

Investor Presentation

First Quarter 2021



Forward-Looking Statements

This information contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to our financial condition, results of operations, plans, objectives, outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting Carter Bankshares, Inc. and its future business and operations, and specifically including information related to the pending appraisal of collateral for one impaired loan relationship and potential impacts on the Company's financial results. 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," "believe," "comfortable," "current," "position," "maintain," "sustain," "seek," "achieve" and variations of such words and similar expressions, or future or conditional verbs such as will, would, should, could or may. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. The matters discussed in these forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results and trends to differ materially from those made, projected, or implied in or by the forward-looking statements depending on a variety of uncertainties or other factors including, but not limited to: changes in accounting policies, practices, or guidance, for example, our adoption of CECL; credit losses; cyber-security concerns; rapid technological developments and changes; the Company's liquidity and capital positions; the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts or public health events (such as the current COVID-19 pandemic), and of 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 Bank, 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; sensitivity to the interest rate environment including a prolonged period of low interest rates, a rapid increase in interest rates or a change in the shape of the yield curve; a change in spreads on interest-earning assets and interest-bearing liabilities; regulatory supervision and oversight; legislation affecting the financial services industry as a whole, and Carter Bankshares, Inc., in particular; the outcome of pending and future litigation and governmental proceedings; increasing price and product/service competition; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; managing our internal growth and acquisitions; the possibility that the anticipated benefits from acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or more costly than anticipated; containing costs and expenses; reliance on significant customer relationships; general economic or business conditions; deterioration of the housing market and reduced demand for mortgages; deterioration in the overall macroeconomic conditions or the state of the banking industry that could warrant further analysis of the carrying value of goodwill and could result in an adjustment to its carrying value resulting in a non-cash charge to net income; 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. 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 may, and often do, differ materially from actual results. Any forward-looking statement speaks only as to the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

Non-GAAP Statements

Statements included in this press release 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. This press release and the accompanying tables discuss financial measures, such as adjusted noninterest expense, adjusted efficiency ratio, and net interest income on a fully taxable equivalent basis, which are all non-GAAP measures. We believe that such non-GAAP measures are useful because they enhance the ability of investors and management to evaluate and compare the Company's operating results from period to period in a meaningful manner. Non-GAAP measures should not be considered as an alternative to any measure of performance as promulgated under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company's. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

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01

Overview

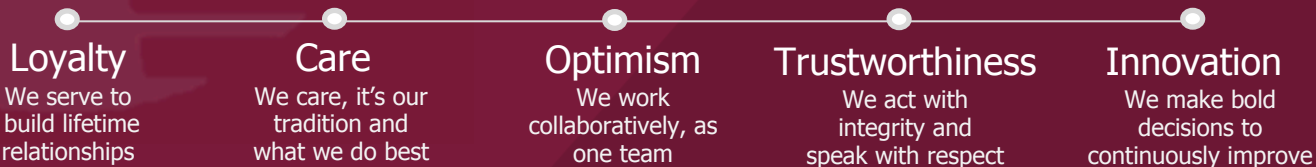
Our Purpose

Enrich lives and enhance communities today, to build a better tomorrow.

Our Mission

At Carter Bank & Trust,
we strive to be the preferred lifetime financial partner
for our customers and shareholders, and
the employer of choice in the communities
we are privileged to serve.

Our Values



Our Company History



Focused on the Future, a Well-Capitalized Franchise with Momentum

Headquartered in
Martinsville, VA

72 Branches*
7 Commercial Centers
3 Corporate Offices
in VA and NC

New Branches / Markets

- Greensboro, NC: Westridge Branch projected open date of Q2 21
- Charlottesville, VA: Mill Creek Branch opened Q4 20
- Raleigh / Cary, NC: Commercial Team in place
- Charlotte, NC: Commercial Team in place

Assets \$ 4.1 B
Loans \$ 3.0 B
Deposits \$ 3.7 B

Our Leadership Team



Litz Van Dyke
Chief Executive Officer



Bradford Langs
President
Chief Strategy Officer



Wendy Bell
Senior Executive Vice President
Chief Financial Officer

'I'm very proud of our leadership team, their **hard work** and **unwavering commitment** to every aspect of **performance exceptionalism**, defines who we are and how we operate.'

Litz Van Dyke, CEO



Loran Adams
Executive Vice President
Director of Regulatory
Risk Management



Tami Buttrey
Executive Vice President
Chief Retail Banking Officer
Channel Optimization Director



Paul Carney
Executive Vice President
Chief Human Resources Officer



Jane Ann Davis
Executive Vice President
Chief Administrative Officer



Tony Kallsen
Executive Vice President
Chief Credit Officer



Phyllis Karavatakis
Senior Executive Vice President
Special Projects

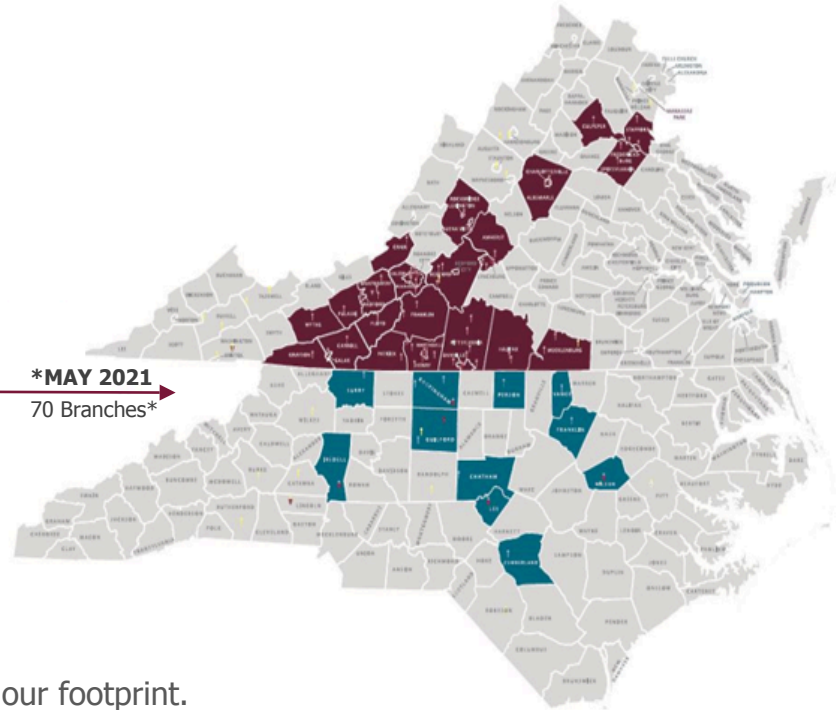
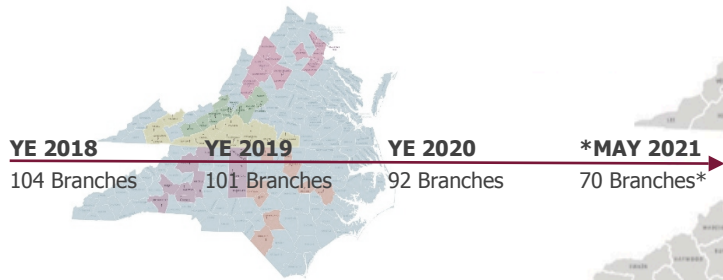


Matthew Speare
Executive Vice President
Chief Information Officer



Rich Spiker
Executive Vice President
Chief Lending Officer

Our Footprint



Branches in VA and NC Metropolitan Statistical Areas May 2021 *

Virginia | Total Deposits: \$3.3MM

- 6 Washington DC
- 13 Roanoke
- 7 Lynchburg
- 3 Charlottesville
- 5 Blacksburg-Christiansburg
- 22 Non MSA
- 56 TOTAL**

North Carolina | Total Deposits: \$0.4MM

- 1 Charlotte
- 6 Greensboro*
- 2 Raleigh Durham
- 1 Fayetteville
- 4 Non MSA
- 14 TOTAL**

'We are proud to serve in **vibrant legacy communities** and **attractive growth markets** across our footprint. Implementation of strategic growth and network optimization initiatives **continue to transform our franchise.'**

Wendy Bell, CFO

*Note: 3 branches in the Harrisonburg, Virginia market are slated to be sold in May 2021. In addition, the existing Wendover branch (Greensboro, NC) is scheduled to consolidate into the new Greensboro branch, Westridge/Battleground Ave., reducing the Bank's total branch count to 69 at end of Q2 21.

Our Commitment

 **Environmental**

 **Social**

 **Governance**

More than \$180,000 in donations to local & national non-profits in 2020.

A monetary donation to local charities for every checking account opened.

Renovations focused on sustainability; water & energy efficiencies and decreased carbon footprint

Formed a special council to advance evolving business operations initiatives.



Investing in Rockbridge County's Skyline Manor Apartments



Carter Bank & Trust Partners with DRBA to Form Eco Ambassador Council



Carter Bank & Trust Donates Over \$72,000 to Community Food Banks Throughout Virginia and North Carolina

'Our influence for **positive change** is in alignment with our purpose and mission. Our commitment to ESG actions benefit our **communities**, our **organization**, our **environment**, and our **economy**'.

Brad Langs, President & CSO

Our Culture of Care

The **Carter Cares Task Force** has conducted daily COVID-19 status calls and hosted weekly bank-wide leadership calls since March 2020.

Club Care, a teammate **wellness program**, offers bi-weekly virtual sessions featuring world-class sports and celebrity speakers sharing self-care and healthy lifestyles tips.

Customer programs, like **Carter Ca\$h**, are designed to encourage and reward behaviors and actions that contribute to **improving financial well-being**.



**Carter Bank & Trust
Presents \$10,000 To
Fredericksburg
Customer for Carter
Ca\$h Savings Challenge**



**Caring for Stafford
Primary & Urgent Care**



**Long Term Business
Partnership with
Bassett Office Supply
Strengthened by
Paycheck Protection
Program**

38,100 hours
and \$560,000
in Bank
approved paid
leave since
March 2020.

Implemented
Infectious
Disease
Response Plan,
Workplace
Safety
Guidelines &
Vaccine Strategy

Strategic Initiatives Update

Financial Performance

- Ongoing diversification of earning asset mix to maximize yield without increasing risk profile of the Bank.
- Renewed focus on noninterest income sources (fee revenue) to supplement the Net Interest Income.
- Improved funding cost and deposit mix to reduce reliance on higher cost Certificates of Deposits while simultaneously growing lower cost core Non Maturing Deposits.
- Solid liquidity management platform supported by various liquidity sources, both on and off balance sheet.
- Actively managing legacy loan issues with adversely classified assets reduction plans in place.

Channel Optimization

- Increase treasury management marketing and sales to grow and retain deposits.
- Greater virtual presence with online banking and the Carter-On-The-Go mobile app, especially during the COVID-19 pandemic.
- Launched Mortgage-to-Go Mobile App, a new tool used to streamline our mortgage application process.
- Centralized retail consumer loan underwriting and currently implementing automated risk-based decision platform.

Network Optimization

- Exited underperforming markets: Reduced branch footprint 36% over past 18 months. ⁽¹⁾
- Opening branches in strategic growth markets: Charlottesville, VA (Mill Creek) 11/2020, Greensboro, NC (Westridge) TBD Q2 21, and a strategic location has been identified in Charlotte, NC for a Commercial and Retail center with expected opening date in late Fall 2021.
- Ongoing improvement and modernization of retail branch network with 16 branch renovations completed in 2020 and approximately 15 additional branch renovations slated to be completed by YE 2021.
- Installed 5 ATMs in strategic locations during 2Q 2021.

⁽¹⁾ Scheduled closing/consolidations after 4/16/21 are included in these numbers: execute sell of 3 branches on 5/21/21, consolidate one branch on 6/4/21.



02

Financial Highlights

Balance Sheet and Income Statement

	1Q2021	4Q2020	1Q2020
Operational Results			
Net Interest Income	\$ 26,529	\$ 26,153	\$ 27,264
Provision for credit losses	1,575	4,821	4,798
Noninterest income	8,952	5,589	6,952
Noninterest expense	23,605	23,841	24,748
Income tax expense	926	138	247
Net Income	\$ 9,375	\$ 2,942	\$ 4,423
Balance Sheet Condition			
Assets	\$ 4,142,130	\$ 4,179,179	\$ 4,001,863
Portfolio loans, net	2,855,003	2,893,096	2,896,957
Securities	780,032	778,679	729,973
Deposits	3,691,521	3,684,628	3,472,995
Shareholders' equity	387,889	440,174	474,821

Net Interest
Income
increased
\$376k QoQ
due primarily
to ongoing
reduction in
funding costs.

Noninterest
Income
increased
\$3.4 million
QoQ due
primarily to
\$3.6 million in
realized
securities
gains.

Noninterest
Expense
decreased
\$1.1 million
YoY driven by
a reduction in
salaries due
to our branch
network
optimization
initiative.

Financial / Shareholder Ratios

	1Q2021	4Q2020	1Q2020
Shareholder Ratios			
Earnings Per Share	\$ 0.36	\$ 0.11	\$ 0.17
Financial Ratios			
Return on Assets	0.92 %	(1.12)%	0.44 %
Return on Equity	9.72 %	(9.78)%	3.70 %
Total Capital Ratio	14.14 %	14.33 %	14.29 %
Tier I Capital	12.88 %	13.08 %	13.03 %
Leverage Ratio	10.16 %	10.26 %	10.47 %
Core Efficiency	72.38 %	73.71 %	73.95 %
Net Interest Margin (FTE)	2.78 %	2.71 %	3.01 %

Q1 21 EPS, ROA, ROE, and Core Efficiency metrics have improved over both the Q4 20 and Q1 20 time horizons.

The Bank continues to recognize increased efficiencies from the retail branch optimization initiative coupled with a strategic shift in the deposit mix to lower cost funding due to an increase in non maturing deposits.

As a result, the Net Interest Margin (FTE) and EPS have shown improvement over the prior quarter.

Capital Management

- Focus on maintaining a "well capitalized" capital position allowing for the resolution of legacy credit issues.
- Establishment of bank holding company provides flexibility and efficiency for potential sub-debt issuance and stock buybacks.

	Regulatory Well Capitalized	Carter Bank & Trust 03/31/2021	Excess (\$) (In Thousands) 03/31/2021
Common Equity Tier 1 Ratio ("CET1")	6.5 %	12.87 %	\$208,435
Tier 1 Risk-based Ratio	8.0 %	12.87 %	159,370
Total Risk-based Capital Ratio	10.0 %	14.13 %	135,213
Leverage Ratio	5.0 %	10.15 %	213,681
Critically Undercapitalized Category	Tangible equity to total assets ≤2%		
Capital Conservation Buffer	≥2.5%; composed of CET1		

Liquidity

- Continue to maintain a strong liquidity position:
 - Increased Excess Cash Position during COVID
 - Majority of Bond Portfolio is unpledged
 - Ongoing FHLB Collateral Pledging ⁽¹⁾
 - Maintain 6 Unsecured Lines of Credit

	March 31, 2021	December 31, 2020	Favorable / (Unfavorable)
Cash and Due From Banks	\$ 48,108	\$ 38,535	\$ 9,573
Interest-bearing Deposits	60,415	39,954	20,461
Excess Reserves	110,631	163,453	(52,822)
Unpledged Investment Securities	626,285	632,724	(6,439)
Excess Pledged Securities	22,863	7,857	15,006
FHLB Borrowing Availability ⁽¹⁾	506,105	510,533	(4,428)
Unsecured Lines of Credit	145,000	145,000	—
Total Liquidity Sources	\$1,519,407	\$1,538,056	\$ (18,649)

⁽¹⁾ For the periods presented above, the Company maintained a secured FHLB Borrowing Facility with FHLB of Atlanta equal to 25% of the Bank's assets approximating \$1.0 billion, with available borrow capacity subject to the amount of eligible collateral pledged at any given time.

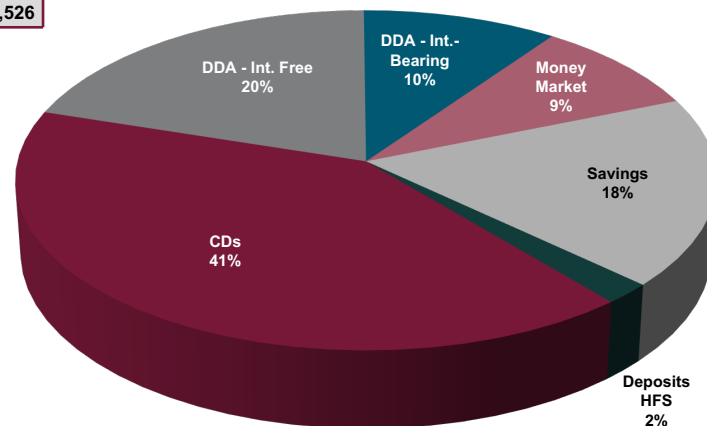
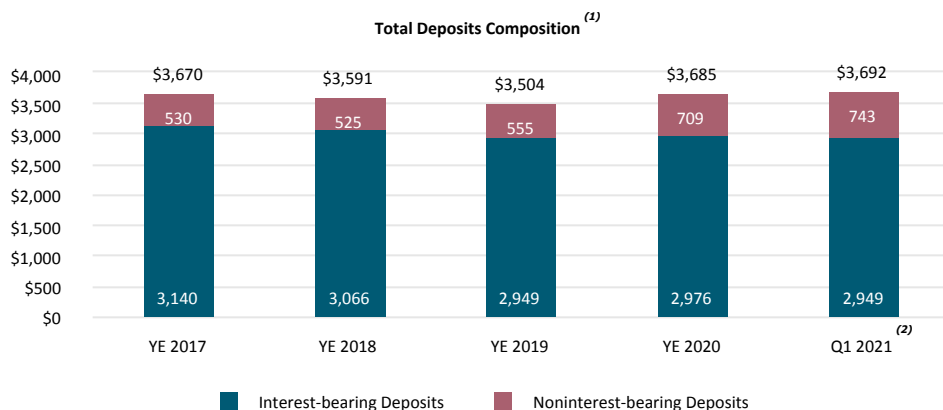
Deposit Composition

\$ in thousands

	For the Period Ending			Variance	
	03/31/21	12/31/20	03/31/20	Quarter	Year
Lifetime Free Checking	\$ 733,291	\$ 699,229	\$ 557,511	\$ 34,062	\$ 175,780
Interest-bearing Demand	384,425	366,201	305,214	18,224	79,211
Money Market	323,008	294,229	156,140	28,779	166,868
Savings	646,722	625,482	566,414	21,240	80,308
Certificates of Deposits	1,522,510	1,614,770	1,887,716	(92,260)	(365,206)
Deposits Held for Assumption in Connection with Sale of Bank Branches	81,565	84,717	—	(3,152)	81,565
Total Deposits	\$ 3,691,521	\$ 3,684,628	\$ 3,472,995	\$ 6,893	\$ 218,526

Improving Deposit Mix

Reliance on Certificates of Deposit continues to decline with a net decrease of \$92.3 MM (5.71%) from Q4 20 to Q1 21 while all Non Maturing Deposit categories showed an increase in ending balances for the same period.



⁽¹⁾ Period end balances.

⁽²⁾ Total deposits at March 31, 2021 include \$81.6 million of deposits held-for-assumption in connection with the Company's agreement to sell four of its Bank Branches (\$9.1 million of noninterest-bearing deposits, \$5.4 million of interest-bearing deposits, \$9.3 million of savings deposits, \$5.4 million of money market deposits and \$52.4 million in certificates of deposit).

Loan Composition

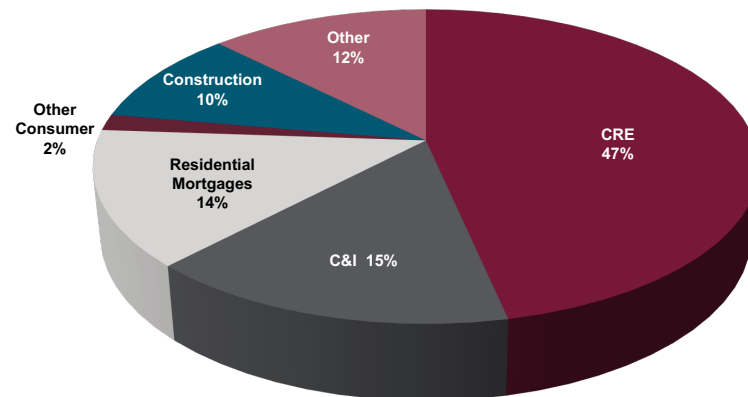
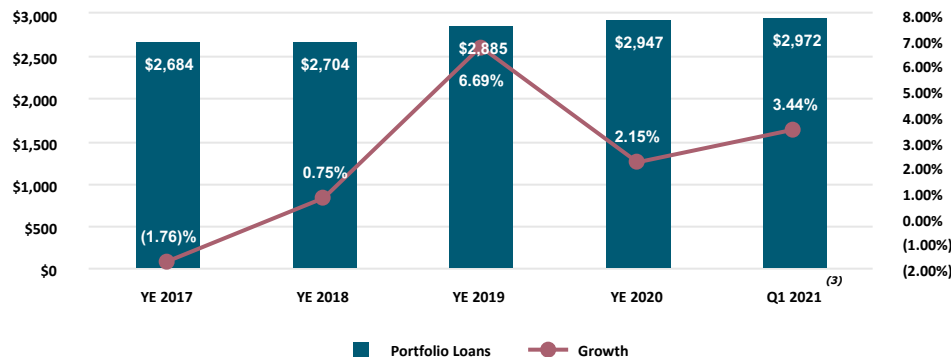
\$ in thousands

	For the Period Ending			Variance	
	03/31/21	12/31/20	03/31/20	Quarter	Year
Commercial Real Estate	\$ 1,384,541	\$ 1,453,799	\$ 1,372,819	\$ (69,258)	\$ 11,722
Commercial and Industrial	460,264	557,164	618,853	(96,900)	(158,589)
Residential Mortgages	414,507	472,170	513,013	(57,663)	(98,506)
Other Consumer	49,516	57,647	73,242	(8,131)	(23,726)
Construction ⁽¹⁾	289,661	406,390	361,972	(116,729)	(72,311)
Other ⁽¹⁾	373,386	—	—	373,386	373,386
Total Portfolio Loans⁽²⁾	\$ 2,971,875	\$ 2,947,170	\$ 2,939,899	\$ 24,705	\$ 31,976

Loan Portfolio Growth:

Continued growth of 3.44% during Q1 21 (annualized) despite the headwinds of COVID-19, PPP forgiveness, and mortgage and municipal loan refinances due to historically low interest rates.

Total Portfolio Loan Growth



⁽¹⁾ At March 31, 2021, Other loans totaled \$373.4 million consisting of loans that would otherwise have been included in the following loan segments: \$136.3 million of CRE, \$77.8 million of C&I, \$49.6 million of Residential Mortgages and \$109.7 million of Construction.

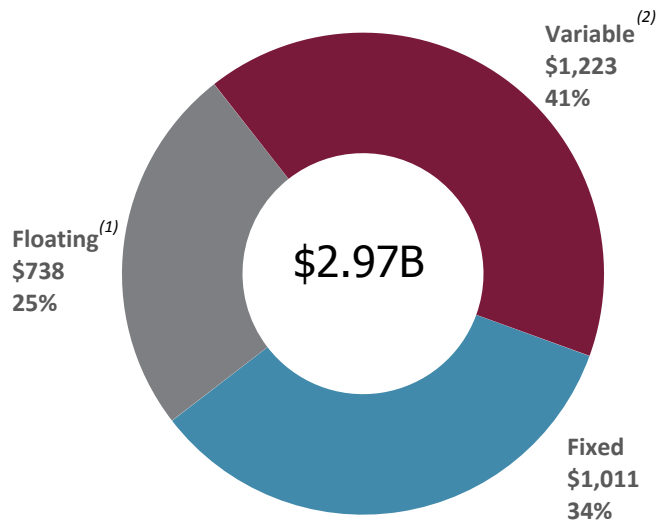
⁽²⁾ Total Portfolio Loans is net of loans held-for-sale and Loan Portfolio Segments are sourced from Fed. Call Codes (RC-C)

⁽³⁾ Loan growth for the quarter ended March 31, 2021 is annualized.

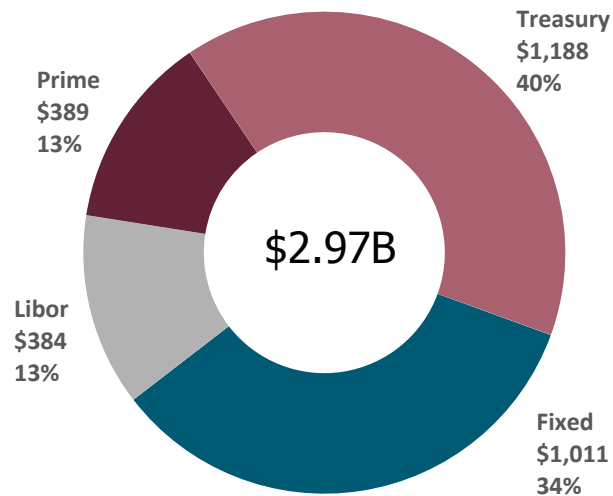
LOAN PORTFOLIO REPRICING & INDEX Q1 21

\$ in millions

Loan Portfolio by Rate Type - Q1 21



Loan Portfolio by Rate Index Type - Q1 21



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

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



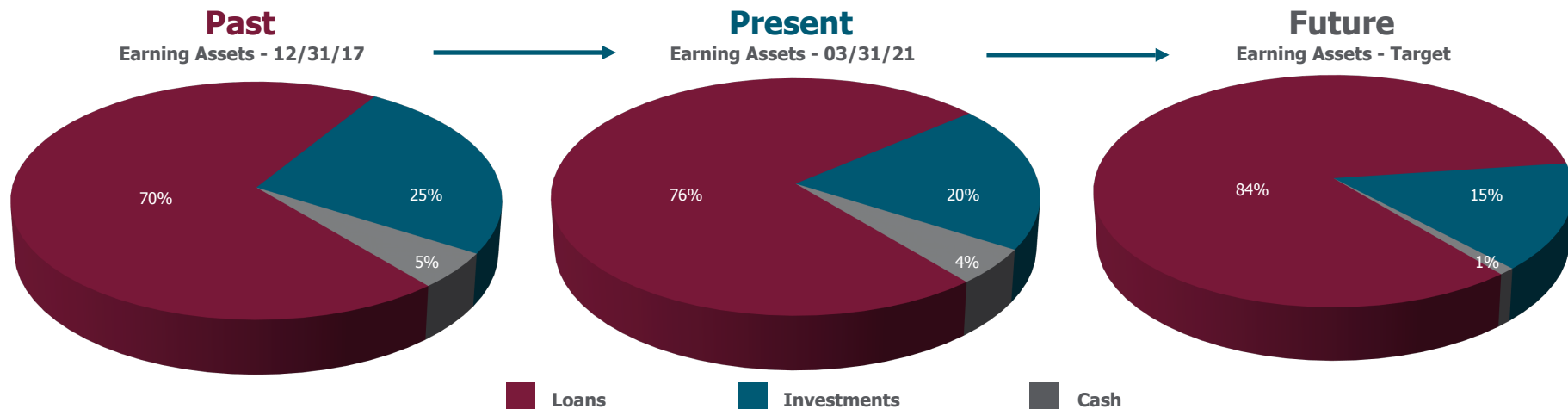
03

Balance Sheet Transformation

Earning Assets

Goal is to deploy cash into higher yielding loans and investments while foregoing undue concentration risk:

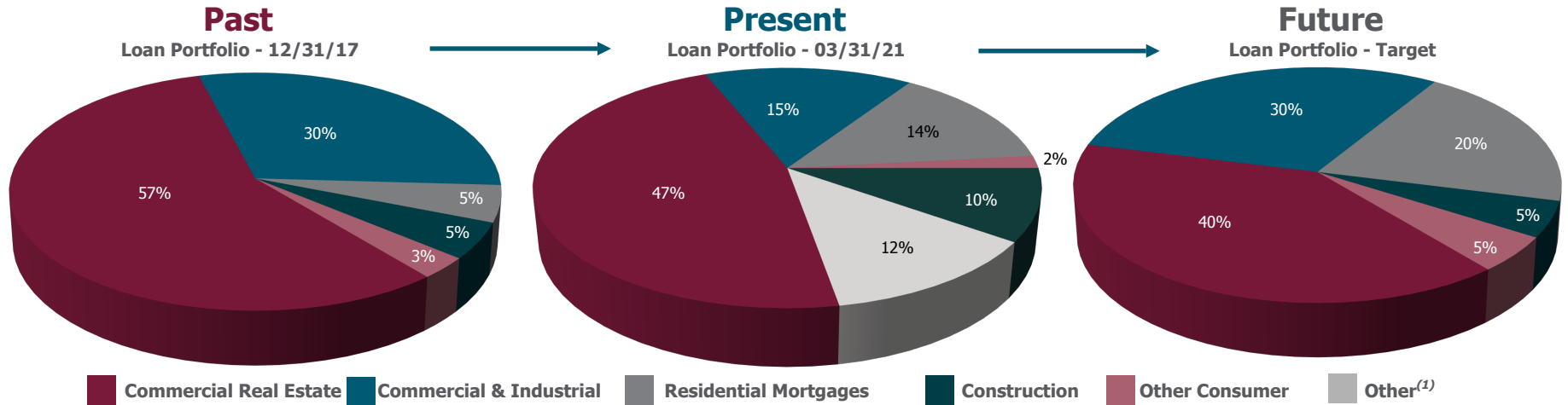
- Earning Assets stand at \$4.0B
- Our primary mandate is to use cash to grow the loan book with well diversified, higher yielding loan products to increase the NIM and mitigate concentration risks.
- Our secondary mandate is to utilize the investment portfolio to hedge the loan portfolio while providing a steady stream of income to supplement earnings. The investment book can be liquidated, or pledged, on an as-needed basis to fund loan growth, when appropriate.



Loans

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

- Portfolio loans currently stand at \$3.0B
- Our primary mandate is to always provide solutions to our customers in our footprint. CRE loans will continue to be a foundation of the portfolio.
- We are layering in additional loan products, tapping previously underutilized markets within the footprint and partnering with new borrowers to help with diversification, utilizing excess liquidity and maximizing the NIM.

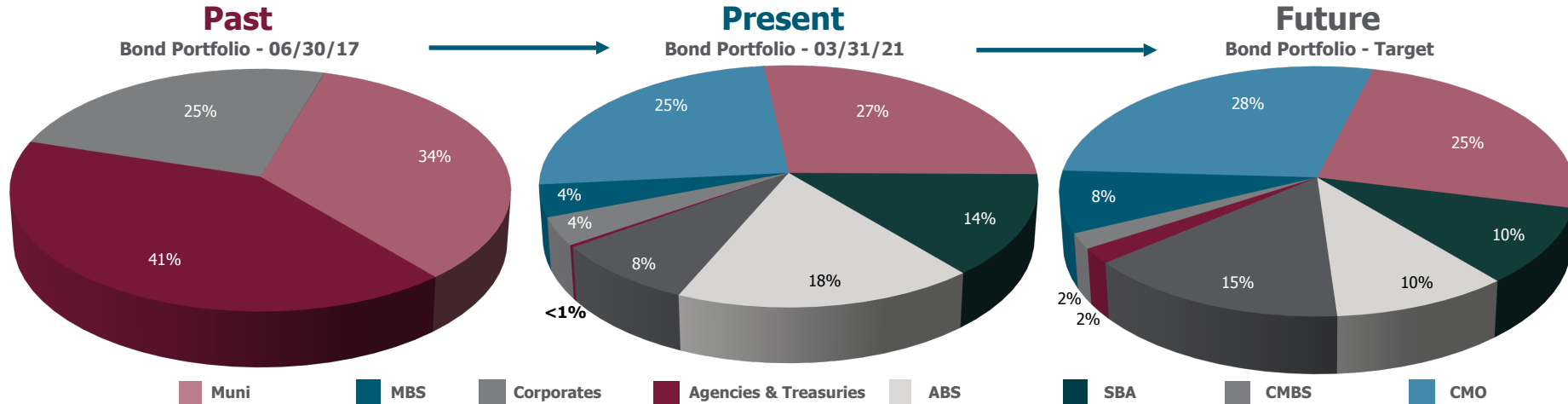


⁽¹⁾ In connection with our adoption of Topic 326, we made changes to our loan portfolio segments to align with the methodology applied in determining the allowance under CECL. Our new segmentation breaks out Other loans from our original loan segments: CRE, C&I, residential mortgages, other consumer and construction.

Bond Portfolio

Goal is to increase diversification, maintain strong credit quality, and improve performance versus peer group.

- Portfolio stands at \$780MM, or about 19% of total assets, target is 15-20% of total assets
- Per the charts, diversification has improved significantly over the past several years
- The portfolio is now about 50% floating rate (versus 0% floating rate two years ago)
- All bonds are “available-for-sale”, and can be used for liquidity and pledging purposes as needed

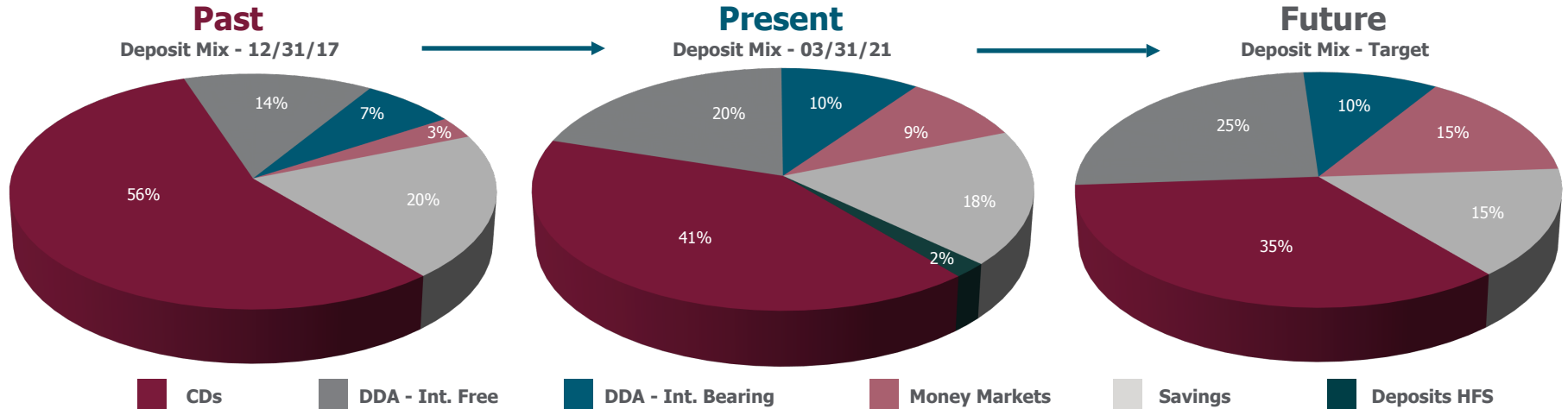


⁽¹⁾ At March 31, 2021, Asset Backed Securities (ABS) represented approximately 18% of the entire Bond Portfolio and were further diversified into the following sub-segments (presented as a percentage of the entire Bond Portfolio): 1) ABS - Student Loans 12.3%, 2) ABS - CLO 4.1%, 3) ABS - Mortgage 0.8%, 4) ABS - Consumer 0.4% and 5) ABS - SBA 0.1%.

Deposits

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

- Deposits currently stand at \$3.7B
- Dependence on CDs has significantly declined, and maturities and pricing are proactively managed on a weekly basis.
- Multiple strategies are in place to grow all non-maturity deposit accounts with a focus on lower cost of funds
- New product launches include mobile/online banking, Treasury Management, Instant Open, Card Valet, Click Switch, ATM Network, etc.



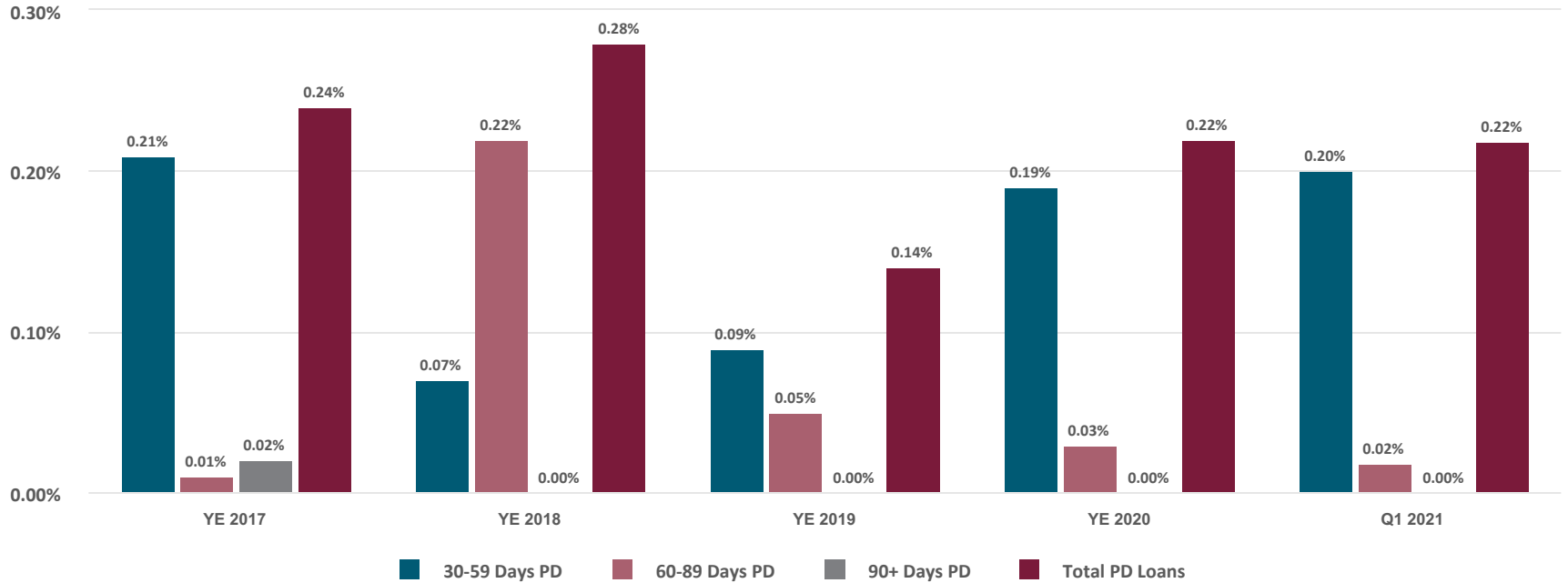


04

Asset Quality

Delinquency Trends

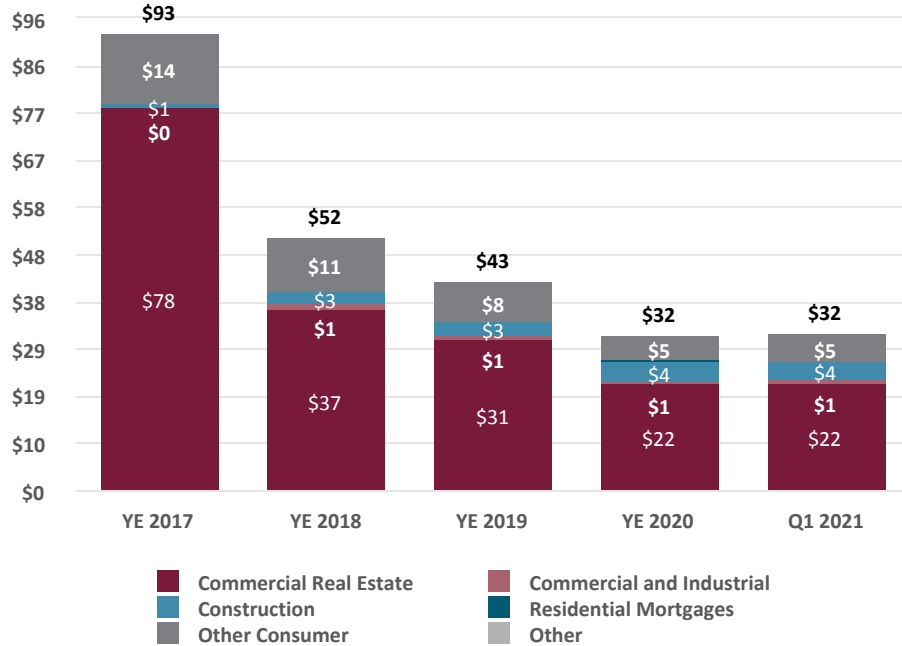
Past Due Loans / Total Portfolio Loans



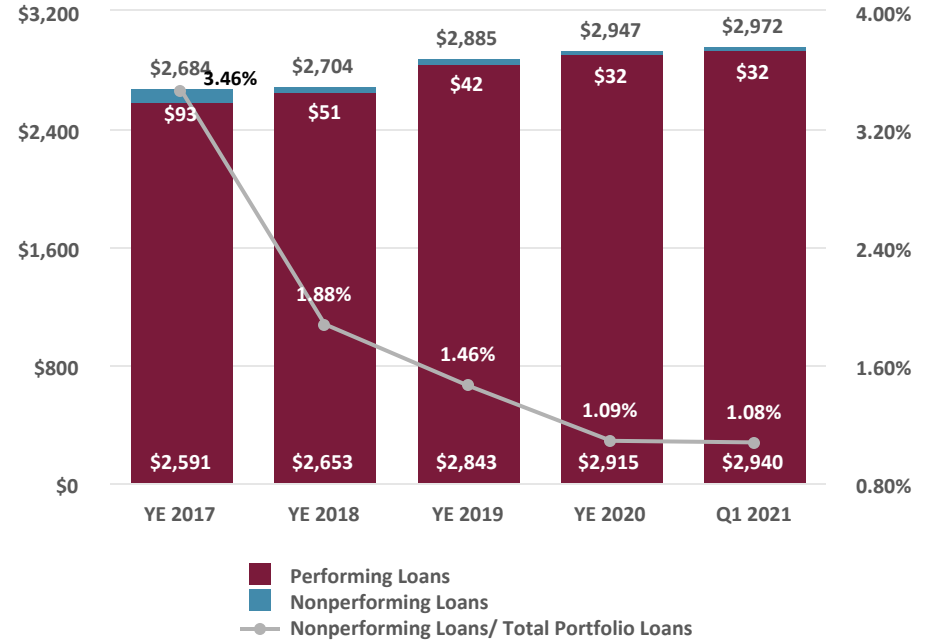
Nonperforming Loans

\$ in millions

Nonperforming Loan Breakdown



Nonperforming Loans / Total Portfolio Loans



*As of March 31, 2021

Nonperforming Relationships

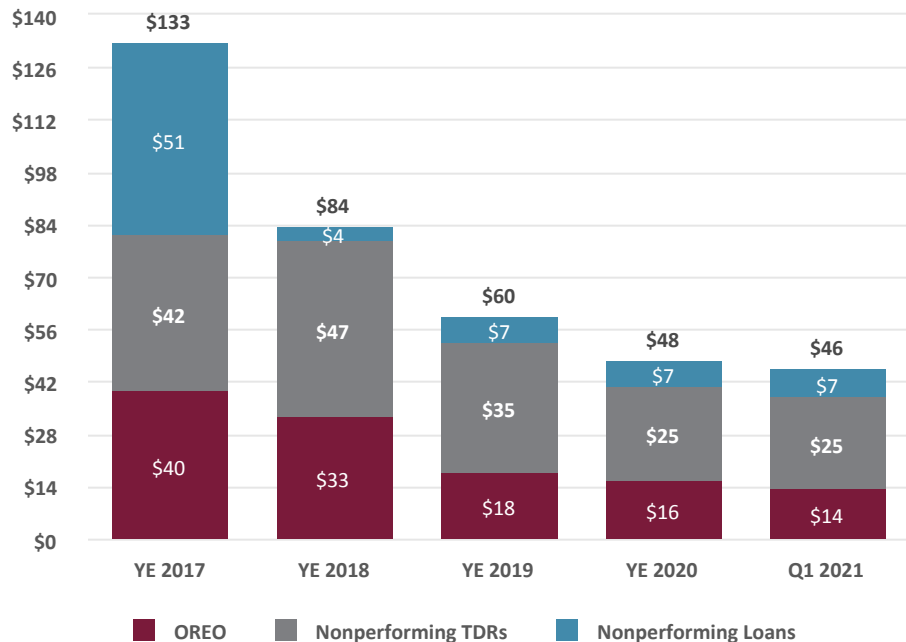
\$ in thousands

Type	Nonaccrual Balance 3/31/21	Nonaccrual Balance 12/31/20	Variance Q1 2021 to Q4 2020	Comments
1. CRE / Construction	\$17,553	\$17,910	(\$357)	Commercial and residential lot developer. Golf courses previously held as collateral were sold in Q4 20 resulting in a \$6.9MM principal curtailment at YE 2020. Specific reserve of \$10.8 million as of 03/31/2021.
2. CRE	\$3,459	\$3,459	\$0	Anchored shopping centers and hotel operator - 1 hotel property remains as collateral. Specific reserve of \$2.3 million as of 03/31/2021.
3. Construction	\$1,741	\$1,741	\$0	Commercial lot development
4. Construction	\$1,739	\$1,739	\$0	Residential lot developer; has a specific reserve of \$1.5 million as of 3/31/2021
5. Construction	\$1,332	\$1,332	\$0	Residential lot developer
Subtotal: Top 5 Nonaccrual Loans	\$25,824	\$26,181	(\$357)	
Total Nonaccrual Loans	\$31,956	\$32,004	(\$48)	
Top 5 Nonaccrual Loans / Total Nonaccrual Loans	80.81 %	81.81 %	(1.00)%	
Total Portfolio Loans	2,971,875	2,947,170	24,705	
Total Nonaccrual Loans / Total Portfolio Loans	1.08 %	1.09 %	(0.01)%	

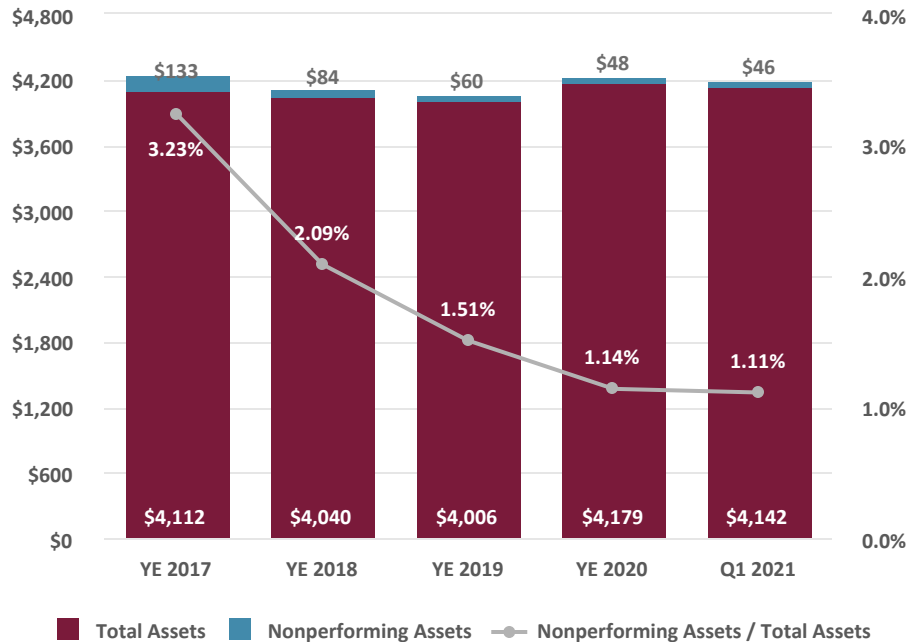
Nonperforming Assets

\$ in millions

Nonperforming Assets



Nonperforming Assets / Total Assets

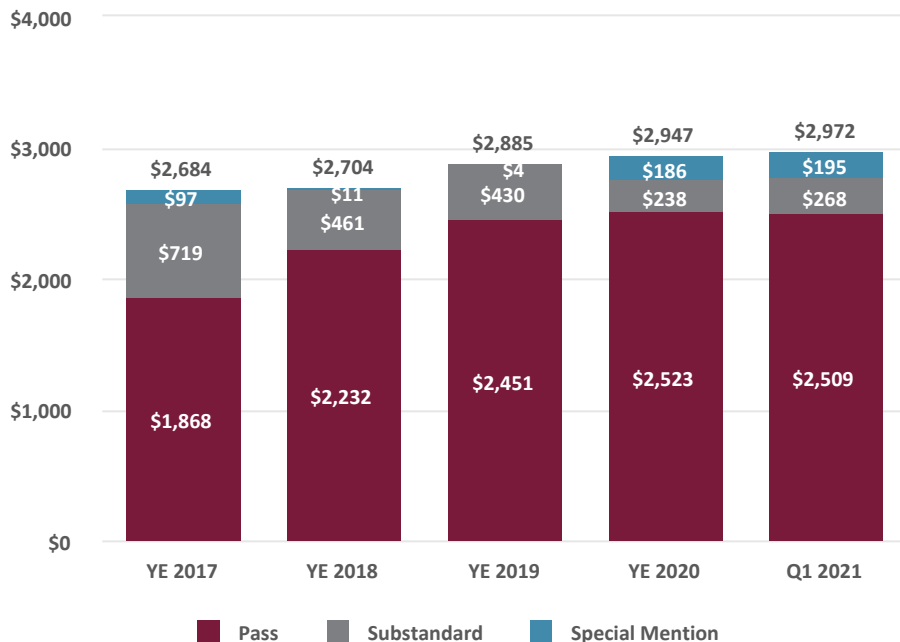


*As of March 31, 2021

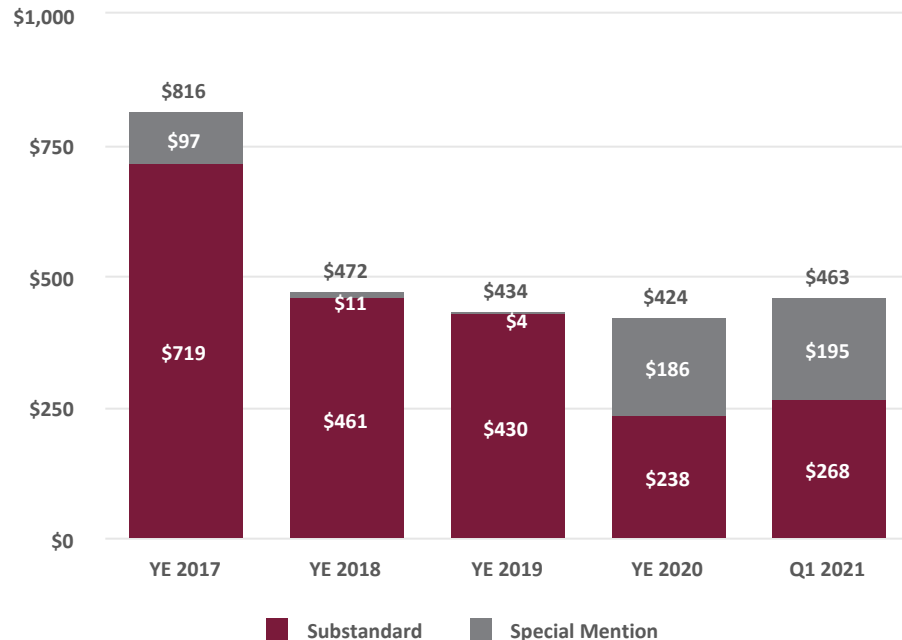
Loan Portfolio – Risk Ratings

\$ in millions

Portfolio Credit Quality Trend



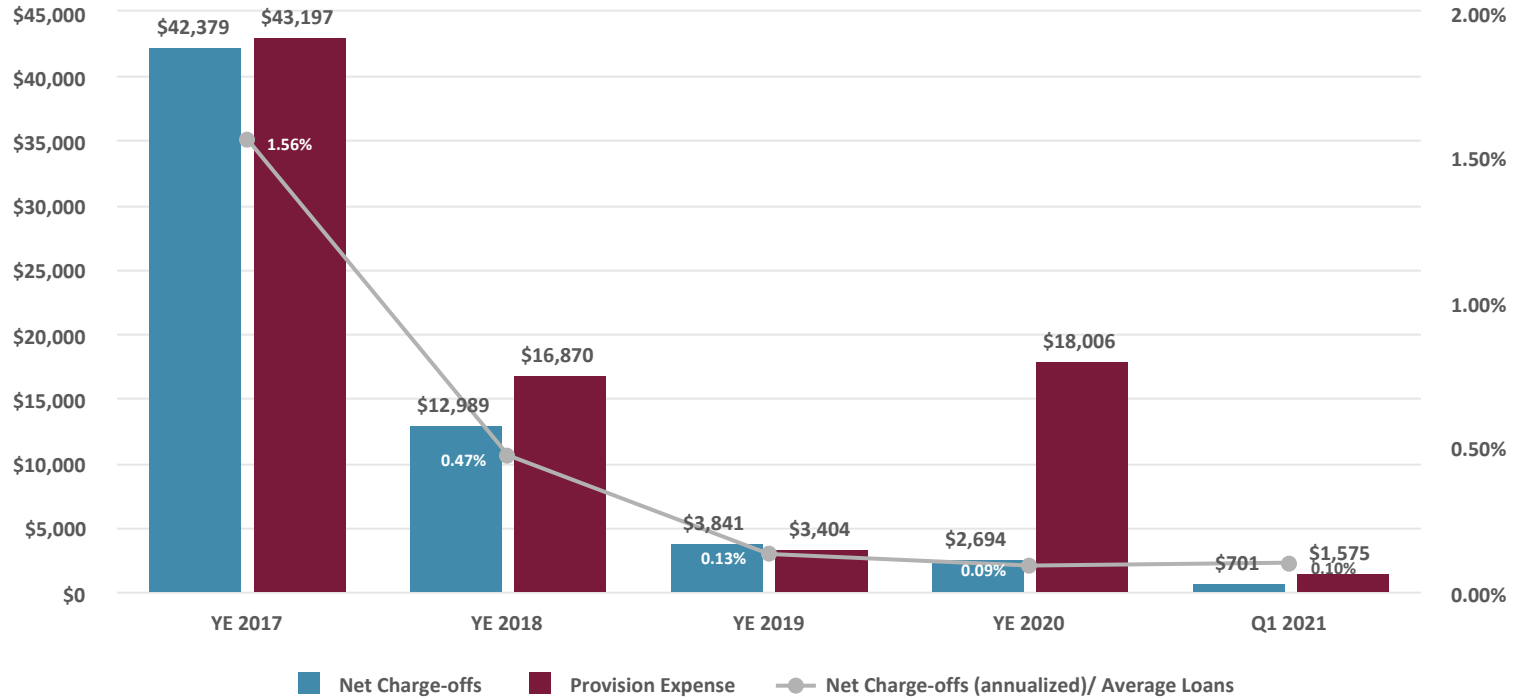
Non-Pass Credit Quality Trend



*Excludes loans held-for-sale
As of March 31, 2021

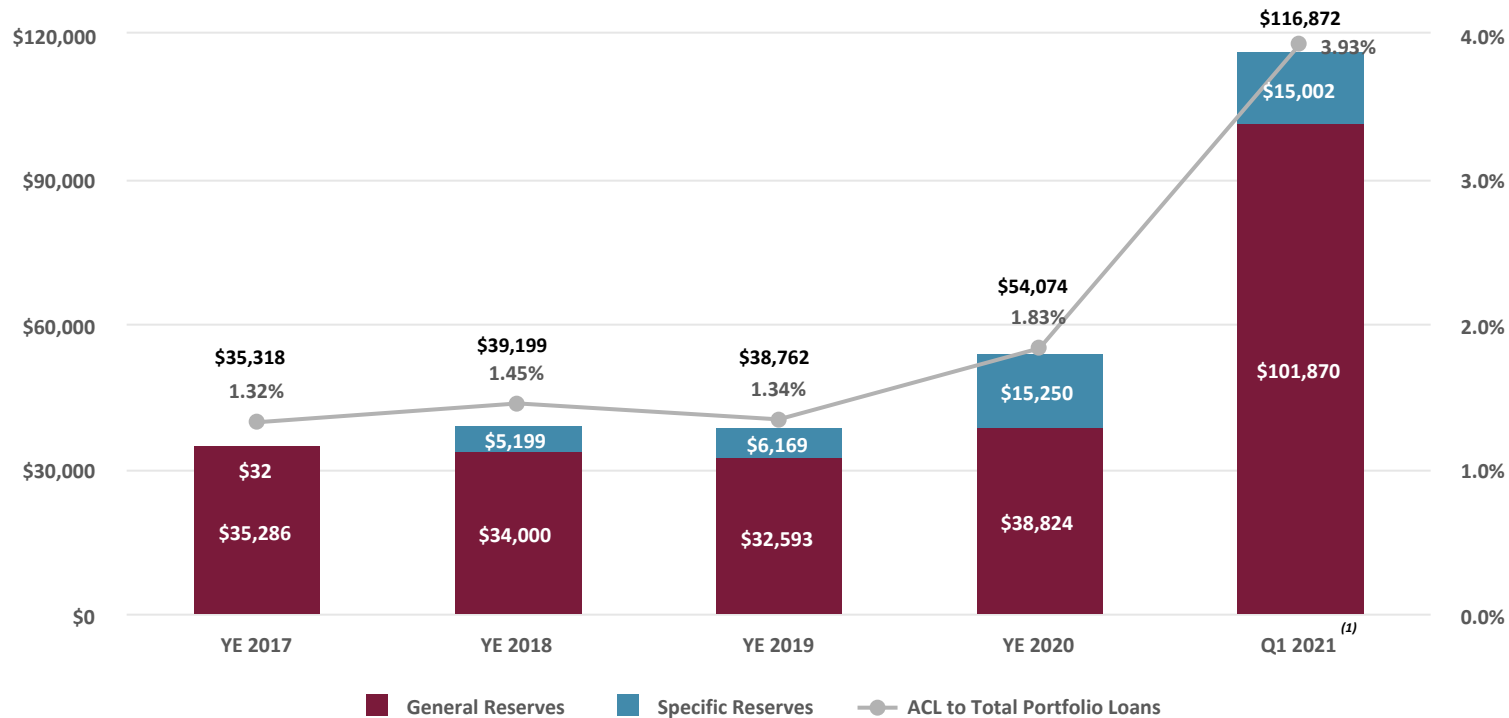
Net Charge-off & Provision Expense Trends

\$ in thousands



ACL Composition & ACL Coverage Ratio Trends

\$ in thousands



*As of March 31, 2021

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



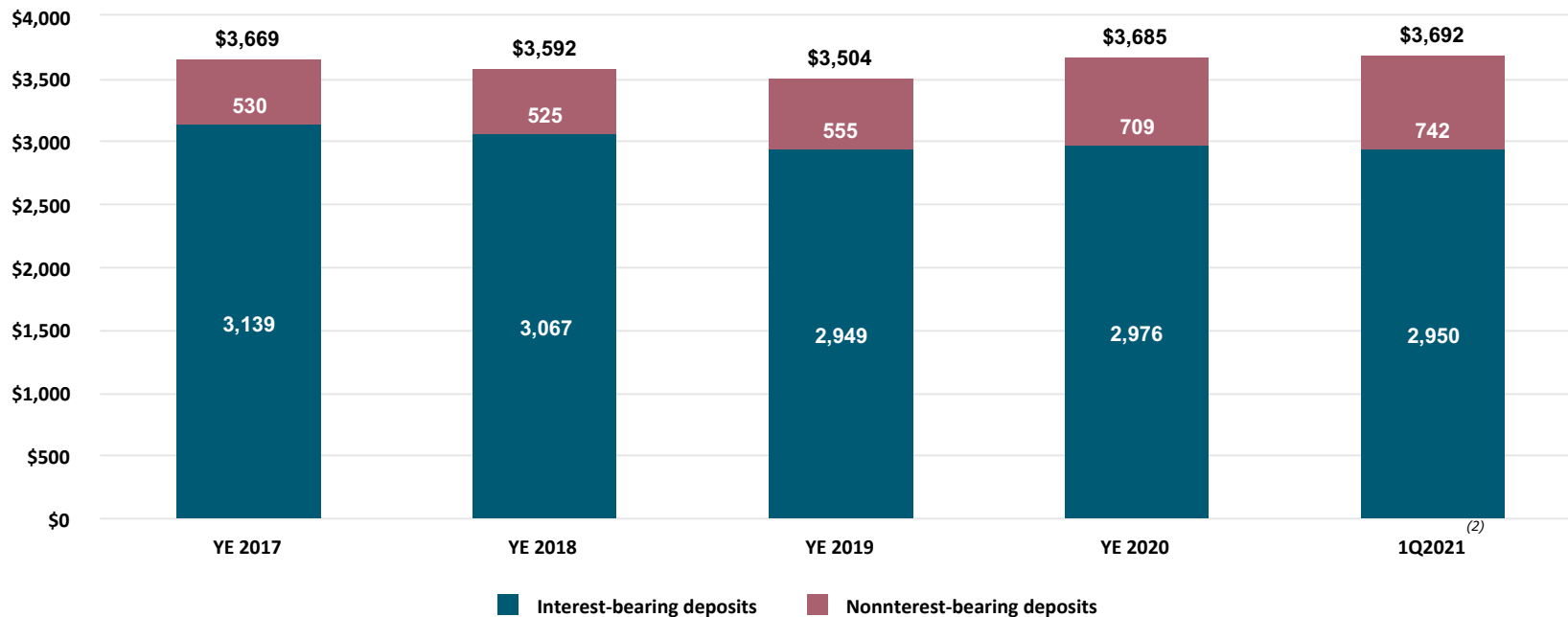
05

Deposit Mix and Cost of Funds

Deposits

\$ in millions

Total Deposit Composition ⁽¹⁾



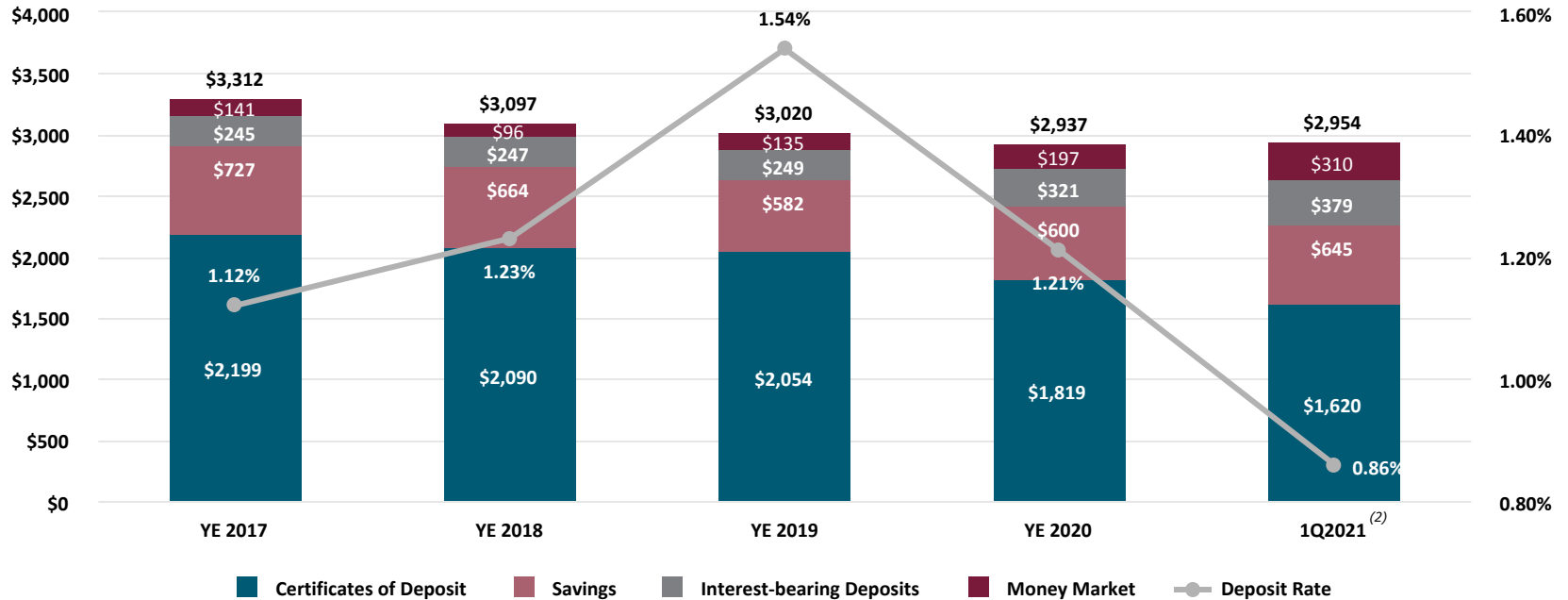
⁽¹⁾ Period end balances.

⁽²⁾ Total deposits at March 31, 2021 include \$81.6 million of deposits held-for-assumption in connection with the Company's agreement to sell four of its Bank Branches (\$9.1 million of noninterest-bearing deposits, \$5.4 million of interest-bearing deposits, \$9.4 million of savings deposits, \$5.4 million of money market deposits and \$52.4 million in certificates of deposit).

Deposits

\$ in millions

Interest-bearing Deposit Composition & Deposit Rates ⁽¹⁾

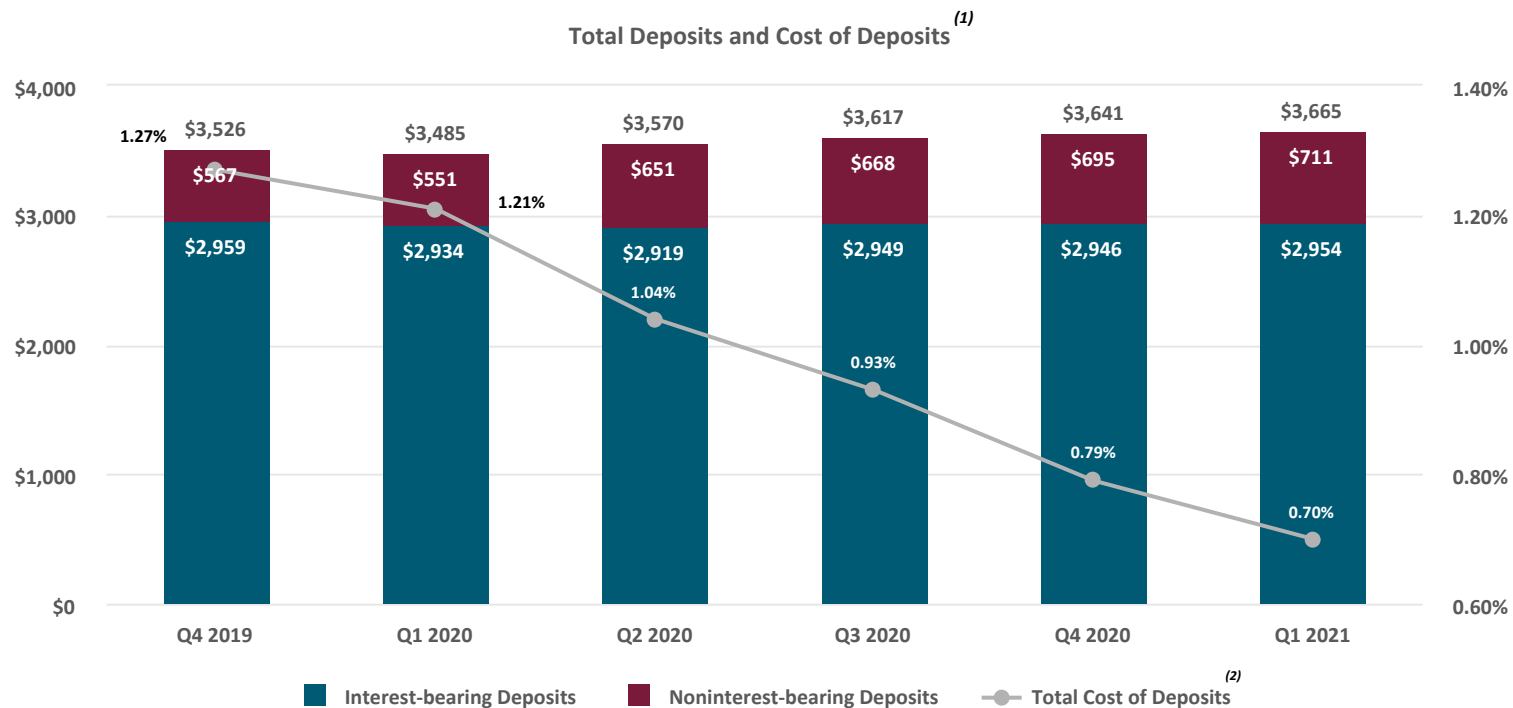


⁽¹⁾ Deposit rates and interest bearing deposit balances presented above are year-to-date averages for periods ending YE 2017 – YE 2020.

⁽²⁾ Year-to-date average deposit rate and average interest bearing deposit balances for the period ending March 31, 2021 include interest bearing deposits totaling \$72.5 million that are held for assumption in connection with the Company's agreement to sell four of its bank branches (\$5.4 million of interest-bearing deposits, \$9.4 million of savings deposits, \$5.4 million of money market deposits and \$52.4 million in certificates of deposit).

Total Deposits & Total Cost Of Deposits

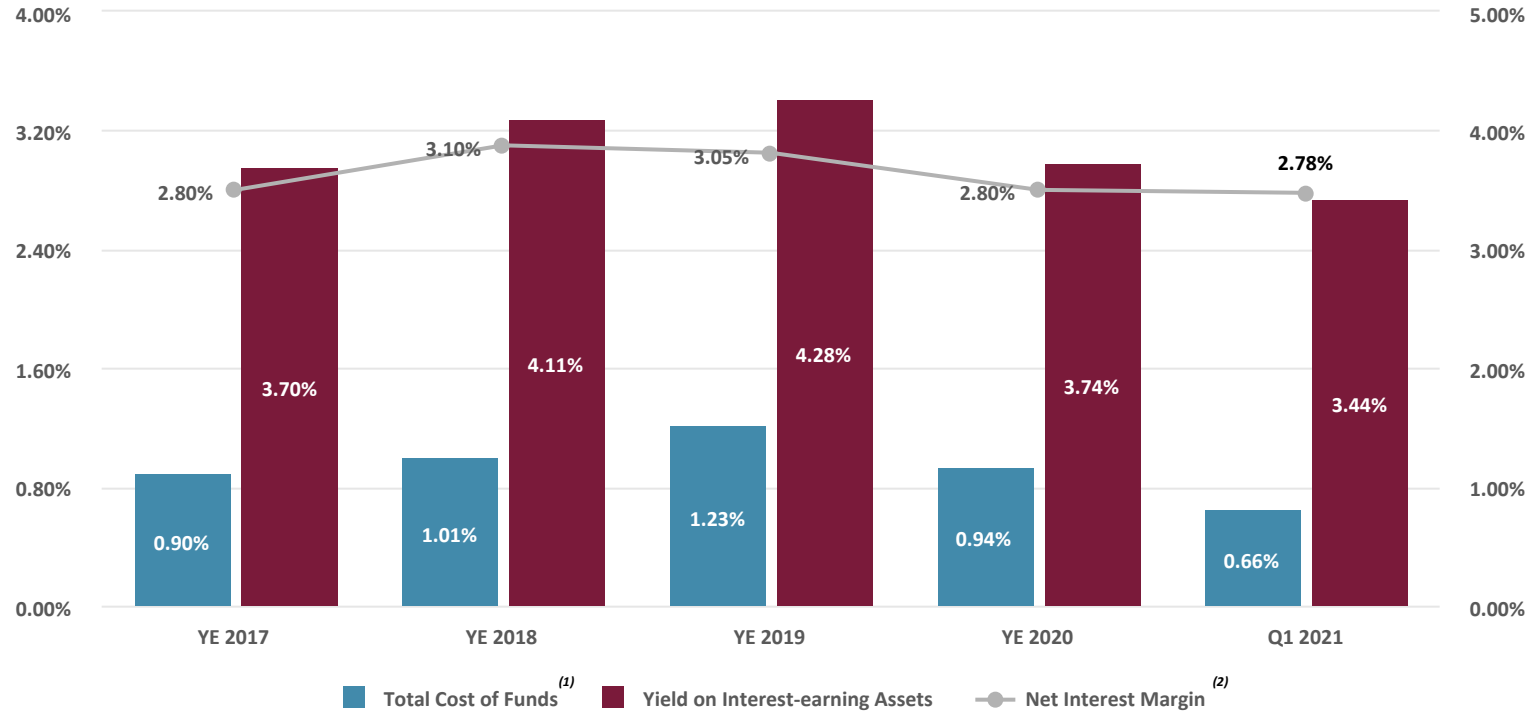
\$ in millions



⁽¹⁾ Quarterly Average Balances

⁽²⁾ Total Cost of Deposits incorporates the noninterest-bearing demand deposits with the rate on total interest-bearing deposits to illustrate the impact of those free funds on the overall cost of deposits

Net Interest Margin



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

38 ⁽²⁾ Net Interest Margin has been computed on a fully taxable equivalent basis (FTE) using 35% federal income tax statutory rate for 2017 and 21% federal income tax statutory rate for 2018 through 2021.



06

Loan Deferral Update

COVID-19 Loan Deferral Program Update

The bank has offered loan deferrals in three phases:

- The Phase I program began in March 2020 and expired August 31, 2020
- The Phase II program began in August 2020 and expired on December 31, 2020
- The Phase III program began in December 2020 and will expire on June 30, 2021
- Generally, deferrals of principal and/or principal and interest in these programs did not extend beyond the expiration of the respective phase
- Deferrals allow the operating company and its principals to preserve liquidity and develop strategies to operate at a lower break even level to ensure long-term survival

Phase III program details:

- Requires the collection of operating statements on a monthly basis and a cash flow recapture payment on a quarterly basis if warranted
- 47% and 55% reported positive EBITDA for January and February, respectively

Phase III Loan Deferrals For Total Loan Portfolio

\$ in millions

Results of Phase I Deferrals As of August 31, 2020			
Loan Type	# of Loans Previously Deferred in Phase I ⁽¹⁾	Balance of Loans Previously Deferred in Phase I ⁽¹⁾	% of total Portfolio Loans Previously Deferred in Phase I ⁽¹⁾
Hospitality	84	\$ 448.1	15.01 %
Retail	51	120.6	4.04 %
Multifamily	16	84.1	28.20 %
Other Commercial	300	519.9	17.42 %
Total Commercial	451	\$ 1,172.7	39.29 %
Residential Mortgage	128	36.3	1.22 %
Consumer	203	2.2	0.07 %
Total	782	\$ 1,211.2	40.58 %
% of Loans Deferred			
% of Total Loan Portfolio			40.58 %
Total Portfolio Loans ⁽²⁾		\$ 2,985.0	

Results of Phase II Deferrals As of November 12, 2020			
Loan Type	# of Loans Previously Deferred in Phase II ⁽¹⁾	Balance of Loans Previously Deferred in Phase II ⁽¹⁾	% of total Portfolio Loans Previously Deferred in Phase II ⁽¹⁾
Hospitality	59	\$ 324.0	10.76 %
Retail	11	37.4	1.24 %
Multifamily	1	0.1	— %
Other Commercial	19	19.4	0.64 %
Total Commercial	90	\$ 380.9	12.64 %
Residential Mortgage	16	6.6	0.22 %
Consumer	71	0.8	0.03 %
Total	177	\$ 388.3	12.89 %
% of Loans Deferred			
% of Total Loan Portfolio			12.89 %
Total Portfolio Loans ⁽²⁾		\$ 3,012.5	

Results of Phase III Deferrals As of March 31, 2021					
Loan Type	# of Loans Deferred in Phase III	Loan Balance of Phase III Full Payment Deferral	Loan Balance of Phase III Principal Only Deferral	Total Loan Balance Deferred in Phase III to Date	% of Total Portfolio Loans Deferred in Phase III
Hospitality	58	\$ 118.3	\$ 202.1	\$ 320.4	10.78 %
Retail	10	—	38.1	38.1	1.28 %
Multifamily	1	—	10.0	10.0	0.34 %
Other Commercial	23	6.3	32.2	38.5	1.29 %
Total Commercial	92	\$ 124.6	\$ 282.4	\$ 407.0	13.69 %
Residential Mortgage	0	—	—	—	— %
Consumer	0	—	—	—	— %
Total	92	\$ 124.6	\$ 282.4	407.0	13.69 %
% of Loans Deferred		30.61 %	69.39 %	100.00 %	
% of Total Loan Portfolio		4.19 %	9.50 %	13.69 %	13.69 %
Total Portfolio Loans ⁽²⁾				2,971.9	

⁽¹⁾ The Phase I deferment period ended on August 31, 2020. The Phase II deferment period ended December 31, 2020. The Phase III deferment period terminates on June 30, 2021.

⁽²⁾ Excludes loans held-for-sale.

Phase III Hospitality Loan Deferrals

\$ in thousands

Phase III Payment Type Election	Loan Count	Outstanding Hospitality Portfolio Balance	% of Outstanding Hospitality Portfolio Balance
Full Principal & Interest	16	\$ 118,263	23.58 %
Principal Only	42	202,121	40.31 %
Phase III Hospitality Loan	58	\$ 320,384	63.89 %
No Deferral	40	181,091	36.11 %
Total Hospitality Portfolio	98	\$ 501,475	100.00 %

* As of March 31, 2021

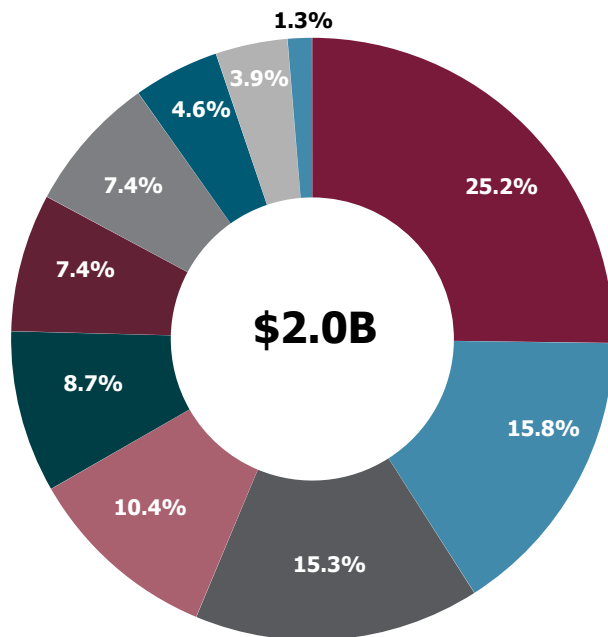


07

Commercial Loan Portfolio Metrics

CRE Segment Overview

By Collateral Code (\$ in thousands)

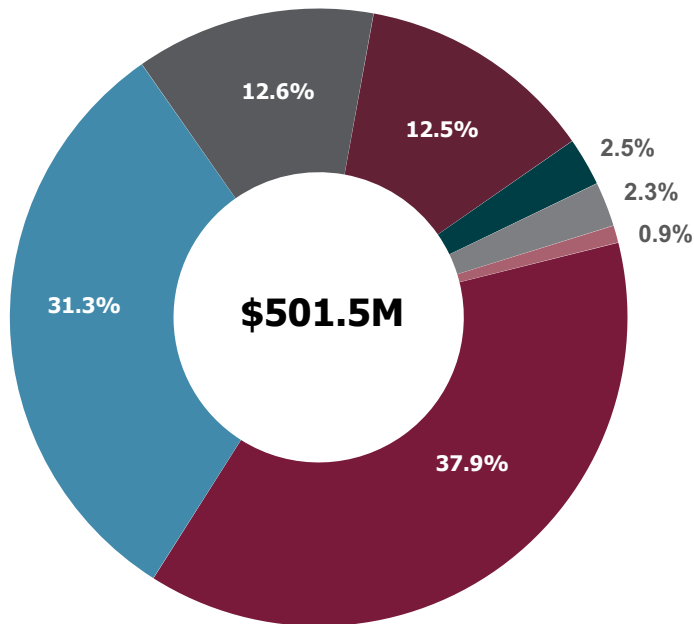


Row Labels	CRE Portfolio Balance	Percentage of Total Balance	Deferment Percentage
Hotel	\$501,475	25.2%	63.9%
Multifamily	313,220	15.8%	3.2%
Retail/Restaurant	305,118	15.3%	13.9%
Land	207,043	10.4%	0.1%
Office	173,045	8.7%	3.3%
Warehouse	147,464	7.4%	0.0%
Other ⁽¹⁾	146,521	7.4%	3.7%
Single Family	91,795	4.6%	0.1%
Country Club	76,880	3.9%	18.6%
Long Term Care	26,092	1.3%	0.0%
Grand Total	\$1,988,653	100.0%	20.0%

⁽¹⁾ Other CRE & Other Commercial Construction Segments include, but are not limited to, Special / Limited Use, Church, Mobile Home Park, Gas Station, Self-Storage Facilities, Auto Shops
*As of March 31, 2021

Hospitality Metrics By State

\$ in thousands

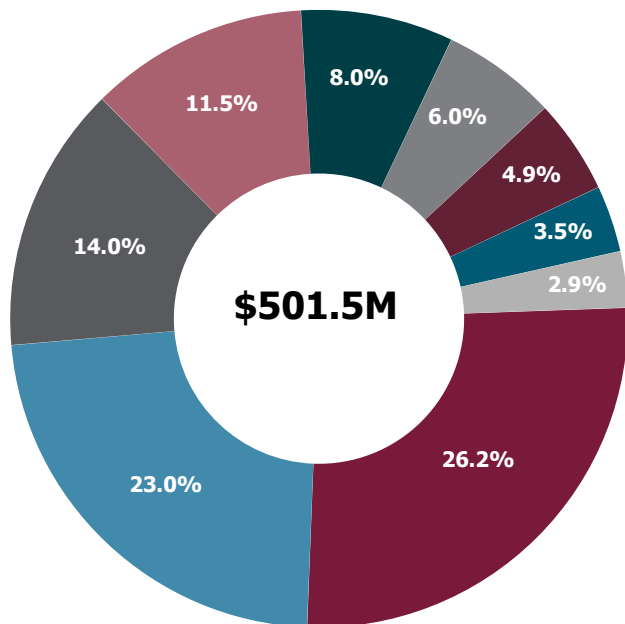


State	Hospitality Portfolio Balance	Percentage of Total Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
NC	\$189,969	37.9%	61.1%	\$4,418	\$67
SC	157,001	31.3%	60.0%	6,038	87
VA	62,949	12.6%	28.1%	15,737	65
WV	62,590	12.5%	54.8%	3,294	77
FL	12,736	2.5%	64.7%	6,368	122
GA	11,728	2.3%	61.9%	5,864	68
TN	4,502	0.9%	46.4%	4,502	22
Total	\$501,475	100.0%	55.8%	\$5,170	\$76

*As of March 31, 2021

Hospitality Metrics By Brand

\$ in thousands



Brand	Hospitality Portfolio Balance	Percentage of Total Balance	Avg. LTV	Avg. GL Balance Size	Avg. of Debt per Key - Total Commitment
Hilton	\$131,379	26.2%	62.0%	\$8,759	\$99
IHG	115,563	23.0%	59.0%	5,024	64
Marriott	70,143	14.0%	56.9%	7,794	79
Upscale Independent/Boutique	57,552	11.5%	28.4%	28,776	75
Wyndham	40,112	8.0%	65.0%	2,865	46
Choice	30,079	6.0%	56.2%	2,734	36
Independent	24,820	4.9%	57.4%	2,758	147
Best Western	17,564	3.5%	49.6%	2,196	30
Other	14,263	2.9%	57.0%	2,377	41
Total	\$501,475	100.0%	55.8%	\$5,170	\$76

*As of March 31, 2021

Paycheck Protection Program

The Paycheck Protection Program is part of the CARES Act Stimulus Package, and is a federal loan program aimed at helping businesses impacted by COVID-19. In an all hands on deck effort, Carter Bank & Trust was able to accept applications in the first, second and third round of funding to date.

PROGRAM TIMING	APPLICATIONS APPROVED	FUNDS APPROVED (\$ in millions)	TOTAL IN FEES (\$ in millions)
ROUND ONE: April 3 - 16, 2020	451	\$17.9	\$1.5
ROUND TWO: April 29– June 30, 2020	515	\$39.9	
ROUND THREE: January 22, 2021 - TBD	101	\$8.2	\$0.3
TOTAL	1,067	\$66.0	\$1.8

*As of March 31, 2021