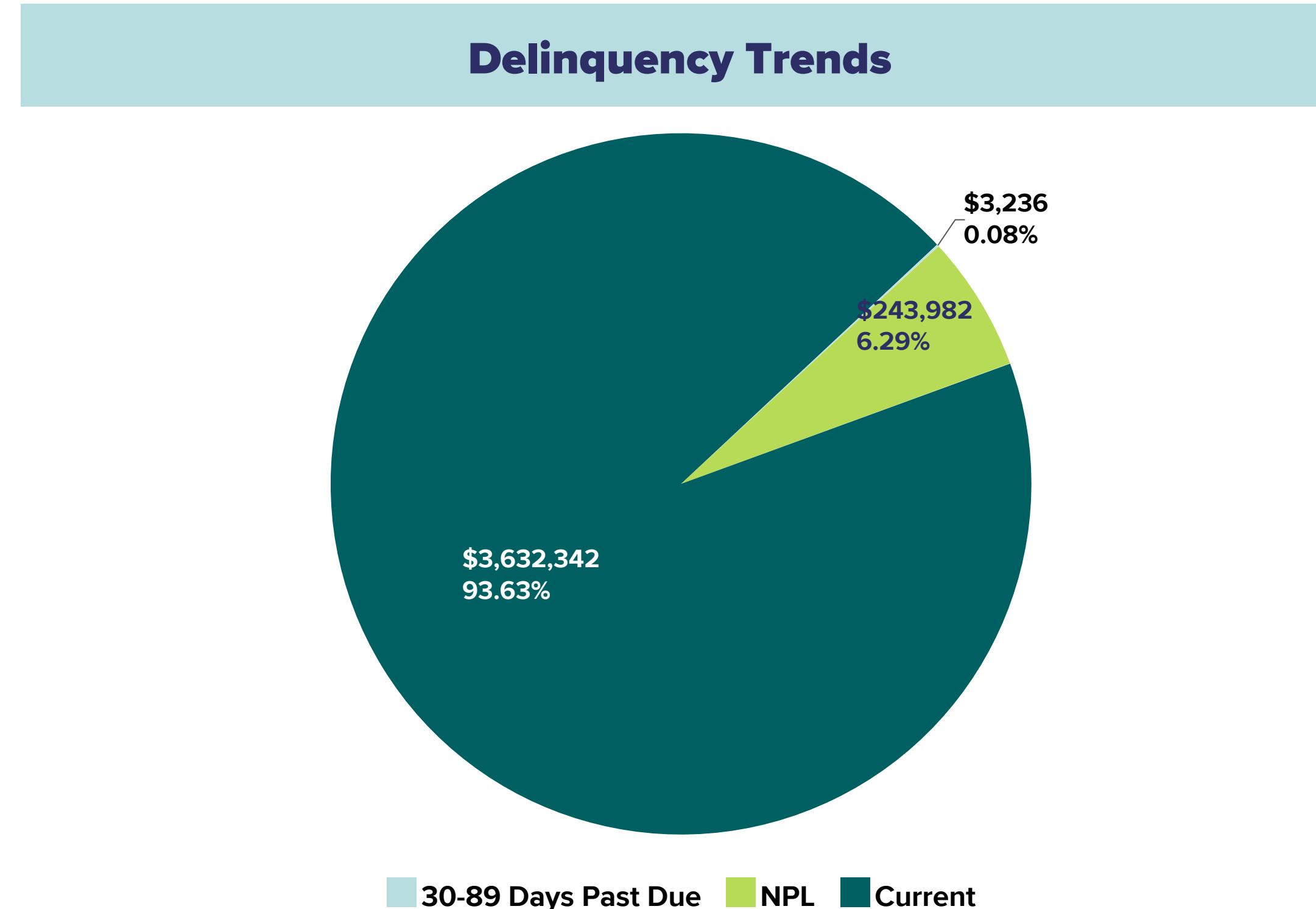
Delinquency / Portfolio Loans



Delinquency Trends



Delinquency Trends



\$ in thousands	December 31, 2025			
	Current	30-89 Days Past Due	NPL	Total Portfolio Loans
Commercial Real Estate	\$ 2,090,450	\$ 3	\$ 23,861	\$ 2,114,314
Commercial and Industrial	230,749	159	1,013	231,921
Residential Mortgages	815,619	1,899	4,623	822,141
Other Consumer	28,124	267	25	28,416
Construction	464,265	908	440	465,613
Other ¹	3,135	—	214,020	217,155
Total	\$ 3,632,342	\$ 3,236	\$ 243,982	\$ 3,879,560

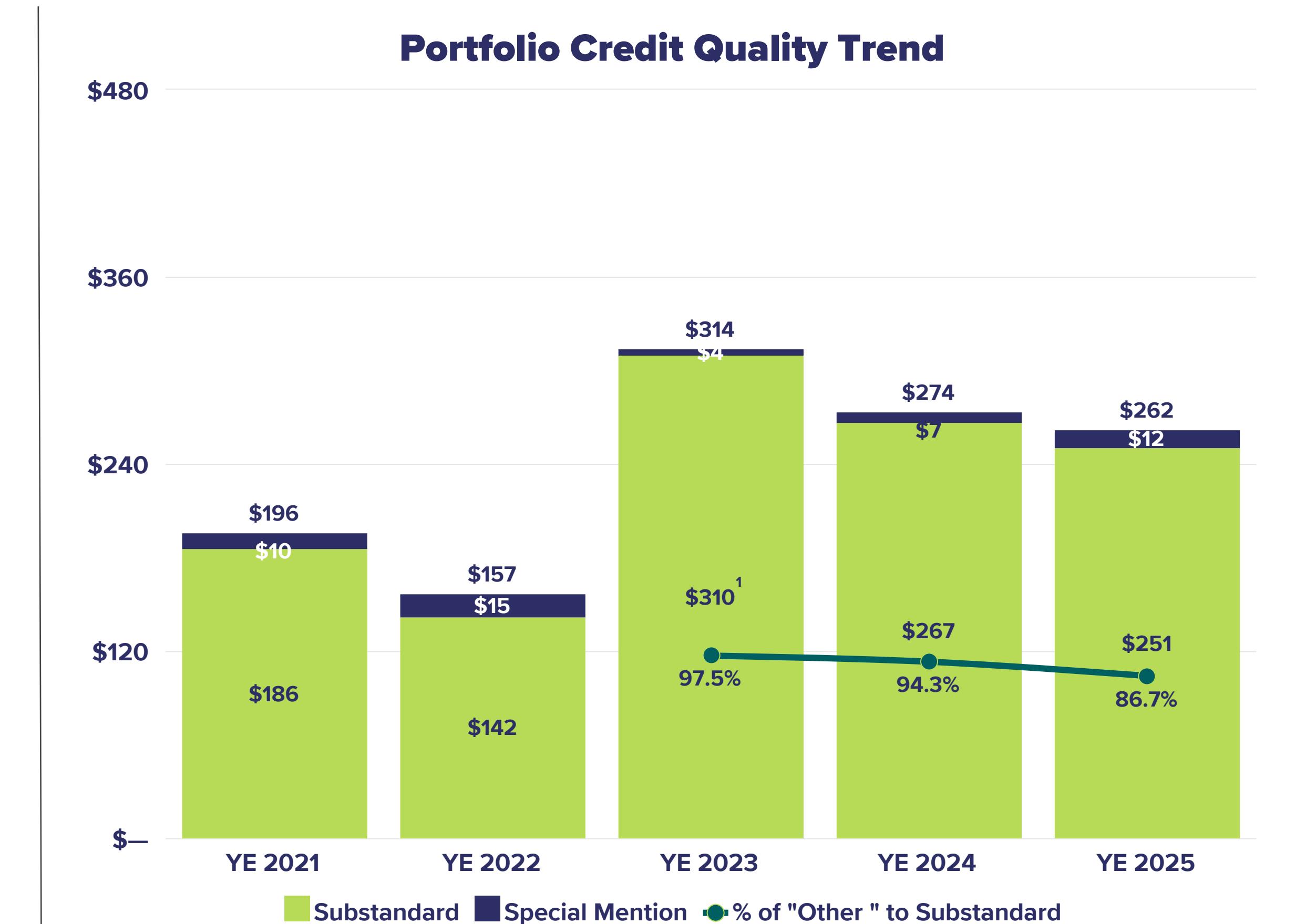
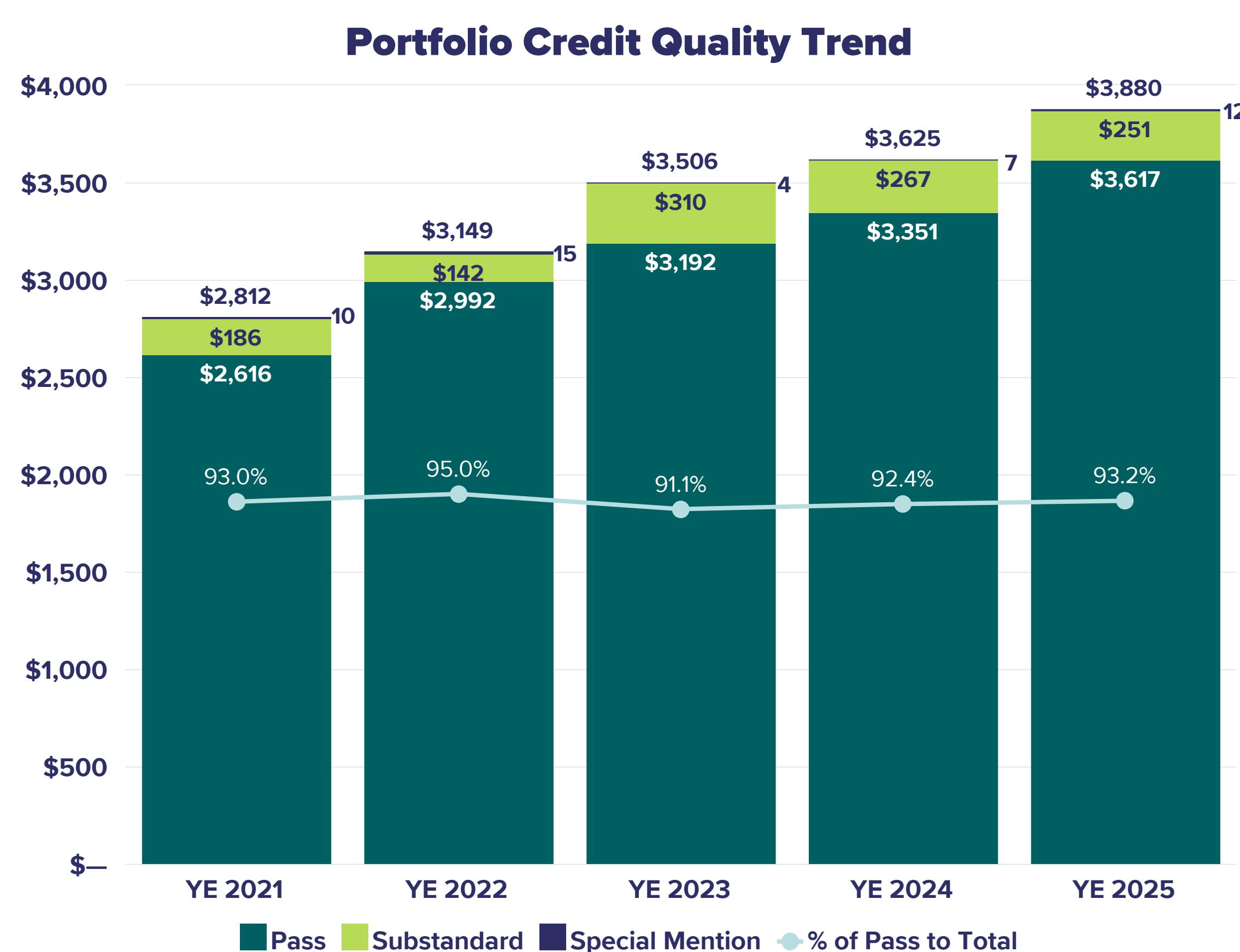
COMMENTARY:

- The \$214.0M commercial loans placed in "other" which comprises the largest lending relationship represents 87.7% of the total nonperforming loans
- Excluding the largest lending relationship, the YE 2025 NPL ratio to peers (0.77% vs 0.71%) and the delinquency ratio to peers (0.08% vs 0.37%)

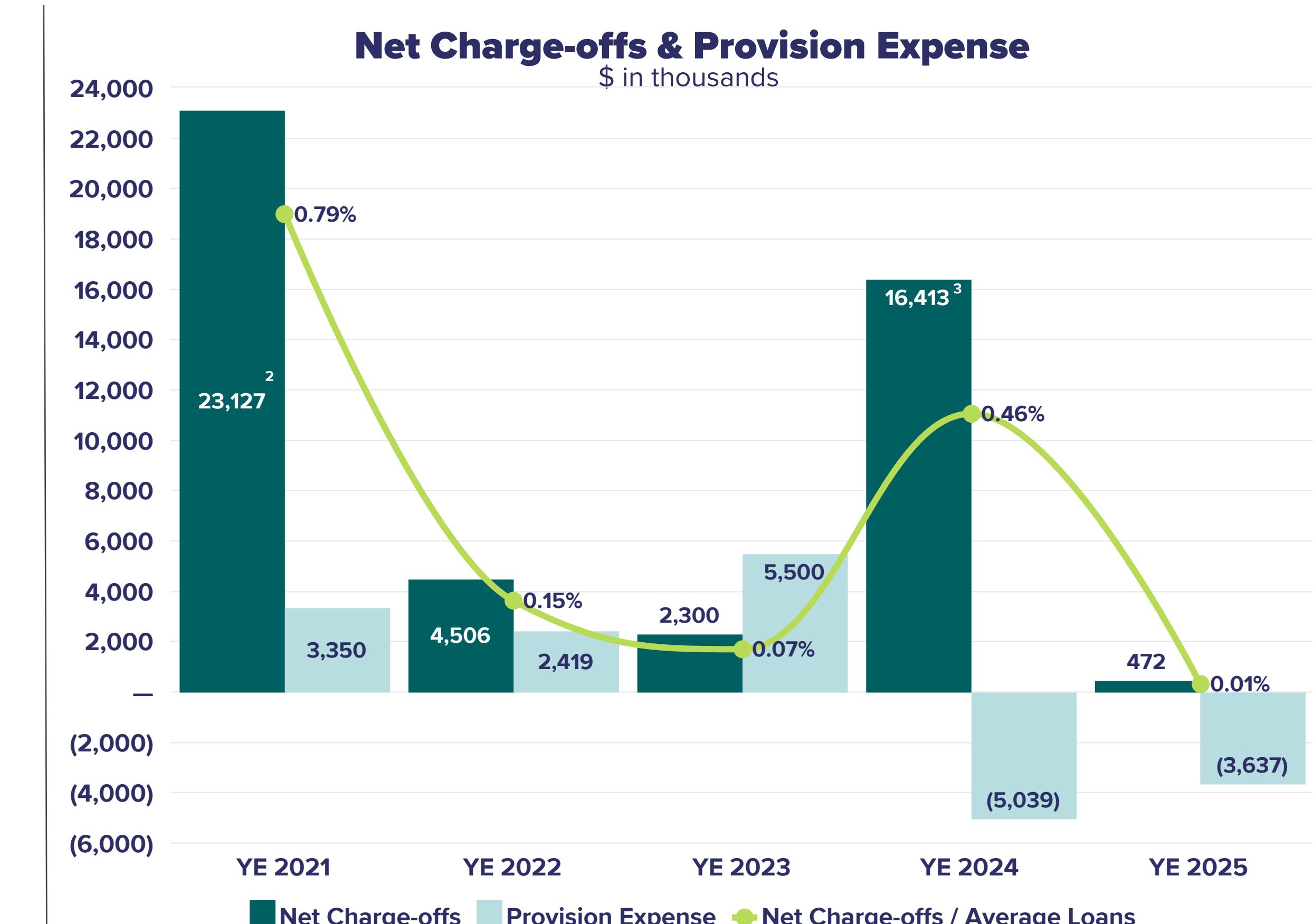
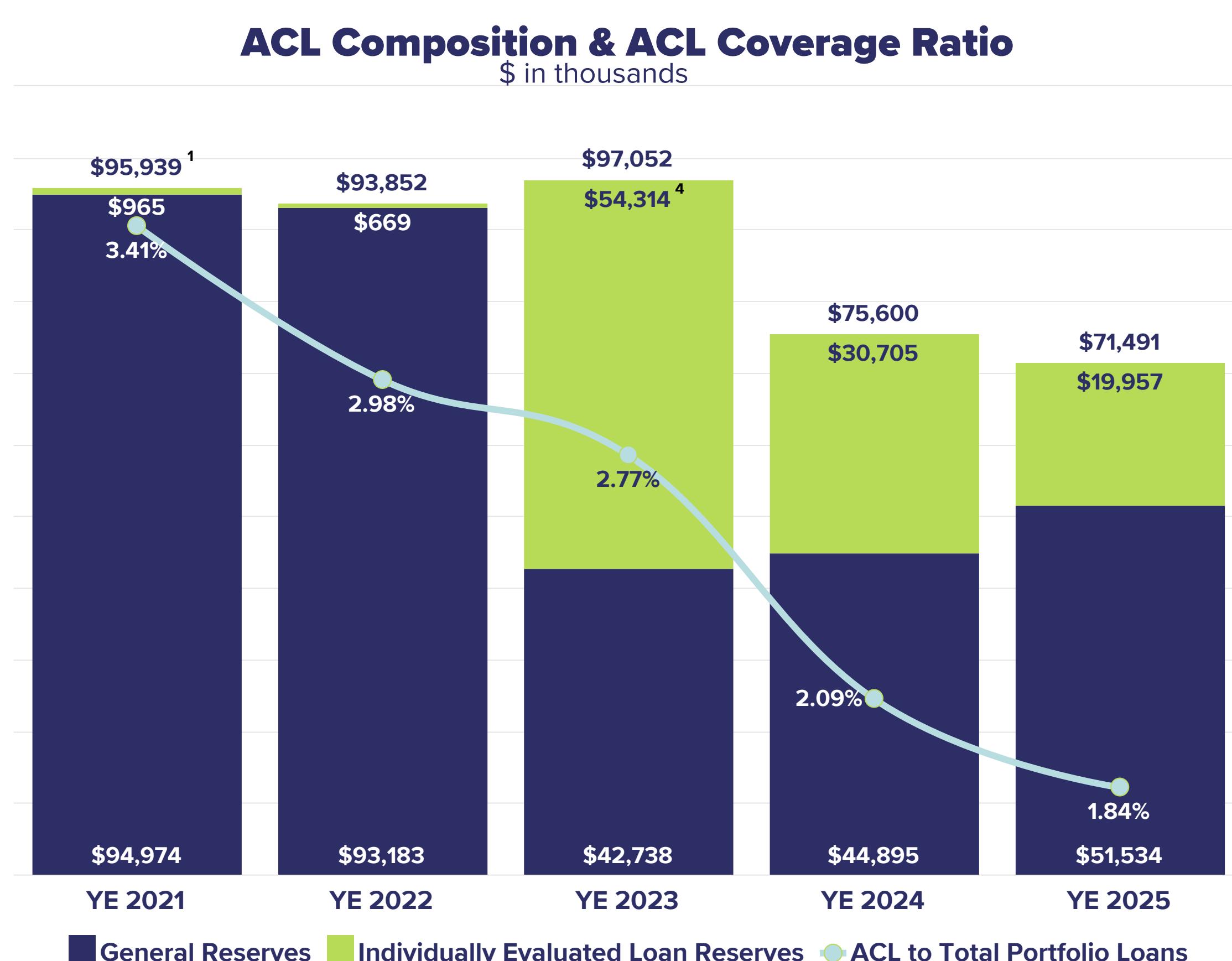
Nonperforming Relationships

\$ in thousands	Nonaccrual Balance		Change	Comments
	12/31/2025	12/31/2024		
1. Other ^{1,2}	\$ 214,020	\$ 251,982	\$ (37,962)	Other
2. CRE	14,321	—	14,321	Office Building
3. CRE	9,495	—	9,495	Commercial Warehouse Property
4. Residential Construction	2,018	2,053	(35)	Residential Mortgage Loan
5. Commercial & Industrial	915	1,026	(111)	Purchase Business Equipment
6. Residential	—	527	(527)	Residential Mortgage Loan
7. CRE	—	419	(419)	Commercial Property
Subtotal: Top Nonaccrual Loans	\$ 240,769	\$ 256,007	\$ (15,238)	
Total Nonaccrual Loans	\$ 243,982	\$ 259,349	\$ (15,367)	
Top Nonaccrual Loans / Total Nonaccrual Loans	98.68%	98.71%	(0.03)%	
Total Portfolio Loans	\$ 3,879,560	\$ 3,624,826	\$ 254,734	
Total Nonaccrual Loans / Total Portfolio Loans	6.29%	7.15%	(0.86)%	
Total Nonaccrual Loans excluding "Other" ¹ / Total Portfolio Loans	0.77%	0.20%	0.57%	

Loan Portfolio - Risk Ratings



Net Charge-offs & Provision Expense



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.

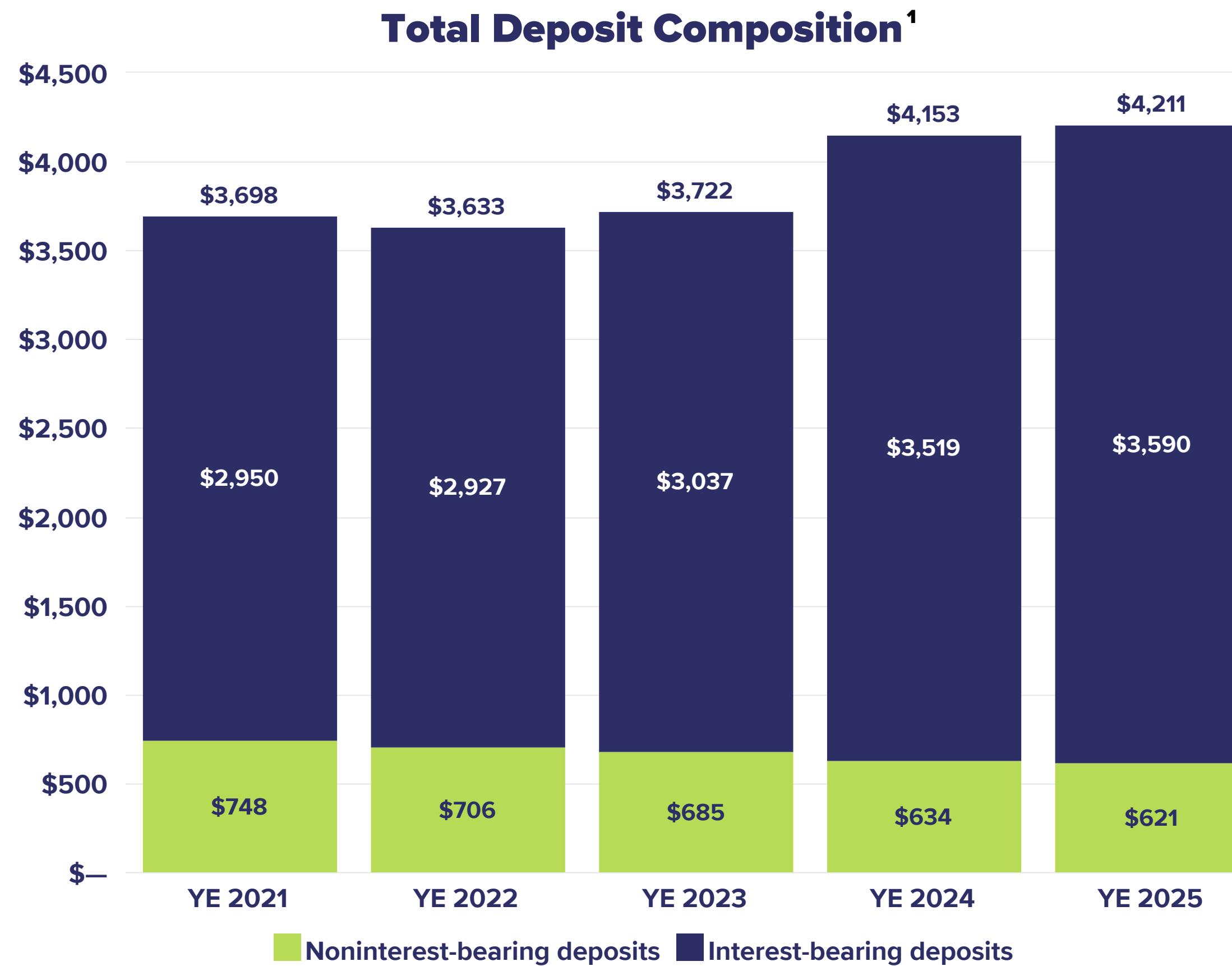
³ YTD Net charge-offs for YE 2024 consist of a \$15.0 million principal charge-off related to the Other segment of the loan portfolio.

⁴ The individually evaluated loans 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.

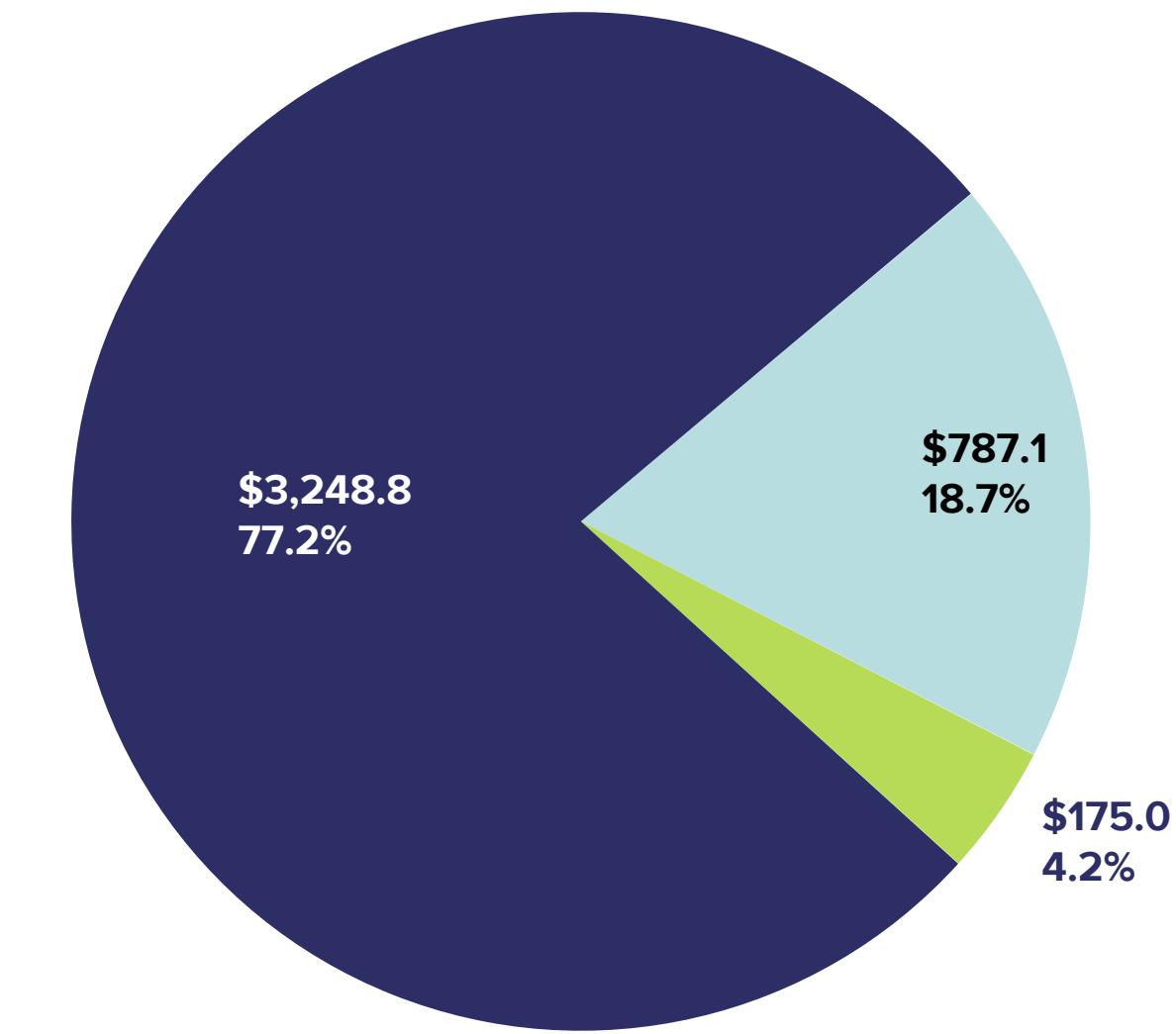
SECTION 04

Deposit Mix

Deposits



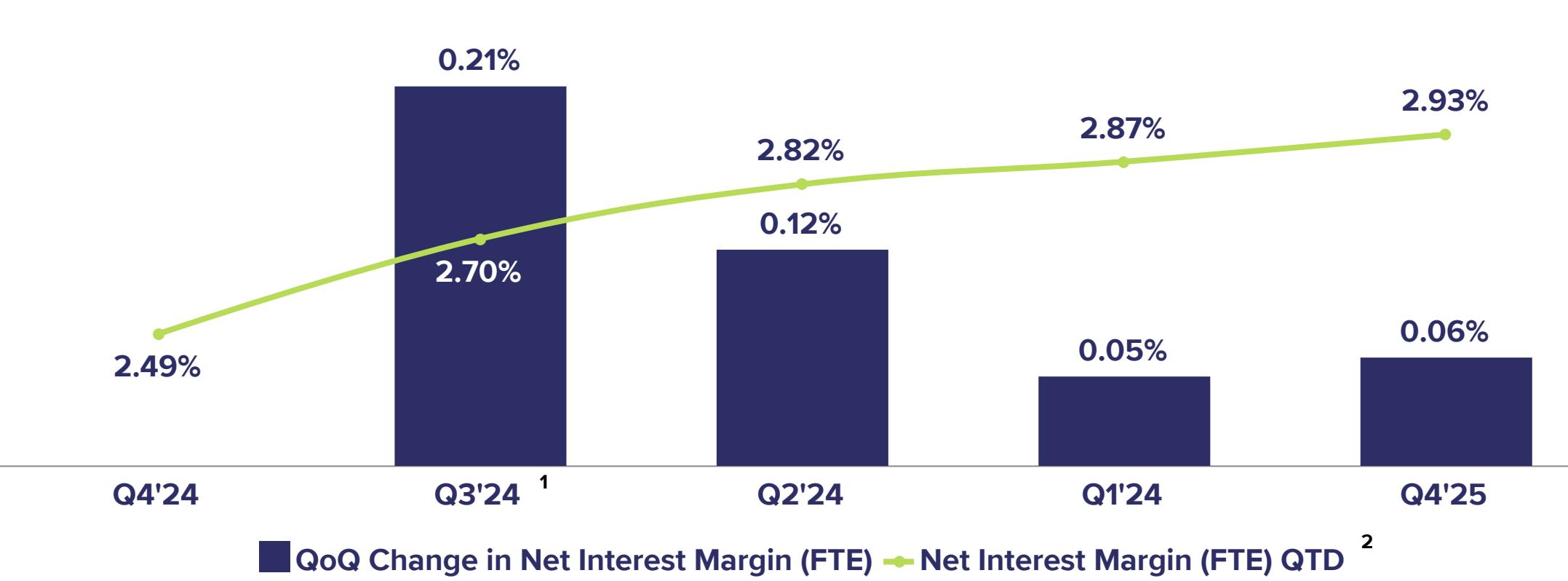
Insured/Uninsured Deposits



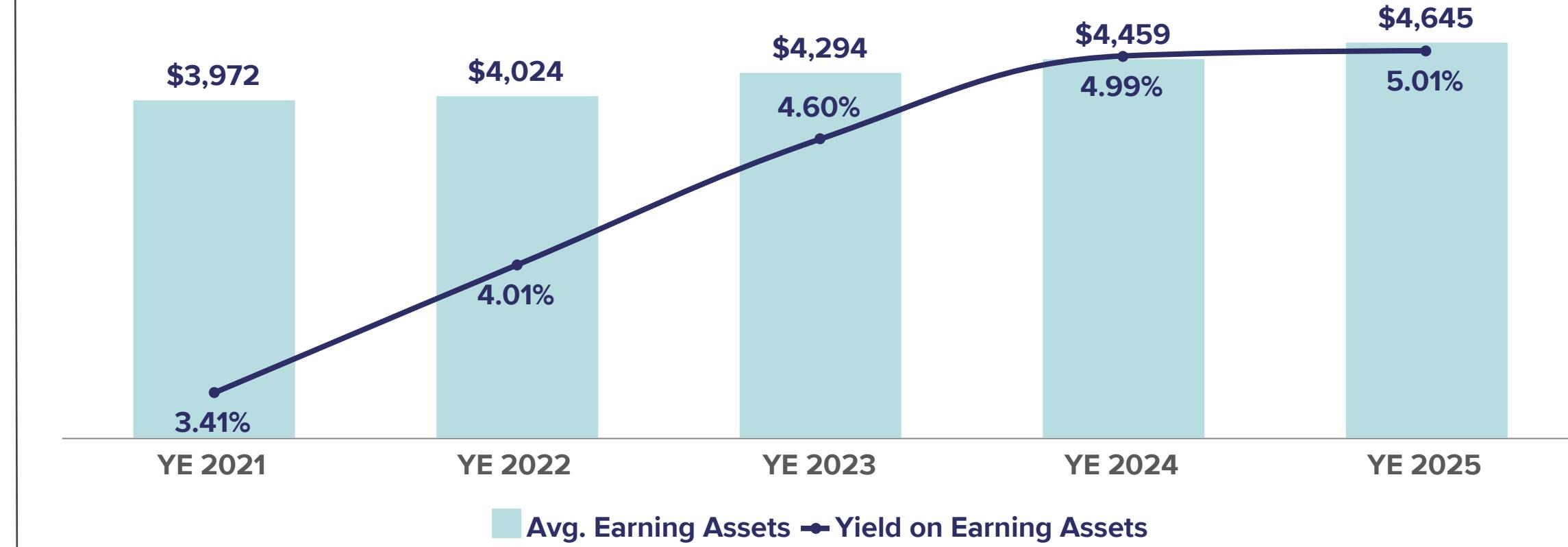
- Well-diversified deposit base of 118,400 customers
 - average commercial deposit account balance is \$50.1K
 - average retail deposit account balance is \$16.6K
- Deposit mix of 78.2% Consumer / 21.8% Business
- At December 31, 2025, the Bank had no deposit relationships greater than, or equal to, 2.0% of total deposits.
- Partnership with IntraFi for available coverage over \$250K FDIC insured limit.

Net Interest Income

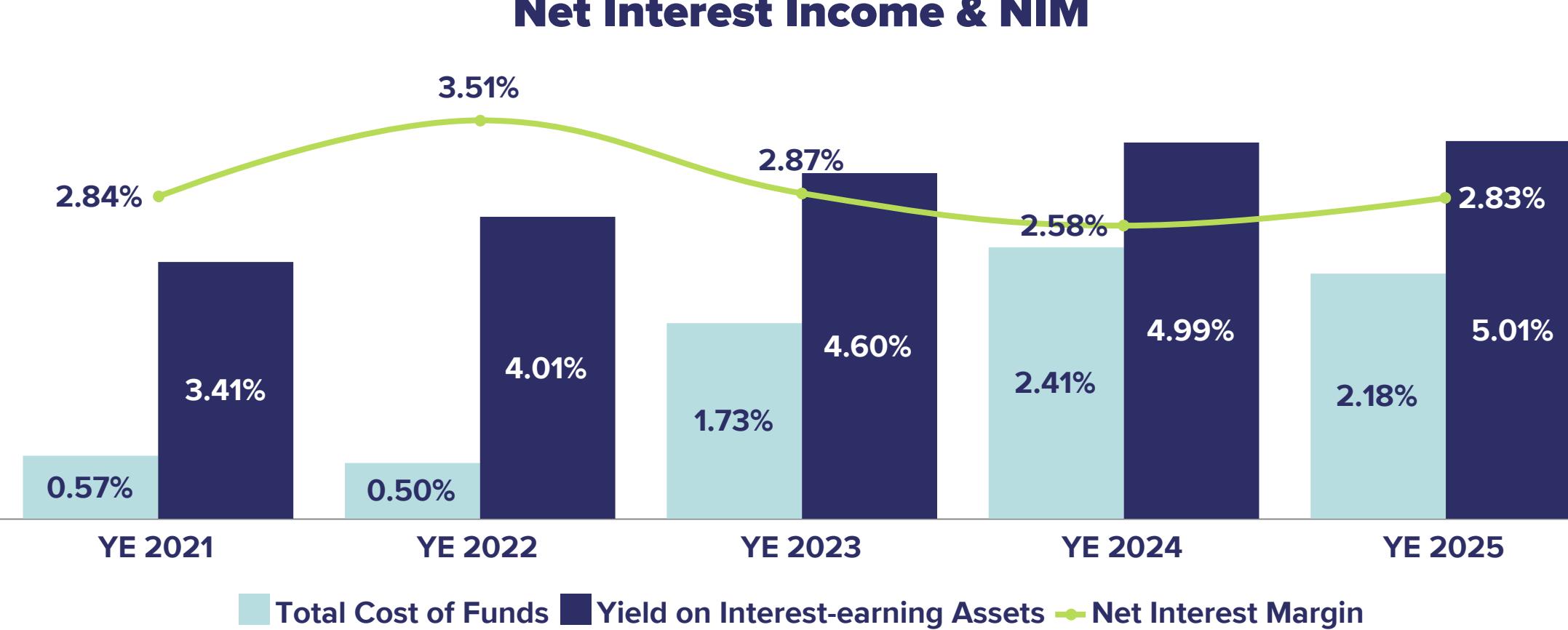
QTD Net Interest Margin (FTE) Trends



Avg. Earning Assets & Yield



Net Interest Income & NIM



Avg. Interest-Bearing Liabilities & Costs

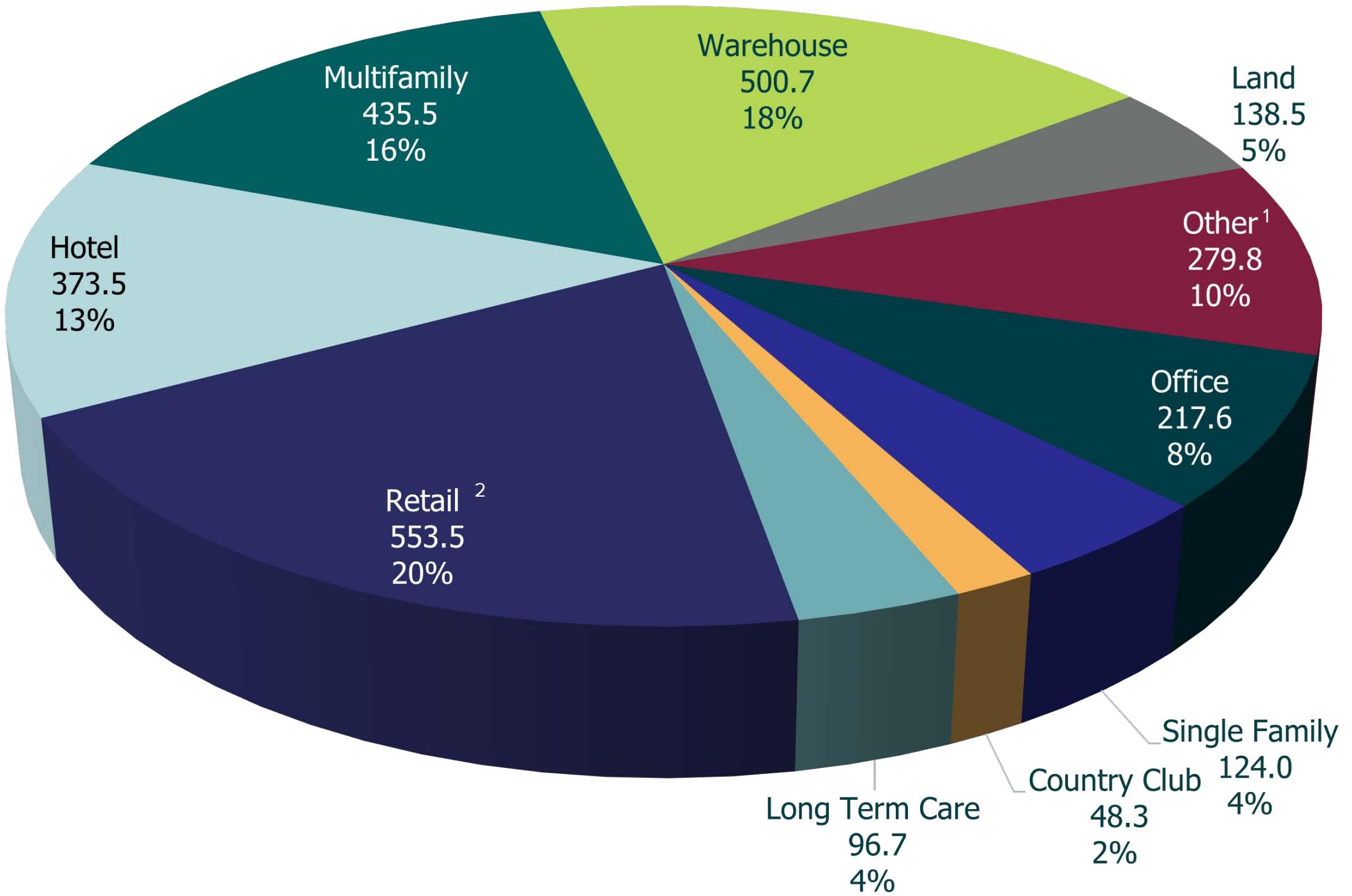


SECTION 05

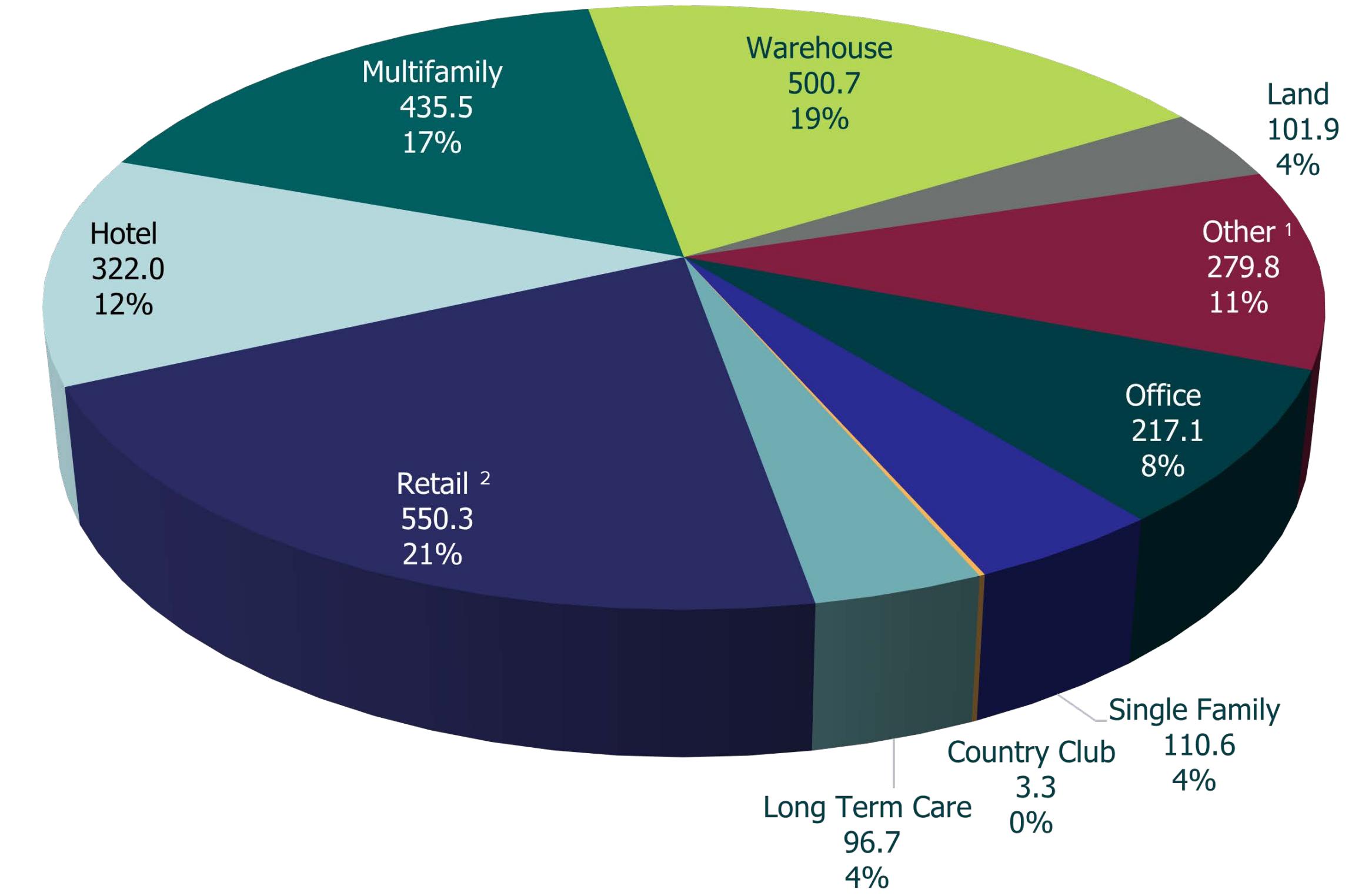
Commercial Loans

CRE Segment Overview

Total CRE: \$2,768.1



Total CRE, excluding "Other": \$2,617.9



Hospitality Metrics

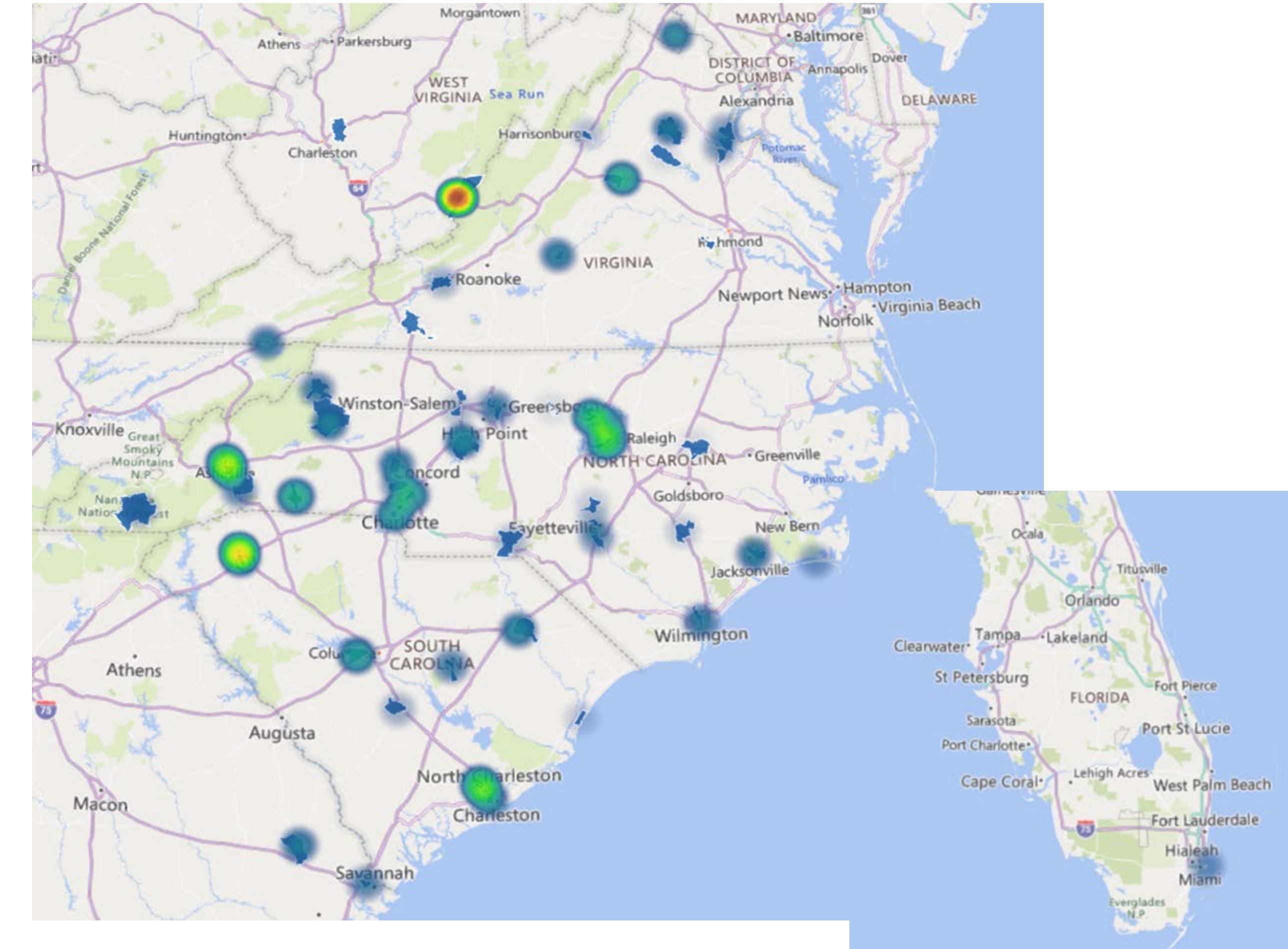
- Total portfolio balance \$373.5M
- Geographic diversification (see map)
- Mean loan size in portfolio \$6.8M¹
- Median of loans in portfolio \$4.3M¹
- The largest loan in portfolio \$51.6M¹
- 23.90% are under construction¹
- Top 10 borrowers make up 43.81% of the total hospitality commitment¹
- No delinquent loans in the hospitality portfolio¹
- There are 11.60%* loans in the hospitality portfolio that are adversely classified or NPL¹
- 91.56% of hospitality portfolio is funded¹

AVERAGE

4.79
RISK RATING

52.4%
LTV

\$106K
DEBT/KEY

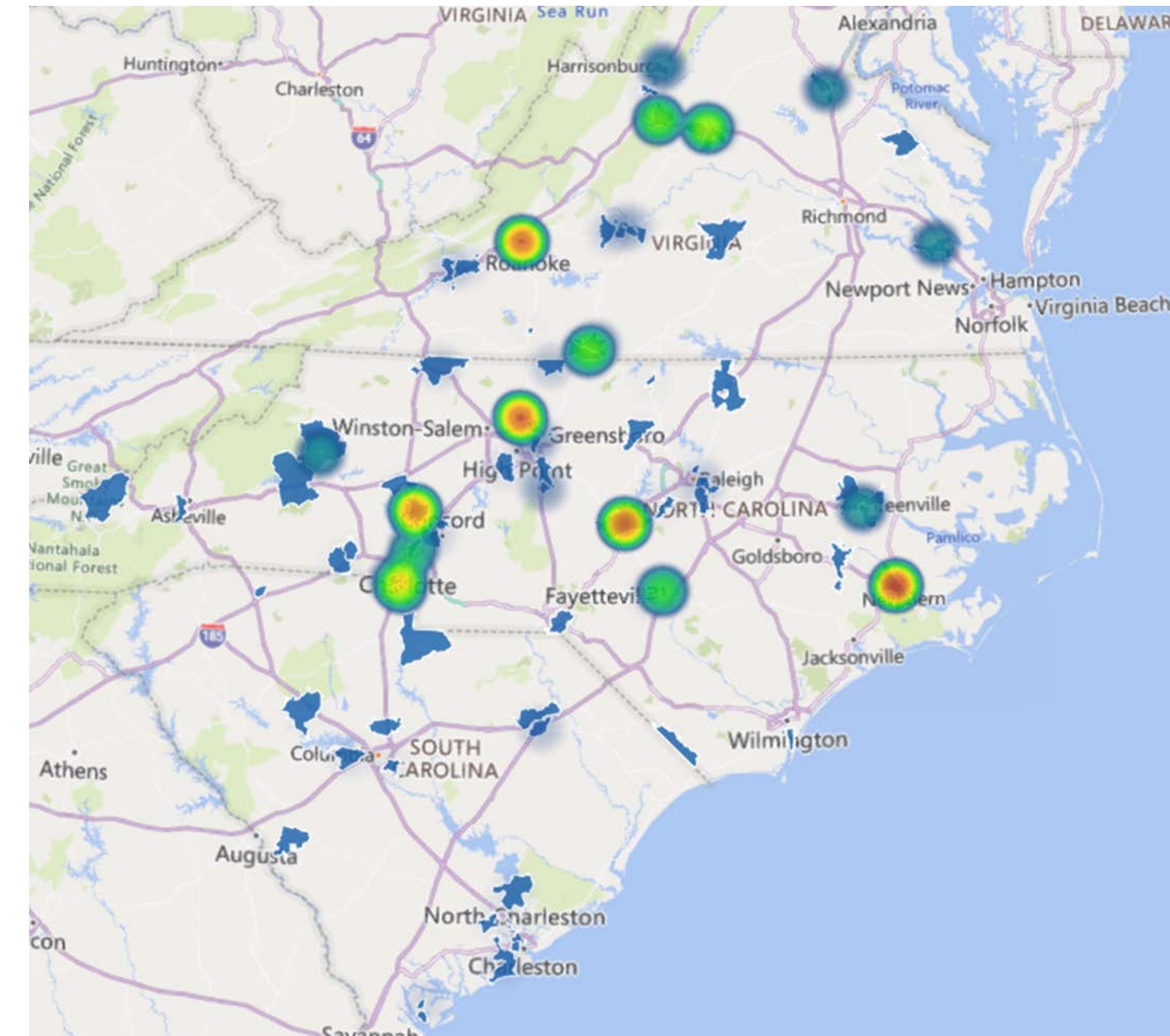
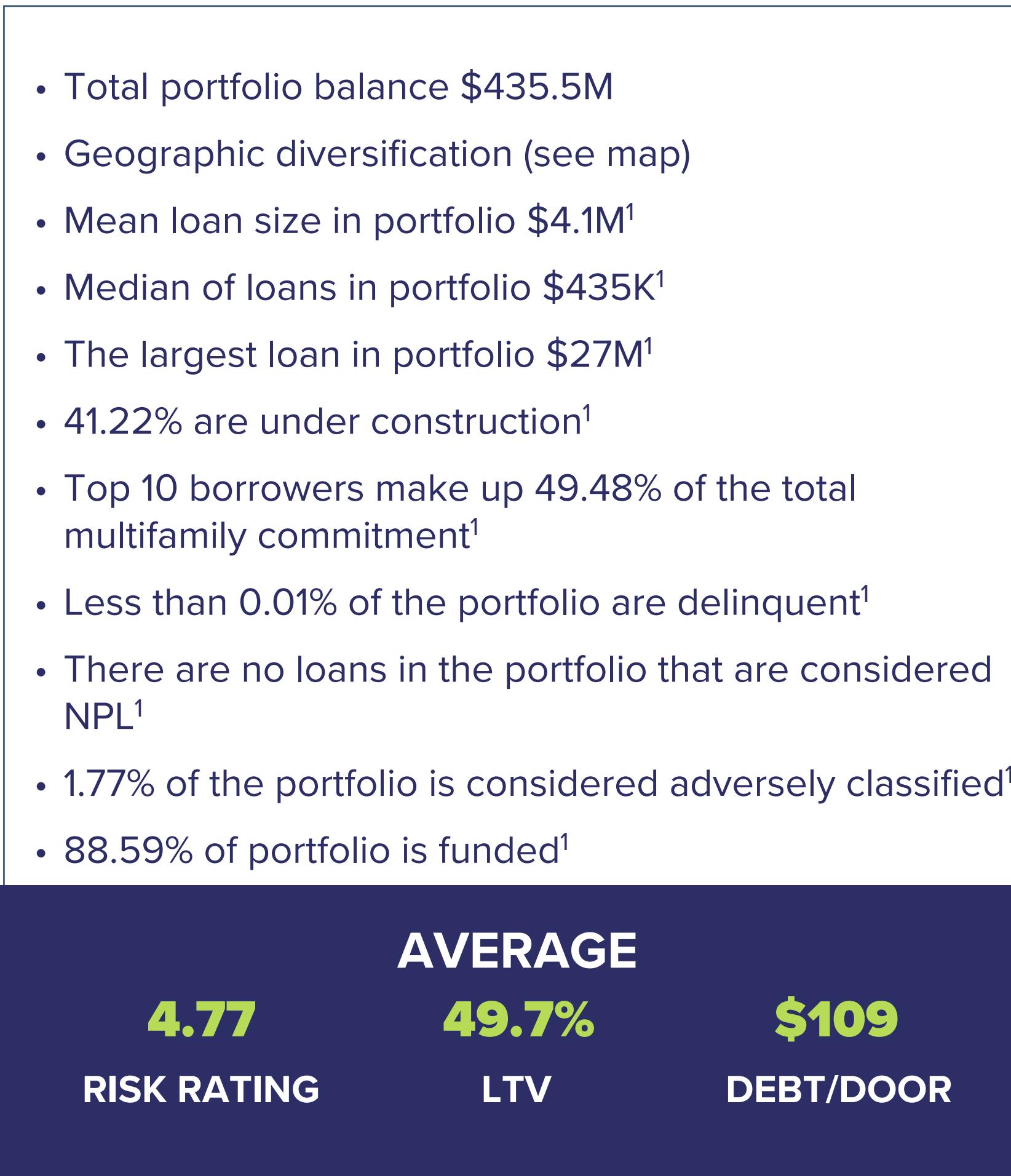


Hospitality Metrics

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	\$ 133,596	35.8%	\$ 181,173	60.2%	\$ 7,859	\$ 118
IHG	65,825	17.6%	67,881	55.8%	5,063	74
Upscale Independent/Boutique	55,660	14.9%	55,660	25.3%	27,830	82
Marriott	50,349	13.5%	71,705	52.9%	7,193	127
Independent	25,715	6.9%	25,715	47.9%	4,286	222
Wyndham	22,261	6.0%	22,261	55.2%	2,226	39
Radisson	10,150	2.7%	10,150	48.4%	2,537	35
Best Western	5,336	1.4%	5,336	39.9%	1,779	19
Choice	4,655	1.2%	4,655	43.6%	1,552	26
Hospitality Totals	\$ 373,547	100.0%	\$ 444,536	52.4%	\$ 6,703	\$ 106

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	\$ 221,323	59.2%	\$ 269,702	56.2%	\$ 5,398	\$ 114
South Carolina	55,932	15.0%	66,922	58.2%	6,215	103
West Virginia	55,492	14.9%	55,492	24.2%	18,497	69
Virginia	30,818	8.2%	42,438	55.7%	3,082	120
Georgia	9,982	2.7%	9,982	52.7%	4,991	58
Hospitality Totals	\$ 373,547	100.0%	\$ 444,536	52.4%	\$ 7,637	\$ 106

Multifamily Metrics



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	\$ 379,810	87.2%	\$ 516,138	49.5%	\$ 4,869	\$ 116
Student	48,426	11.1%	48,426	57.5%	6,909	52
Participations in Affordable Housing	7,237	1.7%	7,237	10.6%	154	4
Other ¹	—	—%	50	—%	—	—
Multifamily Totals	\$ 435,473	100.0%	\$ 571,851	49.7%	\$ 2,983	\$ 109

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	\$ 194,937	44.8%	\$ 323,938	49.1%	\$ 3,304	\$ 130
Virginia	146,543	33.6%	153,920	47.8%	3,331	81
South Carolina	45,567	10.5%	45,567	51.7%	1,899	118
Student Housing						
Virginia	46,665	10.7%	46,665	57.8%	5,833	54
North Carolina	1,761	0.4%	1,761	48.9%	1,761	8
Multifamily Totals	\$ 435,473	100.0%	\$ 571,851	49.7%	\$ 3,225	\$ 109



Retail Metrics

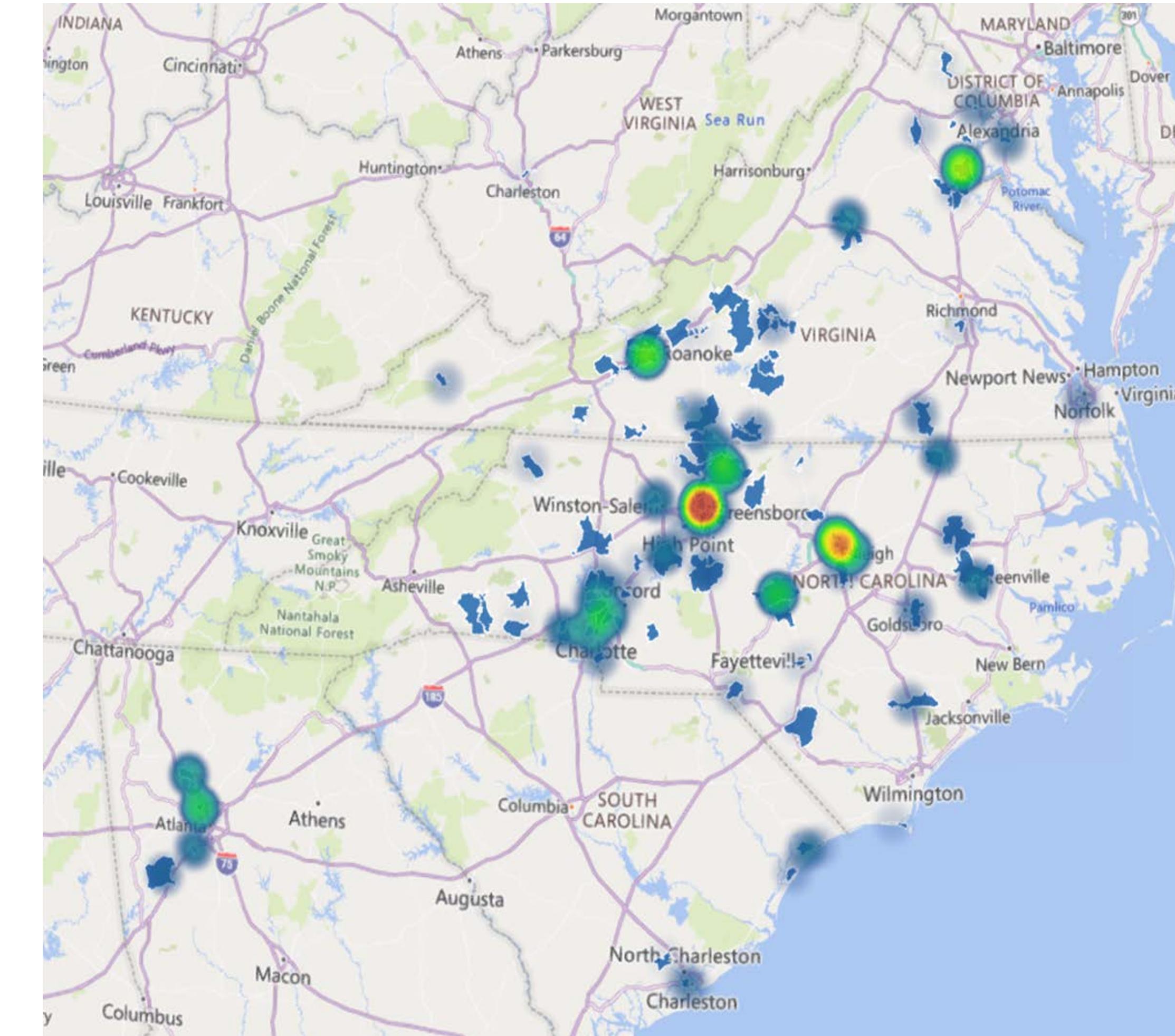
- Total portfolio balance \$519.9M**
- Geographic diversification (see map)
- Mean loan size in portfolio \$3.1M¹
- Median of loans in portfolio \$1.4M¹
- The largest loan in portfolio \$27M¹
- 13.16% are under construction¹
- Top 10 borrowers make up 34.19% of the total retail commitment¹
- There are no loans in the portfolio that are delinquent¹
- Less than 0.01% of this portfolio are considered adversely classified¹
- Less than 0.01% are in NPL status¹
- 95.09% of retail portfolio is funded¹

AVERAGE

4.33
RISK RATING

70.0%
LTV

\$148
DEBT/SQ FT



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	\$ 259,548	49.9%	\$ 283,215	84.3%	\$ 4,991	\$ 143
Unanchored Strip Centers	141,578	27.2%	159,573	53.7%	2,178	168
Outparcels/Single Tenant	80,537	15.5%	83,859	56.4%	1,438	154
Power Centers ²	34,690	6.7%	35,321	61.7%	6,938	94
Big Box	3,503	0.7%	3,503	60.3%	1,168	46
Retail Totals¹	\$ 519,856	100.0%	\$ 565,471	70.0%	\$ 3,343	\$ 148

Category	Retail Portfolio Balance	Percentage of Total Balance	Retail Commitment Balance	Weighted Avg. Commitment LTV	Avg. GL Balance Size
North Carolina	\$ 312,408	60.1%	\$ 353,383	74.6%	\$ 3,188
Virginia	98,645	19.0%	99,699	64.4%	1,794
South Carolina	39,702	7.6%	43,288	56.5%	2,481
Georgia	33,529	6.5%	33,529	61.7%	4,790
Maryland	15,266	2.9%	15,266	60.9%	7,633
Ohio	10,392	2.0%	10,392	57.4%	10,392
Florida	9,561	1.8%	9,561	74.1%	9,561
West Virginia	353	0.1%	353	42.8%	353
Retail Totals¹	\$ 519,856	100.0%	\$ 565,471	70.0%	\$ 5,024

Office Metrics

- Total portfolio balance \$217.6M
- Geographic diversification (see map)
- Mean loan size in portfolio \$1.8M¹
- Median of loans in portfolio \$496K¹
- The largest loan in portfolio \$20M¹
- 1.67% are under construction¹
- Top 10 borrowers make up 55.10% of the total office commitment¹
- 0.05% of this portfolio is delinquent¹
- 10.78% of loans are primarily rated special mention or worse¹
- 6.23% are in NPL status¹
- 94.96% of office portfolio is funded¹

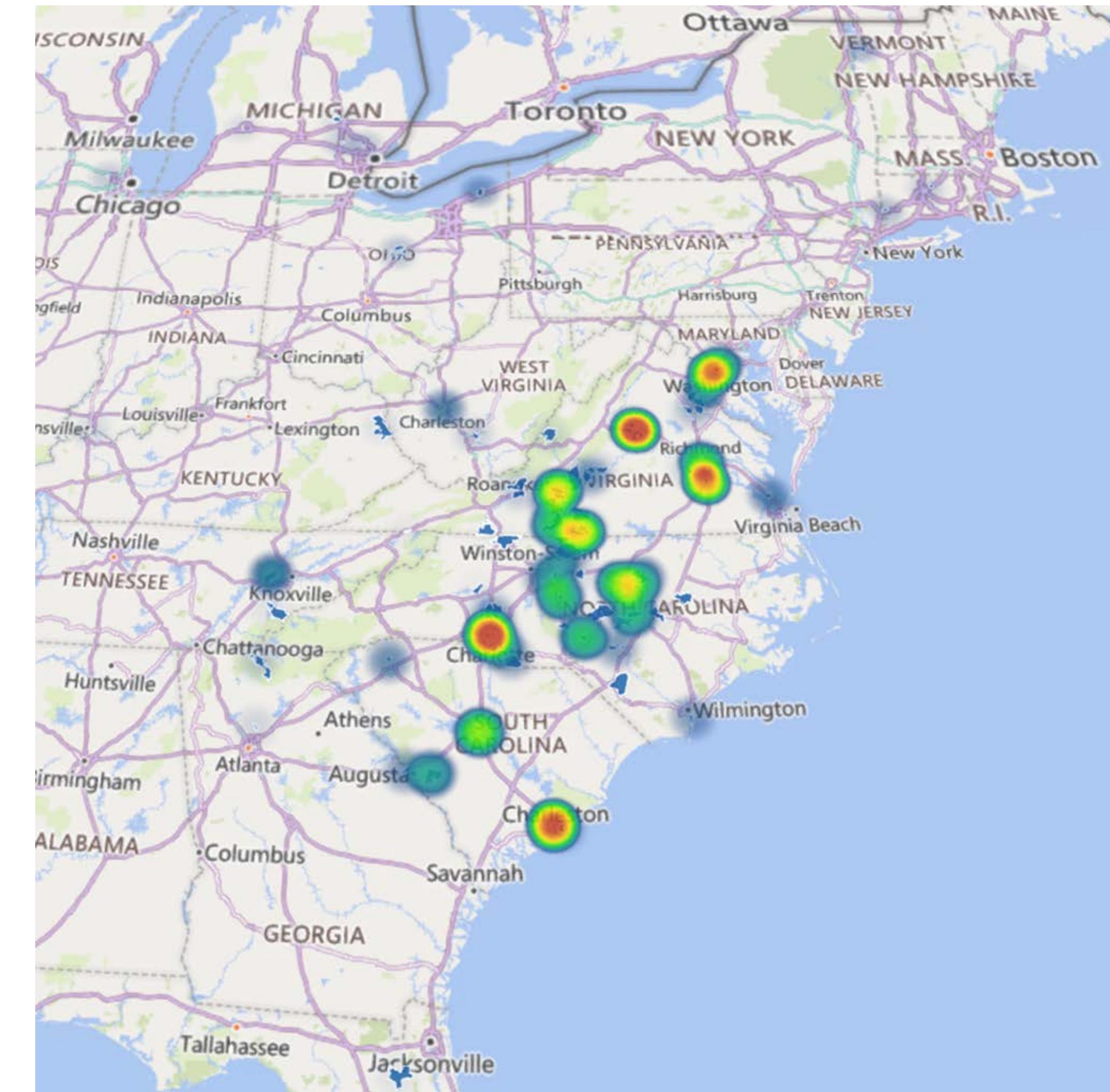
AVERAGE

4.59

RISK RATING

\$124

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	\$ 126,283	58.0%	\$ 134,608	\$ 1,707	\$ 127
Medical Offices	42,892	19.7%	44,196	2,042	105
Government	21,137	9.7%	21,137	7,046	71
Daycare Center	18,691	8.6%	22,673	2,670	207
Veterinary Offices	8,171	3.8%	15,000	409	102
Law Offices	426	0.2%	426	107	36
Office Totals	\$ 217,600	100.0%	\$ 238,040	\$ 2,330	\$ 124
Category	Office Portfolio Balance	Percentage of Total Balance	Office Commitment Balance	Avg. GL Balance Size	Avg. of Debt per Square Ft- Total Commitment
Virginia	\$ 89,696	41.2%	\$ 91,638	\$ 1,950	\$ 104
North Carolina	65,386	30.0%	79,903	1,308	137
South Carolina	39,552	18.2%	43,533	5,650	152
Maryland	6,556	3.0%	6,556	6,556	120
Georgia	4,254	2.0%	4,254	851	104
Tennessee	2,959	1.4%	2,959	1,480	53
West Virginia	2,423	1.1%	2,423	808	69
Ohio	1,867	0.9%	1,867	933	103
Connecticut	1,306	0.6%	1,306	435	87
Michigan	1,128	0.5%	1,128	376	96
Vermont	902	0.4%	902	451	160
Illinois	508	0.2%	508	508	127
Maine	361	0.2%	361	361	152
Indiana	282	0.1%	282	282	44
Kentucky	226	0.1%	226	226	72
Florida	194	0.1%	194	194	74
Office Totals	\$ 217,600	100.0%	\$ 238,040	\$ 1,398	\$ 124

SECTION 06

Non-GAAP Reconciliation

Non-GAAP Statement

Statements in this exhibit include non-GAAP financial measures and should be read along with the accompanying tables in our definitions and reconciliations of GAAP to non-GAAP financial measures. Management uses, and this exhibit references, the adjusted NPL/portfolio loans, adjusted ACL/portfolio loans, adjusted efficiency ratio, the adjusted book value and 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 adjusted NPL/portfolio loans, adjusted ACL/portfolio loans, adjusted efficiency ratio, adjusted book value and 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) (non-GAAP) and total Interest and dividend income (FTE) (non-GAAP), which are used in computing net interest margin (FTE) (non-GAAP), and adjusted efficiency ratio (non-GAAP), 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.

Adjusted Net Interest Income (FTE) (Non-GAAP)	Quarter-to-Date			Year-to-Date	
	4Q 2025	3Q 2025	4Q 2024	12/31/25	12/31/24
(Dollars in Thousands)					
Interest and Dividend Income (FTE)(Non-GAAP)					
Interest and Dividend Income (GAAP)	\$ 59,298	\$ 59,170	\$ 56,502	\$ 232,222	\$ 221,729
Tax Equivalent Adjustment ³	159	163	182	671	775
Interest and Dividend Income (FTE) (Non-GAAP)	59,457	59,333	56,684	232,893	222,504
Average Earning Assets	\$ 4,706,917	\$ 4,680,668	\$ 4,520,295	\$ 4,644,599	\$ 4,458,601
Yield on Interest-earning Assets (GAAP)	5.00%	5.02%	4.97%	5.00%	4.97%
Yield on Interest-earning Assets (FTE) (Non-GAAP)	5.01%	5.03%	4.99%	5.01%	4.99%
Net Interest Income (GAAP)	\$ 34,604	\$ 33,719	\$ 29,148	\$ 130,820	\$ 114,457
Tax Equivalent Adjustment ³	159	163	182	671	775
Net Interest Income (FTE) (Non-GAAP)	34,763	33,882	29,330	131,491	115,232
Average Earning Assets	\$ 4,706,917	\$ 4,680,668	\$ 4,520,295	\$ 4,644,599	\$ 4,458,601
Net Interest Margin (GAAP)	2.92%	2.86%	2.57%	2.82%	2.57%
Net Interest Margin (FTE) (Non-GAAP)	2.93%	2.87%	2.58%	2.83%	2.58%

Non-GAAP Reconciliation

Net interest income (FTE) (non-GAAP) and total Interest and dividend income (FTE) (non-GAAP), which are used in computing net interest margin (FTE) (non-GAAP), and adjusted efficiency ratio (non-GAAP), 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 adjusted efficiency ratio (non-GAAP) excludes losses on sales and write-downs of branch premises, net, gains and losses on sales and write-downs of OREO, net, 1035 exchange fee on BOLI, severance pay, contingent liability, the (gains) losses on sales of securities, net, equity security unrealized fair value gains, gain on BOLI death benefit, 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.

Adjusted Efficiency Ratio (Non-GAAP)	Quarter-to-Date			Year-to-Date	
	4Q 2025	3Q 2025	4Q 2024	12/31/25	12/31/24
(Dollars in Thousands)					
Noninterest Expense	\$ 31,004	\$ 28,704	\$ 28,866	\$ 117,054	\$ 110,002
Less: Losses on sales and write-downs of Branch Premises, net	(188)	(11)	(54)	(256)	(108)
Less: Gains (Losses) on Sales and write-downs of OREO, net	51	89	14	(203)	866
Less: 1035 Exchange fee on BOLI	(133)	—	—	(660)	—
Less: Acquisition Costs	—	(33)	—	(419)	—
Less: Severance Pay	(55)	—	—	(95)	—
Less: Contingent Liability	—	—	—	(38)	(303)
Adjusted Noninterest Expense (Non-GAAP)	\$ 30,679	\$ 28,749	\$ 28,826	\$ 115,383	\$ 110,457
Net Interest Income	\$ 34,604	\$ 33,719	\$ 29,148	\$ 130,820	\$ 114,457
Plus: Taxable Equivalent Adjustment ³	159	163	182	671	775
Net Interest Income (FTE) (Non-GAAP)	\$ 34,763	\$ 33,882	\$ 29,330	\$ 131,491	\$ 115,232
Less: Gains on Sales of Securities, net	(46)	—	(32)	(46)	(68)
Less: Equity Security Unrealized Fair Value (Gain) Loss	(22)	(69)	166	(250)	(41)
Less: Gain on BOLI death benefit	—	—	—	(1,882)	—
Less: OREO Income	—	—	(2)	—	(46)
Plus: Noninterest Income	5,225	5,370	5,368	22,404	21,368
Net Interest Income (FTE) (Non-GAAP) plus Adjusted Noninterest Income	\$ 39,920	\$ 39,183	\$ 34,830	\$ 151,717	\$ 136,445
Efficiency Ratio (GAAP)	77.84%	73.43%	83.63%	76.39%	80.99%
Adjusted Efficiency Ratio (Non-GAAP)	76.85%	73.37%	82.76%	76.05%	80.95%

³ Computed on a fully taxable equivalent basis ("FTE") using a 21% federal income tax rate for the 2025 and 2024 periods.

Non-GAAP Reconciliation

The adjusted book value ratio excludes accumulated other comprehensive loss ("AOCL") 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 AOCL 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.

Adjusted Book Value (Non-GAAP)		Year-to-Date
		2025
(Dollars in Thousands)		
Adjusted Book Value (Non-GAAP)		
Total Shareholders' Equity		\$ 419,697
Add: AOCL		42,160
Add: Other Segment Reserve Release, net of tax		14,165
Total Shareholders' Equity, excluding AOCL and segment reserve release (Non-GAAP)	\$	476,022
Common Shares Outstanding at End of Period		22,083
Book Value (GAAP)	\$	19.01
Adjusted Book Value (Non-GAAP)	\$	21.56

Non-GAAP Reconciliation

Adjusted Nonperforming Loans ("NPL") to Total Portfolio Loans (Non-GAAP)	December 31, 2025
(Dollars in Thousands)	
Adjusted NPLs (Non-GAAP)	
Total NPL	\$ 243,982
Less: Bank's Largest Lending Relationship	214,020
Total NPL, excluding Bank's Largest Lending Relationship (Non-GAAP)	\$ 29,962
Total Portfolio Loans	\$ 3,879,560
NPL to Total Portfolio Loans (GAAP)	6.29%
Adjusted NPL to Total Portfolio Loans (Non-GAAP)	0.77%

Adjusted Allowance for Credit Losses ("ACL") to Total Portfolio Loans (Non-GAAP)	December 31, 2025
(Dollars in Thousands)	
Adjusted ACL (Non-GAAP)	
Total ACL	\$ 71,491
Less: Bank's Largest Lending Relationship Reserve	18,035
Total ACL, excluding Bank's Largest Lending Relationship Reserve (Non-GAAP)	\$ 53,456
Total Portfolio Loans	\$ 3,879,560
ACL to Total Portfolio Loans (GAAP)	1.84%
Adjusted ACL to Total Portfolio Loans (Non-GAAP)	1.38%