UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2026

Commission File Number 0-15572

FIRST BANCORP
(Exact Name of Registrant as Specified in its Charter)

North Carolina	56-1421916
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
205 SE Broad St., Southern Pines, North Carolina	28387
(Address of Principal Executive Offices)	(Zip Code)
(Registrant's telephone number, including area code)	(910) 246-2500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered:
Common Stock, No Par Value	FBNC	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of the registrant's Common Stock outstanding on July 31, 2026 was 41,374,221.

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FIRST BANCORP AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

Part I of this report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, which statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, predictions, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Further, forward-looking statements are intended to speak only as of the date made. Such statements are often characterized by the use of qualifying words (and their derivatives) such as “expect,” “believe,” “estimate,” “plan,” “project,” or other statements concerning our opinions or judgment about future events. Our actual results may differ materially from those anticipated in any forward-looking statements, as they will depend on many factors about which we are unsure, including many factors which are beyond our control. Factors that could influence the accuracy of such forward-looking statements include, but are not limited to, the financial success or changing strategies of our customers, our level of success in integrating acquisitions, actions of government regulators, the level of market interest rates, geopolitical influences and general economic conditions. For additional information about factors that could affect the matters discussed in this paragraph, see the “Risk Factors” section of our 2025 Annual Report on Form 10-K ("2025 Annual Report") and Item 1A of Part II of this report.

Part I. Financial Information
Item 1 - Financial Statements

First Bancorp
Consolidated Balance Sheets

($ in thousands - unaudited)	June 30, 2026	December 31, 2025
Assets		
Cash and due from banks, noninterest-bearing	$ 128,424	$ 146,759
Due from banks, interest-bearing	421,908	162,836
Total cash and cash equivalents	550,332	309,595
Securities available for sale (amortized cost of $2,143,544 and $2,242,678, respectively)	1,939,075	2,048,556
Securities held to maturity (fair values of $443,298 and $448,452, respectively)	509,712	513,099
Presold mortgages in process of settlement	12,304	7,790
Loans	8,988,748	8,722,419
Allowance for credit losses on loans	(124,894)	(123,581)
Net loans	8,863,854	8,598,838
Premises and equipment, net	138,129	139,125
Accrued interest receivable	38,272	39,206
Goodwill	478,750	478,750
Other intangible assets, net	14,786	17,232
Bank-owned life insurance	195,984	193,286
Other assets	300,417	322,862
Total assets	$ 13,041,615	$ 12,668,339
Liabilities		
Deposits		
Noninterest-bearing deposits	$ 3,597,565	$ 3,486,985
Interest-bearing deposits	7,487,302	7,261,436
Total deposits	11,084,867	10,748,421
Borrowings	74,717	74,569
Accrued interest payable	3,813	3,747
Other liabilities	161,758	187,434
Total liabilities	11,325,155	11,014,171
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, no par value per share. Authorized: 5,000,000 shares		
Issued & outstanding: none and none, respectively	—	—
Common stock, no par value per share. Authorized: 60,000,000 shares		
Issued & outstanding: 41,374,221 shares and 41,466,227 shares, respectively	966,777	973,884
Retained earnings	906,976	829,659
Stock in rabbi trust assumed in acquisition	(534)	(885)
Rabbi trust obligation	534	885
Accumulated other comprehensive income (loss)	(157,293)	(149,375)
Total shareholders' equity	1,716,460	1,654,168
Total liabilities and shareholders' equity	$ 13,041,615	$ 12,668,339

See accompanying notes to unaudited consolidated financial statements.

First Bancorp
Consolidated Statements of Income

($ in thousands, except per share data - unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Interest Income				
Interest and fees on loans	$ 125,845	$ 112,921	$ 246,592	$ 223,418
Interest on investment securities:				
Taxable interest income	16,925	16,857	34,481	32,381
Tax-exempt interest income	1,115	1,116	2,230	2,232
Other, principally overnight investments	4,430	5,837	7,402	11,324
Total interest income	148,315	136,731	290,705	269,355
Interest Expense				
Interest on deposits	35,812	38,405	69,858	76,524
Interest on borrowings	1,237	1,660	2,465	3,318
Total interest expense	37,049	40,065	72,323	79,842
Net interest income	111,266	96,666	218,382	189,513
Provision for credit losses	1,169	2,212	4,252	3,328
Net interest income after provision for credit losses	110,097	94,454	214,130	186,185
Noninterest Income				
Service charges on deposit accounts	4,205	3,976	8,159	7,743
Other service charges and fees	5,986	6,605	11,928	12,524
Presold mortgage loan fees and gains on sale	660	315	1,329	765
Commissions from sales of financial products	1,707	1,388	3,199	2,796
SBA loan sale gains	529	151	1,432	203
Bank-owned life insurance income	1,358	1,221	2,698	2,449
Other income, net	1,589	636	2,467	768
Total noninterest income	16,034	14,292	31,212	27,248
Noninterest Expense				
Salaries, incentives and commissions expense	31,529	29,005	61,507	57,666
Employee benefit expense	6,958	6,187	13,474	12,282
Total personnel expense	38,487	35,192	74,981	69,948
Occupancy and equipment expense	4,961	5,195	10,316	10,387
Intangibles amortization expense	1,199	1,468	2,446	2,984
Other operating expenses	18,114	17,069	35,236	33,516
Total noninterest expenses	62,761	58,924	122,979	116,835
Income before income taxes	63,370	49,822	122,363	96,598
Income tax expense	12,851	11,256	25,185	21,626
Net income	$ 50,519	$ 38,566	$ 97,178	$ 74,972
Earnings per common share:				
Basic	$ 1.22	$ 0.93	$ 2.35	$ 1.81
Diluted	1.22	0.93	2.35	1.81
Weighted average common shares outstanding:				
Basic	41,184,914	41,168,260	41,217,526	41,149,623
Diluted	41,375,377	41,441,393	41,417,215	41,424,063

See accompanying notes to unaudited consolidated financial statements.

First Bancorp
Consolidated Statements of Comprehensive Income (Loss)

($ in thousands - unaudited)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net income	$ 50,519	$ 38,566	$ 97,178	$ 74,972
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding (losses) gains arising during the period, pretax	(6,759)	22,321	(10,347)	69,162
Tax benefit (expense)	1,559	(5,211)	2,390	(16,651)
Postretirement Plans:				
Amortization of unrecognized net actuarial losses	25	—	51	—
Tax (expense) benefit	(6)	—	(12)	—
Other comprehensive (loss) income	(5,181)	17,110	(7,918)	52,511
Comprehensive income (loss)	$ 45,338	$ 55,676	$ 89,260	$ 127,483

See accompanying notes to unaudited consolidated financial statements.

First Bancorp
Consolidated Statements of Shareholders' Equity

($ in thousands, except per share data - unaudited)	Common Stock Shares	Common Stock Amount	Retained earnings	Stock in rabbi trust assumed in acquisition	Rabbi trust obligation	Accumulated other comprehensive income (loss)	Total shareholders' equity
Three Months Ended June 30, 2025							
Balances, April 1, 2025	41,369	$ 971,174	$ 783,630	$ (1,166)	$ 1,166	$ (246,628)	$ 1,508,176
Net income			38,566				38,566
Cash dividends declared ($0.23 per common share)			(9,539)				(9,539)
Change in Rabbi Trust Obligation				297	(297)		—
Stock options exercised	60	1,112					1,112
Stock withheld for payment of taxes	(14)	(546)					(546)
Stock-based compensation	53	1,301					1,301
Other comprehensive income						17,110	17,110
Balances, June 30, 2025	41,468	$ 973,041	$ 812,657	$ (869)	$ 869	$ (229,518)	$ 1,556,180
Three Months Ended June 30, 2026							
Balances, April 1, 2026	41,375	$ 968,675	$ 866,387	$ (893)	$ 893	$ (152,112)	$ 1,682,950
Net income			50,519				50,519
Cash dividends declared ($0.24 per common share)			(9,930)				(9,930)
Change in Rabbi Trust Obligation				359	(359)		—
Stock options exercised	5	100					100
Stock repurchases	(36)	(2,123)					(2,123)
Stock withheld for payment of taxes	(15)	(946)					(946)
Stock-based compensation	45	1,071					1,071
Other comprehensive income						(5,181)	(5,181)
Balances, June 30, 2026	41,374	$ 966,777	$ 906,976	$ (534)	$ 534	$ (157,293)	$ 1,716,460

See accompanying notes to unaudited consolidated financial statements.

First Bancorp
Consolidated Statements of Shareholders' Equity

($ in thousands, except per share data - unaudited)	Common Stock Shares	Common Stock Amount	Retained earnings	Stock in rabbi trust assumed in acquisition	Rabbi trust obligation	Accumulated other comprehensive income (loss)	Total shareholders' equity
Six Months Ended June 30, 2025							
Balances, January 1, 2025	41,347	$ 971,313	$ 756,327	$ (1,148)	$ 1,148	$ (282,029)	$ 1,445,611
Net income			74,972				74,972
Cash dividends declared ($0.45 per common share)			(18,642)				(18,642)
Change in Rabbi Trust Obligation				279	(279)		—
Stock repurchases	(25)	(992)					(992)
Stock options exercised	73	1,238					1,238
Stock withheld for payment of taxes	(22)	(839)					(839)
Stock-based compensation	95	2,321					2,321
Other comprehensive income						52,511	52,511
Balances, June 30, 2025	41,468	$ 973,041	$ 812,657	$ (869)	$ 869	$ (229,518)	$ 1,556,180
Six Months Ended June 30, 2026							
Balances, January 1, 2026	41,466	$ 973,884	$ 829,659	$ (885)	$ 885	$ (149,375)	$ 1,654,168
Net income			97,178				97,178
Cash dividends declared ($0.48 per common share)			(19,861)				(19,861)
Change in Rabbi Trust Obligation				351	(351)		—
Stock repurchases	(129)	(7,270)					(7,270)
Stock options exercised	7	136					136
Stock withheld for payment of taxes	(33)	(1,993)					(1,993)
Stock-based compensation	63	2,020					2,020
Other comprehensive income						(7,918)	(7,918)
Balances, June 30, 2026	41,374	$ 966,777	$ 906,976	$ (534)	$ 534	$ (157,293)	$ 1,716,460

See accompanying notes to unaudited consolidated financial statements.

First Bancorp
Consolidated Statements of Cash Flows

($ in thousands-unaudited)	Six Months Ended June 30, 2026	2025
Cash Flows From Operating Activities		
Net income	$ 97,178	$ 74,972
Reconciliation of net income to net cash provided by operating activities:		
Provision for credit losses	4,252	3,328
Net premium amortization and discount accretion	420	(13)
Deferred income taxes, net	11,995	1,654
Bank-owned life insurance income	(2,698)	(2,449)
Depreciation of premises and equipment	3,282	3,457
Stock-based compensation expense	2,020	2,321
Amortization of intangible assets	2,446	2,984
Gains on sale of loans	(2,761)	(968)
Origination of presold mortgage loans and SBA loans held for sale	(69,376)	(41,103)
Proceeds from sales of presold mortgage loans and SBA loans	85,977	42,357
Change in other assets, other liabilities and accrued interest, net	(3,024)	11,864
Other	(2,035)	(97)
Net cash provided by (used in) operating activities	127,676	98,307
Cash Flows From Investing Activities		
Purchases of securities available for sale	(27,184)	(136,987)
Proceeds from maturities, calls and principal repayments of securities available for sale	127,278	103,558
Proceeds from maturities, calls and principal repayments of securities held to maturity	1,208	1,403
Purchases of Federal Reserve and FHLB stock	(375)	(359)
Redemptions of Federal Reserve and FHLB stock	10	—
Purchases of other investments	(7,500)	(10,902)
Net (increase) decrease in loans	(286,669)	(135,599)
Purchases of premises and equipment	(2,890)	(1,611)
Other	1,480	5,144
Net cash (used in) provided by investing activities	(194,642)	(175,353)
Cash Flows From Financing Activities		
Net increase (decrease) in deposits	336,323	299,650
Proceeds from the issuance of FHLB and FRB borrowings	1,000	2,000
Repayment of FHLB and FRB borrowings	(1,025)	(2,024)
Cash dividends paid – common stock	(19,468)	(18,208)
Repurchases of common stock	(7,270)	(992)
Proceeds from stock option exercises	136	1,238
Payment of taxes related to stock withheld	(1,993)	(839)
Net cash provided by (used in) financing activities	307,703	280,825
Increase (decrease) in cash and cash equivalents	240,737	203,779
Cash and cash equivalents, beginning of period	309,595	507,507
Cash and cash equivalents, end of period	$ 550,332	$ 711,286
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest	$ 71,962	$ 79,730
Cash paid during the period for income taxes	1,504	8,836
Non-cash: Unrealized (loss) gain on securities available for sale, net of taxes	(7,957)	52,511
Non-cash: Foreclosed loans transferred to foreclosed real estate	386	494
Non-cash: Accrued dividends at end of period	9,930	9,539
Non-cash: Initial recognition of operating lease right-of-use assets and liabilities	686	939
Non-cash: Affordable housing investments obtained in exchange for funding commitments	5,023	42,248

See accompanying notes to consolidated financial statements.

First Bancorp
Notes to Consolidated Financial Statements
(unaudited)

Note 1. Organization and Basis of Presentation

The consolidated financial statements include the accounts of First Bancorp (the “Company”) and its wholly owned subsidiary First Bank (the “Bank”). The Bank has two wholly owned subsidiaries that are fully consolidated, Magnolia Financial, Inc. ("Magnolia Financial"), and First Troy SPE, LLC. All significant intercompany accounts and transactions have been eliminated.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X Accordingly, they do not include all information and notes necessary for complete financial statements in accordance with GAAP. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of the Company as of June 30, 2026, the consolidated results of income, comprehensive income and shareholders' equity for the three and six months ended June 30, 2026 and 2025, and the consolidated cash flows for the six months ended June 30, 2026 and 2025. Any such adjustments were of a normal, recurring nature. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes in the 2025 Annual Report for the year ended December 31, 2025. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full year.

In certain instances, amounts reported in prior years’ consolidated financial statements have been reclassified to conform to the current presentation. Such reclassifications had no effect on previously reported shareholders’ equity or net income.

Refer to Note 1 of the 2025 Annual Report filed with the Securities and Exchange Commission (“SEC”) for a discussion of accounting policies and other relevant information with respect to the consolidated financial statements.

The Company has evaluated all subsequent events through the date the consolidated financial statements were issued.

Accounting Standards Adopted in 2026

The Company did not adopt any accounting standards during the first six months of 2026.

Accounting Standards Pending Adoption

ASU 2024-03, “Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” amended the Income Statement—Reporting Comprehensive Income topic in the Accounting Standards Codification to require public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements. The amendments are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will apply the amendments retrospectively to all prior periods presented in the financial statements after the effective date. The adoption of ASU 2024-03 is not expected to have a significant impact on the Company's consolidated financial statements.

ASU 2025-07, "Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)" amended the Derivatives and Hedging and Revenue from Contracts with Customers topics in the Accounting Standards Codification to refine derivative scope and clarify the accounting treatment of share-based noncash consideration from customers in revenue contracts. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is

permitted. Entities may apply the guidance prospectively or on a modified retrospective basis. The adoption of ASU 2025-07 is not expected to have a significant impact on the Company's consolidated financial statements.

ASU 2025-08, "Financial Instruments-Credit Losses (Topic 326): Purchased Loans" amended the Financial Instruments—Credit Losses topic in the Accounting Standards Codification to expand the population of acquired financial assets subject to the gross-up approach. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company does not expect these amendments to have a material effect on its financial statements. See Note 13 concerning the proposed acquisition of First Carolina Bancshares Corporation ("First Carolina"). The amendments would be adopted as of the beginning of the quarter in which the closing of the First Carolina acquisition occurs.

ASU 2025-09, "Derivatives and Hedging (Topic 815): Hedge Accounting Improvements" amended the Derivatives and Hedging topic in the Accounting Standards Codification to clarify certain aspects of the guidance on hedge accounting and to address several incremental hedge accounting issues arising from the global reference rate reform initiative. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted on any date on or after the issuance of this ASU. Upon adoption of the amendments, entities are permitted to modify certain critical terms of certain existing hedging relationships without dedesignating the hedge. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements" amended the Interim Reporting topic in the Accounting Standards Codification to clarify current interim reporting requirements. The amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will apply the amendments retrospectively to any or all prior periods presented in the financial statements. The Company does not expect these amendments to have a material effect on its financial statements.

Other accounting standards that have been issued or proposed by the Financial Accounting Standards Board ("FASB") or other standards-setting bodies are not expected to have a material impact on the Company's consolidated financial statements.

Note 2. Securities

The book values and approximate fair values of investment securities at June 30, 2026 and December 31, 2025 are summarized as follows:

	June 30, 2026				December 31, 2025			
($ in thousands)	Amortized Cost	Fair Value	Unrealized Gains	Unrealized (Losses)	Amortized Cost	Fair Value	Unrealized Gains	Unrealized (Losses)
Securities available for sale:								
U.S. Treasuries	$ 165,504	$ 165,202	$ 389	$ (691)	$ 165,137	$ 168,095	$ 3,004	$ (46)
Government-sponsored enterprise securities	1,972	1,761	—	(211)	1,968	1,758	—	(210)
Mortgage-backed securities	1,957,870	1,753,884	2,260	(206,246)	2,057,381	1,860,357	4,008	(201,032)
Corporate bonds	18,198	18,228	74	(44)	18,192	18,346	193	(39)
Total available for sale	$ 2,143,544	$ 1,939,075	$ 2,723	$ (207,192)	$ 2,242,678	$ 2,048,556	$ 7,205	$ (201,327)
Securities held to maturity:								
Mortgage-backed securities	$ 5,623	$ 5,415	$ —	$ (208)	$ 6,735	$ 6,536	$ —	$ (199)
State and local governments	504,089	437,883	9	(66,215)	506,364	441,916	19	(64,467)
Total held to maturity	$ 509,712	$ 443,298	$ 9	$ (66,423)	$ 513,099	$ 448,452	$ 19	$ (64,666)

All of the Company's mortgage-backed securities were issued by government-sponsored enterprises ("GSEs"), except for private mortgage-backed securities with a fair value of $0.7 million as of June 30, 2026 and December 31, 2025.

Accrued interest receivable on available for sale ("AFS") debt securities was $5.0 million and $5.2 million at June 30, 2026 and December 31, 2025, respectively. Accrued interest receivable on held to maturity ("HTM") debt securities was $4.2 million as of June 30, 2026 and December 31, 2025.

The following table presents information regarding all securities with unrealized losses at June 30, 2026:

	Securities in an Unrealized Loss Position for Less than Twelve Months		Securities in an Unrealized Loss Position for More than Twelve Months		Total	
($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasuries	$ 42,524	$ 691	$ —	$ —	$ 42,524	$ 691
Government-sponsored enterprise securities	$ —	$ —	$ 1,761	$ 211	$ 1,761	$ 211
Mortgage-backed securities	370,955	4,540	1,010,165	201,914	1,381,120	206,454
Corporate bonds	10,707	44	—	—	10,707	44
State and local governments	917	3	432,642	66,212	433,559	66,215
Total unrealized loss position	$ 425,103	$ 5,278	$ 1,444,568	$ 268,337	$ 1,869,671	$ 273,615

The following table presents information regarding all securities with unrealized losses at December 31, 2025:

	Securities in an Unrealized Loss Position for Less than Twelve Months		Securities in an Unrealized Loss Position for More than Twelve Months		Total	
($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasuries	$ 19,959	$ 46	$ —	$ —	$ 19,959	$ 46
Government-sponsored enterprise securities	—	—	1,758	210	1,758	210
Mortgage-backed securities	157,405	684	1,074,038	200,547	1,231,443	201,231
Corporate bonds	3,711	39	—	—	3,711	39
State and local governments	—	—	436,511	64,467	436,511	64,467
Total unrealized loss position	$ 181,075	$ 769	$ 1,512,307	$ 265,224	$ 1,693,382	$ 265,993

As of June 30, 2026, the Company's securities portfolio included 577 securities of which 517 securities were in an unrealized loss position. As of December 31, 2025, the Company's securities portfolio included 573 securities of which 491 securities were in an unrealized loss position.

In the above tables, all of the securities that were in an unrealized loss position at June 30, 2026 and December 31, 2025 are bonds that the Company has determined are in a loss position due primarily to interest rate factors and not credit quality concerns. In arriving at this conclusion, the Company reviewed third-party credit ratings and considered the severity of the impairment. The state and local government investments are comprised almost entirely of highly-rated municipal bonds issued by state and local governments throughout the nation. The Company has no significant concentrations of bond holdings from any one state or local government entity. Substantially all of the Company's mortgage-backed securities were issued by Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), or Small Business Administration ("SBA"), each of which is a government agency or GSE and guarantees the repayment of its securities. The Company does not intend to sell these securities, and it is more likely than not that the Company will not be required to sell these securities before recovery of the amortized cost.

At June 30, 2026 and December 31, 2025, the Company determined that expected credit losses associated with HTM securities were insignificant.

The book values and fair values of investment securities at June 30, 2026, by contractual maturity, are summarized in the table below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale		Securities Held to Maturity	
($ in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ —	$ —	$ 992	$ 969
Due after one year but within five years	$ 159,670	$ 159,609	$ 13,136	$ 12,236
Due after five years but within ten years	26,004	25,582	280,409	244,828
Due after ten years	—	—	209,552	179,850
Mortgage-backed securities	1,957,870	1,753,884	5,623	5,415
Total securities	$ 2,143,544	$ 1,939,075	$ 509,712	$ 443,298

At June 30, 2026 and December 31, 2025, investment securities with carrying values of $885.4 million and $876.8 million, respectively, were pledged as collateral for public deposits. In addition, at June 30, 2026 and December 31, 2025, investment securities with carrying values of $616.3 million and $622.1 million, respectively, were pledged as collateral to the Federal Reserve Bank ("Federal Reserve") to secure any such borrowings.

At June 30, 2026 and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies or GSEs, in an amount greater than 10% of shareholders' equity.

There were no sales of investment securities during the three and six months ended June 30, 2026 or June 30, 2025.

Included in “Other assets” in the consolidated balance sheets are investments in Federal Home Loan Bank (“FHLB”) and Federal Reserve stock totaling $42.0 million and $41.6 million at June 30, 2026 and December 31, 2025, respectively. These investments do not have readily determinable fair values. The FHLB stock had a cost of $8.9 million and $8.5 million at June 30, 2026 and December 31, 2025, respectively, and serves as part of the collateral for the Company’s line of credit with the FHLB and is also a requirement for membership in the FHLB system. The Federal Reserve stock had a cost of $33.1 million at both June 30, 2026 and December 31, 2025, and is a requirement for Federal Reserve member bank qualification. Periodically, both the FHLB and Federal Reserve recalculate the Company’s required level of holdings, and the Company either buys more stock or redeems a portion of the stock at cost. The Company determined that neither stock was impaired at either period end.

Note 3. Loans, Allowance for Credit Losses, and Asset Quality Information

The following is a summary of the major categories of total loans outstanding:

	June 30, 2026		December 31, 2025	
($ in thousands)	Amount	Percentage	Amount	Percentage
Commercial and industrial	$ 1,014,295	11 %	$ 1,046,438	12 %
Construction, development & other land loans	847,912	10 %	753,199	9 %
Commercial real estate - owner occupied	1,358,100	15 %	1,353,912	15 %
Commercial real estate - non owner occupied	2,974,749	33 %	2,843,555	33 %
Multi-family real estate	619,489	7 %	537,015	6 %
Residential 1-4 family real estate	1,728,367	19 %	1,736,453	20 %
Home equity loans/lines of credit	377,949	4 %	383,652	4 %
Consumer loans	68,692	1 %	67,458	1 %
Subtotal	8,989,553	100 %	8,721,682	100 %
Unamortized net deferred loan (fees)/costs	(805)		737	
Total loans	$ 8,988,748		$ 8,722,419	

Also included in the table above are various SBA loans, generally originated under the SBA 7A program, with additional information on these loans presented in the table below.

($ in thousands)	June 30, 2026	December 31, 2025
Guaranteed portions of SBA loans included in table above	$ 49,431	$ 61,501
Unguaranteed portions of SBA loans included in table above	97,475	100,509
Total SBA loans included in the table above	$ 146,906	$ 162,010
Sold portions of SBA loans with servicing retained - not included in tables above	$ 280,913	$ 284,649

At June 30, 2026 and December 31, 2025, there were remaining unaccreted discounts of $2.1 million and $2.0 million, respectively, on the retained portion of SBA loans for which the guaranteed portion had been sold.

At June 30, 2026 and December 31, 2025, loans in the amount of $7.4 billion and $7.1 billion, respectively, were pledged as collateral to the Federal Reserve and the FHLB for borrowing capacity.

At June 30, 2026 and December 31, 2025, total loans included loans to directors and executive officers of the Company, and their associates, totaling approximately $59.8 million and $60.7 million, respectively. Available credit on related party loans totaled zero and $0.3 million at June 30, 2026 and December 31, 2025, respectively.

As of June 30, 2026 and December 31, 2025, unamortized discounts on all acquired loans totaled $6.6 million and $8.8 million, respectively.

Nonperforming assets ("NPAs") are defined as nonaccrual loans, loans past due 90 or more days and still accruing interest, and foreclosed properties.

The following table summarizes the NPAs for each date presented.

($ in thousands)	June 30, 2026	December 31, 2025
Nonaccrual loans	$ 44,283	$ 36,315
Accruing loans 90 days or more past due	—	—
Total nonperforming loans	44,283	36,315
Foreclosed properties	659	1,425
Total nonperforming assets	$ 44,942	$ 37,740

At June 30, 2026 and December 31, 2025, the Company had $1.9 million and $1.0 million, respectively, in residential mortgage loans in the process of foreclosure.

At June 30, 2026 and December 31, 2025, there were commitments to lend an immaterial amount of additional funds to borrowers whose loans were nonperforming.

The following table is a summary of the Company's nonaccrual loans by major categories as of June 30, 2026:

($ in thousands)	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Commercial and industrial	$ —	$ 8,697	$ 8,697
Construction, development & other land loans	—	303	303
Commercial real estate - owner occupied	4,822	9,442	14,264
Commercial real estate - non owner occupied	4,204	4,314	8,518
Residential 1-4 family real estate	—	9,253	9,253
Home equity loans/lines of credit	—	3,024	3,024
Consumer loans	—	224	224
Total	$ 9,026	$ 35,257	$ 44,283

The following table is a summary of the Company's nonaccrual loans by major categories as of December 31, 2025:

($ in thousands)	Nonaccrual Loans with No Allowance	Nonaccrual Loans with an Allowance	Total Nonaccrual Loans
Commercial and industrial	$ —	$ 9,130	$ 9,130
Construction, development & other land loans	—	202	202
Commercial real estate - owner occupied	1,825	11,639	13,464
Commercial real estate - non owner occupied	4,269	709	4,978
Residential 1-4 family real estate	—	5,908	5,908
Home equity loans/lines of credit	—	2,407	2,407
Consumer loans	—	226	226
Total	$ 6,094	$ 30,221	$ 36,315

There was no interest income recognized during the periods presented on nonaccrual loans. In the period that the Company places a loan on nonaccrual status, contractual interest income is reversed in the consolidated income statement.

The following table presents an analysis of the payment status of the Company's loans as of June 30, 2026:

($ in thousands)	Accruing Current	Accruing 30-59 Days Past Due	Accruing 60-89 Days Past Due	Nonaccrual Loans	Total Loans Receivable
Commercial and industrial	$ 1,003,760	$ 864	$ 974	$ 8,697	$ 1,014,295
Construction, development & other land loans	847,574	35	—	303	847,912
Commercial real estate - owner occupied	1,343,327	509	—	14,264	1,358,100
Commercial real estate - non owner occupied	2,966,082	102	47	8,518	2,974,749
Multi-family real estate	619,489	—	—	—	619,489
Residential 1-4 family real estate	1,712,092	5,733	1,289	9,253	1,728,367
Home equity loans/lines of credit	373,539	1,198	188	3,024	377,949
Consumer loans	68,114	214	140	224	68,692
Total	$ 8,933,977	$ 8,655	$ 2,638	$ 44,283	8,989,553
Unamortized net deferred loan costs/(fees)					(805)
Total loans					$ 8,988,748

The following table presents an analysis of the payment status of the Company's loans as of December 31, 2025:

($ in thousands)	Accruing Current	Accruing 30-59 Days Past Due	Accruing 60-89 Days Past Due	Nonaccrual Loans	Total Loans Receivable
Commercial and industrial	$ 1,034,943	$ 1,824	$ 541	$ 9,130	$ 1,046,438
Construction, development & other land loans	752,388	602	7	202	753,199
Commercial real estate - owner occupied	1,338,042	2,130	276	13,464	1,353,912
Commercial real estate - non owner occupied	2,838,054	—	523	4,978	2,843,555
Multi-family real estate	537,015	—	—	—	537,015
Residential 1-4 family real estate	1,720,305	6,685	3,555	5,908	1,736,453
Home equity loans/lines of credit	379,437	1,570	238	2,407	383,652
Consumer loans	66,692	290	250	226	67,458
Total	$ 8,666,876	$ 13,101	$ 5,390	$ 36,315	8,721,682
Unamortized net deferred loan costs/(fees)					737
Total loans					$ 8,722,419

Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty.

The following table presents an analysis of collateral dependent loans of the Company as of June 30, 2026:

($ in thousands)	Commercial Property	Total Collateral-Dependent Loans
Commercial real estate - owner occupied	$ 8,387	$ 8,387
Commercial real estate - non owner occupied	8,338	8,338
Total	$ 16,725	$ 16,725

The following table presents an analysis of collateral dependent loans of the Company as of December 31, 2025:

($ in thousands)	Commercial Property	Total Collateral-Dependent Loans
Commercial real estate - owner occupied	$ 5,390	$ 5,390
Commercial real estate - non owner occupied	4,269	4,269
Total	$ 9,659	$ 9,659

There have been no material changes from the treatment of collateral dependent loans under the current expected credit loss ("CECL") model as discussed in Note 4 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

The Company continues to utilize the third-party baseline forecast, which incorporates an equal probability of the United States economy performing better or worse than the projection, as the best forecast to use for macroeconomic factors in the model. Management continued to consistently apply various other factors as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, such as prepayments, qualitative factor scorecards, macroeconomic drivers, reasonable and supportable forecast periods, reversion to long-term average, etc.

The following tables present the activity in the allowance for credit losses ("ACL") on loans for each of the periods indicated.

($ in thousands)	Beginning balance	Charge-offs	Recoveries	Provisions / (Reversals)	Ending balance
As of and for the three months ended June 30, 2026					
Commercial and industrial	$ 19,373	$ (1,089)	$ 480	$ 436	$ 19,200
Construction, development & other land loans	14,778	—	30	343	15,151
Commercial real estate - owner occupied	19,066	—	113	(865)	18,314
Commercial real estate - non owner occupied	24,178	—	8	1,544	25,730
Multi-family real estate	5,617	—	—	815	6,432
Residential 1-4 family real estate	34,086	(252)	34	(1,889)	31,979
Home equity loans/lines of credit	3,334	—	1	9	3,344
Consumer loans	4,302	(342)	30	754	4,744
Total	$ 124,734	$ (1,683)	$ 696	$ 1,147	$ 124,894
As of and for the six months ended June 30, 2026					
Commercial and industrial	$ 20,044	$ (2,502)	$ 811	$ 847	$ 19,200
Construction, development & other land loans	11,465	—	61	3,625	15,151
Commercial real estate - owner occupied	20,298	(247)	245	(1,982)	18,314
Commercial real estate - non owner occupied	25,017	—	16	697	25,730
Multi-family real estate	5,205	—	—	1,227	6,432
Residential 1-4 family real estate	34,068	(257)	80	(1,912)	31,979
Home equity loans/lines of credit	3,519	—	11	(186)	3,344
Consumer loans	3,965	(687)	84	1,382	4,744
Total	$ 123,581	$ (3,693)	$ 1,308	$ 3,698	$ 124,894

($ in thousands)	Beginning balance	Charge-offs	Recoveries	Provisions / (Reversals)	Ending balance
As of and for the three months ended June 30, 2025					
Commercial and industrial	$ 19,275	$ (1,416)	$ 467	$ 180	$ 18,506
Construction, development & other land loans	7,669	—	32	959	8,660
Commercial real estate - owner occupied	19,325	(13)	5	1,429	20,746
Commercial real estate - non owner occupied	28,384	(33)	17	(3,943)	24,425
Multi-family real estate	5,015	—	—	(270)	4,745
Residential 1-4 family real estate	33,735	—	24	2,024	35,783
Home equity loans/lines of credit	3,502	—	2	(59)	3,445
Consumer loans	3,726	(292)	51	750	4,235
Total	$ 120,631	$ (1,754)	$ 598	$ 1,070	$ 120,545
As of and for the six months ended June 30, 2025					
Commercial and industrial	$ 19,474	$ (3,632)	$ 964	$ 1,700	$ 18,506
Construction, development & other land loans	9,314	—	105	(759)	8,660
Commercial real estate - owner occupied	19,380	(450)	111	1,705	20,746
Commercial real estate - non owner occupied	27,768	(938)	20	(2,425)	24,425
Multi-family real estate	5,476	—	—	(731)	4,745
Residential 1-4 family real estate	33,552	(124)	53	2,302	35,783
Home equity loans/lines of credit	4,111	(68)	21	(619)	3,445
Consumer loans	3,497	(662)	105	1,295	4,235
Total	$ 122,572	$ (5,874)	$ 1,379	$ 2,468	$ 120,545

Credit Quality Indicators

There have been no material changes from the treatment of credit quality tracking and risk grade descriptions as discussed in Note 4 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

In the tables that follow, substantially all of the "Classified" loans have grades of 7 for commercial loans or Fail for consumer loans, with those categories having similar levels of risk.

The tables below present the Company’s recorded investment in loans by credit quality indicators by year of origination or renewal as of the periods indicated. Acquired loans are presented in the year originated, not in the year of acquisition.

($ in thousands)	Term Loans by Year of Origination							
	2026	2025	2024	2023	2022	Prior	Revolving	Total
As of June 30, 2026								
Commercial and industrial								
Pass	$ 140,997	$ 169,236	$ 51,966	$ 34,690	$ 76,545	$ 149,373	$ 378,042	$ 1,000,849
Special Mention	395	24	162	74	320	465	506	1,946
Classified	229	555	1,228	975	2,918	3,442	2,153	11,500
Total commercial and industrial	141,621	169,815	53,356	35,739	79,783	153,280	380,701	1,014,295
Gross charge-offs, YTD	11	11	—	33	203	556	1,688	2,502
Construction, development & other land loans								
Pass	285,927	340,402	61,023	50,312	14,557	22,984	70,732	845,937
Special Mention	—	855	—	554	35	—	—	1,444
Classified	—	162	45	255	62	7	—	531
Total construction, development & other land loans	285,927	341,419	61,068	51,121	14,654	22,991	70,732	847,912
Gross charge-offs, YTD	—	—	—	—	—	—	—	—
Commercial real estate - owner occupied								
Pass	156,493	265,806	166,233	166,983	194,378	343,362	28,163	1,321,418
Special Mention	1,103	2,178	3,183	1,172	919	8,038	1,342	17,935
Classified	684	1,510	1,991	1,339	2,285	10,938	—	18,747
Total commercial real estate - owner occupied	158,280	269,494	171,407	169,494	197,582	362,338	29,505	1,358,100
Gross charge-offs, YTD	—	—	—	—	—	247	—	247
Commercial real estate - non owner occupied								
Pass	564,633	652,075	285,175	315,903	549,138	571,607	25,122	2,963,653
Special Mention	—	208	1,116	—	343	401	—	2,068
Classified	443	4,205	44	—	20	4,316	—	9,028
Total commercial real estate - non owner occupied	565,076	656,488	286,335	315,903	549,501	576,324	25,122	2,974,749
Gross charge-offs, YTD	—	—	—	—	—	—	—	—
Multi-family real estate								
Pass	53,779	101,950	88,944	87,296	103,965	165,135	18,292	619,361
Special Mention	—	—	—	—	—	—	—	—
Classified	—	—	—	128	—	—	—	128
Total multi-family real estate	53,779	101,950	88,944	87,424	103,965	165,135	18,292	619,489
Gross charge-offs, YTD	—	—	—	—	—	—	—	—
Residential 1-4 family real estate								
Pass	108,553	243,086	141,393	283,617	360,425	573,859	53	1,710,986
Special Mention	—	376	17	—	168	389	—	950
Classified	—	2,163	134	845	2,710	10,579	—	16,431
Total residential 1-4 family real estate	108,553	245,625	141,544	284,462	363,303	584,827	53	1,728,367
Gross charge-offs, YTD	—	—	—	—	7	250	—	257
Home equity loans/lines of credit								
Pass	795	3,428	1,203	651	469	435	363,946	370,927
Special Mention	—	—	—	—	—	—	11	11
Classified	31	145	—	257	—	169	6,409	7,011
Total home equity loans/lines of credit	826	3,573	1,203	908	469	604	370,366	377,949
Gross charge-offs, YTD	—	—	—	—	—	—	—	—
Consumer loans								
Pass	9,586	11,559	6,050	3,152	2,126	1,124	34,761	68,358
Special Mention	—	—	—	—	—	—	—	—
Classified	6	22	37	45	22	—	202	334
Total consumer loans	9,592	11,581	6,087	3,197	2,148	1,124	34,963	68,692
Gross charge-offs, YTD	—	67	82	9	—	—	529	687
Total loans	$ 1,323,654	$ 1,799,945	$ 809,944	$ 948,248	$ 1,311,405	$ 1,866,623	$ 929,734	8,989,553
Unamortized net deferred loan costs/(fees)								(805)
Total loans, net of deferred loan costs/(fees)								$ 8,988,748
Total gross charge-offs, year to date	$ 11	$ 78	$ 82	$ 42	$ 210	$ 1,053	$ 2,217	$ 3,693

($ in thousands)	Term Loans by Year of Origination							
	2025	2024	2023	2022	2021	Prior	Revolving	Total
As of December 31, 2025								
Commercial and industrial								
Pass	$ 213,147	$ 79,715	$ 43,504	$ 91,590	$ 57,804	$ 108,133	$ 439,840	$ 1,033,733
Special Mention	85	260	164	109	82	262	1,416	2,378
Classified	515	157	949	3,177	416	3,692	1,421	10,327
Total commercial and industrial	213,747	80,132	44,617	94,876	58,302	112,087	442,677	1,046,438
Gross charge-offs, YTD	35	646	780	903	174	802	4,401	7,741
Construction, development & other land loans								
Pass	469,670	115,650	76,839	18,463	18,724	8,840	39,702	747,888
Special Mention	4,172	—	573	48	—	—	—	4,793
Classified	57	49	72	68	2	270	—	518
Total construction, development & other land loans	473,899	115,699	77,484	18,579	18,726	9,110	39,702	753,199
Gross charge-offs, YTD	—	—	—	—	—	—	—	—
Commercial real estate - owner occupied								
Pass	298,490	187,305	185,070	215,615	220,148	184,358	25,429	1,316,415
Special Mention	2,428	2,856	1,802	3,018	406	6,541	1,757	18,808
Classified	112	1,393	568	2,313	474	13,786	43	18,689
Total commercial real estate - owner occupied	301,030	191,554	187,440	220,946	221,028	204,685	27,229	1,353,912
Gross charge-offs, YTD	—	420	—	17	—	903	—	1,340
Commercial real estate - non owner occupied								
Pass	724,974	374,312	376,910	594,522	529,233	205,946	29,622	2,835,519
Special Mention	136	1,131	—	—	1	382	—	1,650
Classified	78	662	—	546	—	5,100	—	6,386
Total commercial real estate - non owner occupied	725,188	376,105	376,910	595,068	529,234	211,428	29,622	2,843,555
Gross charge-offs, YTD	—	905	—	33	—	—	—	938
Multi-family real estate								
Pass	100,953	65,838	63,983	109,323	148,234	33,429	15,124	536,884
Special Mention	—	—	—	—	—	—	—	—
Classified	—	—	131	—	—	—	—	131
Total multi-family real estate	100,953	65,838	64,114	109,323	148,234	33,429	15,124	537,015
Gross charge-offs, YTD	—	—	—	—	—	—	—	—
Residential 1-4 family real estate								
Pass	166,356	230,701	301,965	373,118	264,824	381,796	61	1,718,821
Special Mention	390	424	—	—	267	630	—	1,711
Classified	151	2,561	420	2,273	1,894	8,622	—	15,921
Total residential 1-4 family real estate	166,897	233,686	302,385	375,391	266,985	391,048	61	1,736,453
Gross charge-offs, YTD	—	—	—	—	—	127	—	127
Home equity loans/lines of credit								
Pass	3,785	1,255	1,894	659	203	420	369,296	377,512
Special Mention	—	—	—	—	—	—	—	—
Classified	158	34	254	—	88	3	5,603	6,140
Total home equity loans/lines of credit	3,943	1,289	2,148	659	291	423	374,899	383,652
Gross charge-offs, YTD	—	—	—	68	—	—	1	69
Consumer loans								
Pass	15,044	8,619	4,952	3,390	1,063	580	33,403	67,051
Special Mention	—	—	—	—	—	—	—	—
Classified	49	74	36	24	4	—	220	407
Total consumer loans	15,093	8,693	4,988	3,414	1,067	580	33,623	67,458
Gross charge-offs, YTD	25	149	115	12	1	37	1,075	1,414
Total loans	$ 2,000,750	$ 1,072,996	$ 1,060,086	$ 1,418,256	$ 1,243,867	$ 962,790	$ 962,937	8,721,682
Unamortized net deferred loan costs/(fees)								737
Total loans, net of deferred loan costs/(fees)								$ 8,722,419
Total gross charge-offs, year to date	$ 60	$ 2,120	$ 895	$ 1,033	$ 175	$ 1,869	$ 5,477	$ 11,629

Loan Modifications to Borrowers Experiencing Financial Difficulty

Occasionally, the Company modifies loans to borrowers in financial distress as a part of our loss mitigation activities. Various types of modification may be offered including principal forgiveness, term extension, payment delays, or interest rate reductions. In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession may be granted. For loans included in the "Combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period.

The following table presents the amortized cost basis at June 30, 2026 of the loans modified during the three and six month periods then ended for borrowers experiencing financial difficulty, by loan category and type of concession granted.

($ in thousands)	Payment Delay	Term Extension	Total	Percent of Total Class of Loans
As of and for the three months ended June 30, 2026				
Commercial and industrial	$ —	$ 221	$ 221	0.02 %
Construction, development & other land loans	—	8	8	— %
Commercial real estate - owner occupied	$ 1,421	$ 42	$ 1,463	0.11 %
Residential 1-4 family real estate	—	88	88	0.01 %
Home equity loans/lines of credit	—	119	119	0.03 %
Total	$ 1,421	$ 478	$ 1,899	0.02 %
As of and for the six months ended June 30, 2026				
Commercial and industrial	$ —	$ 221	$ 221	0.02 %
Construction, development & other land loans	—	8	8	— %
Commercial real estate - owner occupied	1,421	42	1,463	0.11 %
Commercial real estate - non owner occupied	—	44	44	— %
Residential 1-4 family real estate	—	168	168	0.01 %
Home equity loans/lines of credit	—	410	410	0.11 %
Consumer loans	—	19	19	0.03 %
Total	$ 1,421	$ 912	$ 2,333	0.03 %

The following table presents the amortized cost basis at June 30, 2025 of the loans modified during the three and six month periods then ended for borrowers experiencing financial difficulty, by loan category and type of concession granted.

($ in thousands)	Payment Delay	Term Extension	Combination - Term Extension and Payment Delay	Total	Percent of Total Class of Loans
As of and for the three months ended June 30, 2025					
Commercial and industrial	$ 138	$ —	$ —	$ 138	0.02 %
Construction, development & other land loans	$ —	$ 309	$ —	$ 309	0.05 %
Commercial real estate - owner occupied	334	68	—	402	0.03 %
Commercial real estate - non owner occupied	—	—	85	85	— %
Residential 1-4 family real estate	—	95	120	215	0.01 %
Home equity loans/lines of credit	—	225	—	225	0.06 %
Total	$ 472	$ 697	$ 205	$ 1,374	0.02 %
As of and for the six months ended June 30, 2025					
Commercial and industrial	$ 192	$ —	$ —	$ 192	0.02 %
Construction, development & other land loans	—	309	—	309	0.05 %
Commercial real estate - owner occupied	334	111	—	445	0.04 %
Commercial real estate - non owner occupied	1,589	—	4,478	6,067	0.22 %
Residential 1-4 family real estate	—	110	120	230	0.01 %
Home equity loans/lines of credit	—	380	—	380	0.11 %
Total	$ 2,115	$ 910	$ 4,598	$ 7,623	0.09 %

For the three and six months ended June 30, 2026 and June 30, 2025, there were no modifications for borrowers experiencing financial difficulty with principal forgiveness concessions.

The following table describes the financial effect for the three and six months ended June 30, 2026 of the modifications made for borrowers experiencing financial difficulty:

	Financial Effect of Modification to Borrowers Experiencing Financial Difficulty	
	Weighted Average Payment Delay (in months)	Weighted Average Term Extension (in months)
For the three months ended June 30, 2026		
Commercial and industrial	0	8
Construction, development & other land loans	0	59
Commercial real estate - owner occupied	6	12
Residential 1-4 family real estate	0	123
Home equity loans/lines of credit	0	47
For the six months ended June 30, 2026		
Commercial and industrial	0	8
Construction, development & other land loans	0	59
Commercial real estate - owner occupied	6	12
Commercial real estate - non owner occupied	0	12
Residential 1-4 family real estate	0	138
Home equity loans/lines of credit	0	91
Consumer loans	0	39

The following table describes the financial effect for the three and six months ended June 30, 2025 of the modifications made for borrowers experiencing financial difficulty:

	Financial Effect of Modification to Borrowers Experiencing Financial Difficulty	
	Weighted Average Payment Delay (in months)	Weighted Average Term Extension (in months)
For the three months ended June 30, 2025		
Construction, development & other land loans	0	3
Commercial real estate - owner occupied	7	148
Commercial real estate - non owner occupied	4	2
Residential 1-4 family real estate	4	29
Home equity loans/lines of credit	0	40
For the six months ended June 30, 2025		
Commercial and industrial	1	0
Construction, development & other land loans	0	3
Commercial real estate - owner occupied	7	97
Commercial real estate - non owner occupied	7	7
Residential 1-4 family real estate	4	31
Home equity loans/lines of credit	0	63

The Company closely monitors the performance of the modified loans that are to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table depicts the performance of loans that were modified in the last twelve months as of June 30, 2026:

	Payment Status (Amortized Cost Basis)			
($ in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due
Commercial and industrial	$ 583	$ —	$ —	$ 248
Construction, development & other land loans	8	—	—	—
Commercial real estate - owner occupied	1,463	—	—	—
Commercial real estate - non owner occupied	44	—	—	—
Residential 1-4 family real estate	176	36	—	—
Home equity loans/lines of credit	860	—	—	—
Consumer loans	19	—	—	—
	$ 3,153	$ 36	$ —	$ 248

The following table depicts the performance of loans that were modified in the last twelve months as of December 31, 2025:

	Payment Status (Amortized Cost Basis)			
($ in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due
Commercial and industrial	$ 594	$ 38	$ —	$ 563
Commercial real estate - owner occupied	500	334	—	—
Commercial real estate - non owner occupied	4,316	—	—	—
Residential 1-4 family real estate	144	—	—	—
Home equity loans/lines of credit	674	130	—	—
	$ 6,228	$ 502	$ —	$ 563

During the three and six months ended June 30, 2026 and June 30, 2025, an immaterial amount of loans to borrowers experiencing financial difficulty that were modified in the twelve months prior were considered to have had a payment default.

At June 30, 2026 and December 31, 2025, there were no commitments to lend additional funds to a borrower experiencing financial difficulty for whom a modification had been made.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

Concentration of Credit Risk

The Company's loan portfolio is not concentrated in loans to any single borrower or to a relatively small number of borrowers. Additionally, management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions. Approximately 88% of the Company's loan portfolio is secured by real estate and is therefore susceptible to changes in real estate valuations. There have been no material changes to the primary loan markets (as identified by counties) from year end.

Impact of Hurricane Helene

In the portions of Western North and South Carolina that were significantly impacted by Hurricane Helene in third quarter of 2024, the Company identified borrowers who were potentially impacted. During 2026, the Company evaluated the commercial loan portfolio and adjusted risk ratings and nonaccrual status as applicable. Therefore, for those relationships, the normal reserving process for June 30, 2026 was applied. For potentially impacted consumer loans, the Company applied increased reserve rates based upon severe economic factors to the approximately $253 million of loans (primarily Residential 1-4 family real estate) in the most impacted path of Hurricane Helene. Due to the potential exposure from Hurricane Helene, the ACL on these impacted consumer loans was $1.9 million as of June 30, 2026, adding 2 basis points to the overall ACL as a percent of total loans, which was 1.39% as of June 30, 2026. As of December 31, 2025, the ACL on the population of potentially impacted commercial and consumer loans was $1.9 million, adding 2 basis points to the overall ACL as a percent of total loans, which was 1.42%.

Allowance for Unfunded Loan Commitments

In addition to the ACL on loans, the Company maintains an allowance for lending-related commitments such as unfunded loan commitments and letters of credit. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for lending-related commitments on off-balance sheet credit exposures is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur, which is based on a historical funding study derived from internal information, and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which are the same loss rates that are used in computing the ACL on loans. The allowance for unfunded loan commitments was included in "Other liabilities" on the consolidated balance sheets.

The following table presents the balance and activity in the allowance for unfunded loan commitments for the three and six months ended June 30, 2026 and 2025:

	Three months ended June 30,		Six months ended June 30,	
($ in thousands)	2026	2025	2026	2025
Beginning balance	$ 11,536	$ 8,784	$ 11,004	$ 9,066
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Provision for (reversal of) unfunded commitments	22	1,142	554	860
Ending balance	$ 11,558	$ 9,926	$ 11,558	$ 9,926

Note 4. Goodwill, Other Intangible Assets and Servicing Assets

The following is a summary of the gross carrying amount and accumulated amortization of amortizable intangible assets and the carrying amount of unamortized intangible assets as of the periods presented.

	June 30, 2026			December 31, 2025		
($ in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortizable intangible assets:						
Customer lists	$ 1,600	$ 1,600	$ —	$ 1,600	$ 1,600	$ —
Core deposit intangibles	57,890	43,104	14,786	57,890	40,658	17,232
Other intangibles	100	100	—	100	100	—
Total amortizable intangible assets	$ 59,590	$ 44,804	$ 14,786	$ 59,590	$ 42,358	$ 17,232
Unamortizable intangible assets:						
Goodwill	$ 478,750			$ 478,750		

Customer lists are generally amortized over five years and core deposit intangibles are generally amortized over 10 years, both at an accelerated rate.

Amortization expense of all amortizable intangible assets totaled $1.2 million and $1.5 million for the three months ended June 30, 2026 and 2025, respectively, and $2.4 million and $3.0 million for the six months ended June 30, 2026 and 2025, respectively.

Goodwill is evaluated for impairment on at least an annual basis, with the annual evaluation occurring as of October 31 of each year. Goodwill is also evaluated for impairment any time there is a triggering event indicating that impairment may have occurred. No triggering events were identified during 2026 to date and, therefore, the Company did not perform interim impairment evaluations. The Company's most recent evaluation of goodwill, which occurred in the fourth quarter of 2025, indicated that there was no goodwill impairment. There was no change to carrying amounts of goodwill during the three months ended June 30, 2026.

Other than the expected amortization expense recognized during the six months ended June 30, 2026, there have been no material changes to the estimated amortization expense related to amortizable intangible assets as discussed in Note 6 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

The Company recorded SBA guaranteed servicing fee income of $0.6 million and $0.7 million during the three months ended June 30, 2026 and 2025, respectively, and $1.3 million and $1.4 million for the six months ended June 30, 2026 and 2025, respectively.

There was no impairment of SBA servicing assets at June 30, 2026 and December 31, 2025 and no significant methodology changes have been made since year end.

The following table presents the changes in the SBA servicing assets (included in "Other assets" in the Company's consolidated balance sheet) for each period indicated:

	Three months ended June 30,		Six months ended June 30,	
($ in thousands)	2026	2025	2026	2025
Beginning balance, net	$ 1,816	$ 2,256	$ 1,748	$ 2,605
Add: New servicing assets	138	43	400	56
Less: Amortization expense and impairment charges	205	270	399	632
Ending balance, net	$ 1,749	$ 2,029	$ 1,749	$ 2,029

Note 5. Borrowings

The following tables present information regarding the Company's outstanding borrowings at June 30, 2026:

($ in thousands)

Description	Due date	Call Feature	Balance	Interest Rate
FHLB Principal Reducing Credit	6/26/2028 to 12/20/2028	None	$ 728	0.00% to 1.00% fixed
Trust Preferred Securities	1/23/2034	Quarterly by Company	10,310	6.58% at 6/30/26 adjustable rate 3 month CME Term SOFR + 2.91%
Trust Preferred Securities	1/23/2034	Quarterly by Company	10,310	6.68% at 6/30/26 adjustable rate 3 month CME Term SOFR + 3.01%
Trust Preferred Securities	9/20/2034	Quarterly by Company	12,372	6.11% at 6/30/26 adjustable rate 3 month CME Term SOFR + 2.41%
Trust Preferred Securities	1/7/2035	Quarterly by Company	10,310	5.93% at 6/30/26 adjustable rate 3 month CME Term SOFR + 2.00%
Trust Preferred Securities	6/15/2036	Quarterly by Company	25,774	5.33% at 6/30/26 adjustable rate 3 month CME Term SOFR + 1.65%
Trust Preferred Securities	6/23/2036	Quarterly by Company	8,248	5.81% at 6/30/26 adjustable rate 3 month CME Term SOFR + 2.11%
Total borrowings / weighted average rate as of June 30, 2026			78,052	5.88%
Unamortized discount on acquired borrowings			(3,335)	
Total borrowings			$ 74,717	

The following tables present information regarding the Company's outstanding borrowings at December 31, 2025:

($ in thousands)

Description	Due date	Call Feature	Balance	Interest Rate
FHLB Principal Reducing Credit	6/26/2028 to 12/20/2028	None	$ 753	0.00% to 1.00% fixed
Trust Preferred Securities	1/23/2034	Quarterly by Company	10,310	6.75% at 12/31/25 adjustable rate 3 month CME Term SOFR + 2.91%
Trust Preferred Securities	1/23/2034	Quarterly by Company	10,310	6.85% at 12/31/25 adjustable rate 3 month CME Term SOFR + 3.01%
Trust Preferred Securities	9/20/2034	Quarterly by Company	12,372	6.11% at 12/31/25 adjustable rate 3 month CME Term SOFR + 2.41%
Trust Preferred Securities	1/7/2035	Quarterly by Company	10,310	6.17% at 12/31/25 adjustable rate 3 month CME Term SOFR + 2.00%
Trust Preferred Securities	6/15/2036	Quarterly by Company	25,774	5.37% at 12/31/25 adjustable rate 3 month CME Term SOFR + 1.65%
Trust Preferred Securities	6/23/2036	Quarterly by Company	8,248	5.80% at 12/31/25 adjustable rate 3 month CME Term SOFR + 2.11%
Total borrowings / weighted average rate as of December 31, 2025			78,077	5.97%
Unamortized discount on acquired borrowings			(3,508)	
Total borrowings			$ 74,569	

Note 6. Leases

The Company enters into leases in the normal course of business. As of June 30, 2026, the Company leased 15 bank branch offices for which the land and buildings are leased and ten branch offices for which the land is leased but the buildings are owned. The Company also leases office space for several operational departments. All of the Company's leases are operating leases and the lease agreements have maturity dates ranging from September 2026 through May 2076, some of which include options for multiple five-year and ten-year extensions. The

Company includes lease extension options in the lease term if, after considering relevant economic, market, and strategic factors, it is reasonably certain the Company will exercise the option. The weighted average remaining life of the lease term for these leases was 20.4 years as of June 30, 2026 and 20.8 years as of December 31, 2025. Certain of the Company's lease agreements include variable lease payments based on changes in inflation, with the impact of that factor being insignificant to the Company's total lease expense. As permitted by applicable accounting standards, the Company has elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Company's consolidated balance sheets. The short-term lease cost for each period presented was insignificant.

Leases are classified as either operating or finance leases at the lease commencement date. All of the Company's leases have been determined to be operating leases. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the applicable lease term. Right-of-use assets represent the Company's right to use an underlying asset for the lease term; and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Company uses its incremental borrowing rate, on a collateralized basis, at lease commencement to calculate the present value of lease payments when the rate implicit in the lease is not known. The weighted average discount rates for leases were 3.45% and 3.41% as of June 30, 2026 and December 31, 2025, respectively.

The right-of-use assets, included in "Other assets" on the Company's consolidated balance sheets, and lease liabilities, included in "Other liabilities" on the Company's consolidated balance sheets, were $13.2 million and $14.3 million as of June 30, 2026, respectively, and were $13.4 million and $14.2 million as of December 31, 2025, respectively.

Total operating lease expenses, included in "Other operating expenses" in the Company's consolidated statements of income, were $0.6 million for the three months ended June 30, 2026 and 2025, and $1.3 million for the six months ended June 30, 2026 and 2025.

Future undiscounted lease payments for operating leases with initial terms greater than one year as of June 30, 2026 are as follows:

($ in thousands)		
July 1, 2026 to December 31, 2026	$	802
2027		1,456
2028		1,369
2029		1,316
2030		1,019
Thereafter		15,051
Total undiscounted lease payments		21,013
Less effect of discounting		(6,745)
Present value of estimated lease payments (lease liability)	$	14,268

Note 7. Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following table summarizes the Company's financial instruments that were measured at fair value on a recurring and nonrecurring basis at June 30, 2026:

($ in thousands) Description of Financial Instruments	Fair Value at June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring				
Securities available for sale:				
U.S. Treasury	$ 165,202	$ —	$ 165,202	$ —
Government-sponsored enterprise securities	1,761	—	1,761	—
Mortgage-backed securities	1,753,884	—	1,753,232	652
Corporate bonds	18,228	—	17,228	1,000
Total available for sale securities	$ 1,939,075	$ —	$ 1,937,423	$ 1,652
Derivative financial assets	$ 1,534	$ —	$ 1,534	$ —
Presold mortgages in process of settlement	$ 12,304	$ —	$ 12,304	$ —
Derivative financial liabilities	$ 1,560	$ —	$ 1,560	$ —
Nonrecurring				
Individually evaluated loans	$ 7,522	$ —	$ —	$ 7,522
Foreclosed real estate	97	—	—	97

The following table summarizes the Company's financial instruments that were measured at fair value on a recurring and nonrecurring basis at December 31, 2025:

($ in thousands) Description of Financial Instruments	Fair Value at December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring				
Securities available for sale:				
US Treasury securities	$ 168,095	$ —	$ 168,095	$ —
Government-sponsored enterprise securities	1,758	—	1,758	—
Mortgage-backed securities	1,860,357	—	1,859,690	667
Corporate bonds	18,346	—	17,346	1,000
Total available for sale securities	$ 2,048,556	$ —	$ 2,046,889	$ 1,667
Derivative financial assets	$ 3,418	$ —	$ 3,418	$ —
Presold mortgages in process of settlement	$ 7,790	$ —	$ 7,790	$ —
Derivative financial liabilities	$ 3,445	$ —	$ 3,445	$ —
Nonrecurring				
Individually evaluated loans	$ 9,659	$ —	$ —	$ 9,659
Foreclosed real estate	168	—	—	168

The following is a description of the valuation methodologies used for financial instruments measured at fair value.

Securities Available for Sale — When quoted market prices are available in an active market, the securities are classified as Level 1 in the valuation hierarchy. If quoted market prices are not available, but fair values can be estimated by observing quoted prices of securities with similar characteristics, the securities are classified as Level 2 on the valuation hierarchy. Most of the fair values for the Company's Level 2 securities are determined by the Company's third-party bond accounting provider using matrix pricing. Matrix pricing is a mathematical technique widely used in the industry to value debt securities without relying exclusively on

quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. For the Company, Level 2 securities include U.S Treasury bonds, mortgage-backed securities, commercial mortgage-backed obligations, government-sponsored enterprise securities, and corporate bonds. In cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The Company reviews the pricing methodologies utilized by the bond accounting provider to ensure the fair value determination is consistent with the applicable accounting guidance and that the investments are properly classified in the fair value hierarchy.

Presold Mortgages in Process of Settlement - The fair value is based on the committed price that an investor has agreed to pay for the loan which is considered a Level 2 input.

Derivative financial assets and liabilities - The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. These are considered a Level 2 input.

Individually evaluated loans — Fair values for individually evaluated loans are measured on a non-recurring basis and are based on the underlying collateral values securing the loans, adjusted for estimated selling costs, or the net present value of the cash flows expected to be received for such loans. Collateral may be in the form of real estate or business assets including equipment, inventory and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is generally determined by third-party appraisers using an income or market valuation approach based on an appraisal conducted by an independent, licensed third party appraiser (Level 3). The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable borrower's financial statements if not considered significant. Likewise, values for inventory and accounts receivable collateral are based on borrower financial statement balances or aging reports on a discounted basis as appropriate (Level 3). Appraisals used in this analysis are generally obtained at least annually based on when the loans first became impaired, and thus the appraisals are not necessarily as of the period ends presented. Any fair value adjustments are recorded in the period incurred as provision for credit losses on the consolidated statements of income.

Foreclosed real estate – Foreclosed real estate, consisting of properties obtained through foreclosure or in satisfaction of loans, is reported at the lower of cost or fair value. Fair value is measured on a non-recurring basis and is based upon independent market prices or current appraisals that are generally prepared using an income or market valuation approach and conducted by an independent, licensed third party appraiser, adjusted for estimated selling costs (Level 3). Appraisals used in this analysis are generally obtained at least annually based on when the assets were acquired, and thus the appraisals are not necessarily as of the period ends presented. At the time of foreclosure, any excess of the loan balance over the fair value of the real estate held as collateral is treated as a charge against the allowance for loan losses. For any real estate valuations subsequent to foreclosure, any excess of the real estate recorded value over the fair value of the real estate is treated as a foreclosed real estate write-down on the consolidated statements of income.

There were no significant changes in the reported amount of Level 3 assets and liabilities measured at fair value on either a recurring or a non-recurring basis as of June 30, 2026.

The carrying amounts and estimated fair values of financial instruments not carried at fair value at June 30, 2026 and December 31, 2025 were as follows:

		June 30, 2026		December 31, 2025	
($ in thousands)	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Cash and due from banks, noninterest-bearing	Level 1	$ 128,424	$ 128,424	$ 146,759	$ 146,759
Due from banks, interest-bearing	Level 1	421,908	421,908	162,836	162,836
Securities held to maturity	Level 2	509,712	443,298	513,099	448,452
Total loans, net of allowance	Level 3	8,863,854	8,585,887	8,598,838	8,259,890
SBA servicing asset	Level 3	1,749	3,177	1,748	2,963
Demand deposits, money market and savings	Level 1	10,285,330	10,285,330	9,944,779	9,944,779
Time deposits	Level 2	799,537	796,741	803,642	801,150
Borrowings	Level 2	74,717	69,396	74,569	69,421

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no highly liquid market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial assets or liabilities include net premises and equipment, intangible and other assets such as deferred income taxes, prepaid expense accounts, income taxes currently payable, and other various accrued expenses. In addition, the income tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Note 8. Stock-Based Compensation

The Company recorded total stock-based compensation expense of $0.7 million and $1.1 million for the three months ended June 30, 2026 and 2025, respectively, and $1.5 million and $2.1 million for the six months ended June 30, 2026 and 2025, respectively. These amounts are included in "Total personnel expense" on the accompanying consolidated statements of income.

The Company recorded director stock expense of $0.3 million and $0.3 million for the three months ended June 30, 2026 and 2025, respectively, and $0.6 million and $0.3 million for the six months ended June 30, 2026 and 2025, respectively. These amounts are included in "Other operating expenses" on the accompanying consolidated statements of income.

The Company recognized income tax benefits related to stock-based compensation expense in its income statement of $172,000 and $246,000 for the three months ended June 30, 2026 and 2025, respectively, and $339,000 and $484,000 for the six months ended June 30, 2026 and 2025, respectively.

At June 30, 2026, the sole equity-based compensation plan of the Company was the First Bancorp 2024 Equity Plan (the "Equity Plan"), which was approved by shareholders on May 31, 2024. As of June 30, 2026, the Equity Plan had 1,761,611 shares remaining available for future awards.

The Equity Plan is intended to serve as a means to attract, retain, and motivate key employees and directors and to associate the interests of the Equity Plan's participants with those of the Company and its shareholders. The Equity Plan allows for grants of stock options and other types of equity-based compensation, including stock appreciation rights, restricted and unrestricted stock, restricted performance stock, and performance units. For the last several

years, the only equity-based compensation granted by the Company has been shares of restricted stock, as it relates to employees, and unrestricted stock as it relates to non-employee directors.

There have been no material changes to the treatment of stock awards and equity grants as discussed in Note 15 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

In addition to employee equity awards, the Company's practice is to grant unrestricted common shares to each non-employee director (currently 13 in total) in June of each year. The individual grants were valued at approximately $50,000 in 2026. Compensation expense associated with these director awards is fully recognized by the date of the award since there are no vesting conditions.

The following table presents information regarding the activity for the first six months of 2026 related to the Company's outstanding restricted stock awards:

	Long-Term Restricted Stock Awards	
	Number of Units	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2026	206,624	$ 38.08
Granted during the period	55,551	60.11
Vested during the period	(81,536)	33.87
Forfeited or expired during the period	(1,869)	40.14
Nonvested at June 30, 2026	178,770	$ 46.71

Total unrecognized compensation expense as of June 30, 2026 amounted to $5.3 million with a weighted average remaining term of 2.3 years. For the nonvested awards that were outstanding at June 30, 2026, the Company expects to record $2.6 million in compensation expense in the next twelve months, $1.4 million of which is expected to be recorded in the remaining quarters of 2026.

Note 9. Earnings Per Share

The following is a reconciliation of the numerators and denominators used in computing Basic and Diluted Earnings Per Common Share ("EPS"):

	For the Three Months Ended June 30,					
	2026			2025		
($ in thousands except per share amounts)	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS:						
Net income	$ 50,519			$ 38,566		
Less: income allocated to restricted stock	(219)			(235)		
Basic EPS per common share	$ 50,300	41,184,914	$ 1.22	$ 38,331	41,168,260	$ 0.93
Diluted EPS:						
Net income	$ 50,519	41,184,914		$ 38,566	41,168,260	
Effect of dilutive securities	—	190,463		—	273,133	
Diluted EPS per common share	$ 50,519	41,375,377	$ 1.22	$ 38,566	41,441,393	$ 0.93

($ in thousands except per share amounts)	For the Six Months Ended June 30, 2026 Income (Numerator)	2026 Shares (Denominator)	2026 Per Share Amount	2025 Income (Numerator)	2025 Shares (Denominator)	2025 Per Share Amount
Basic EPS:						
Net income	$ 97,178			$ 74,972		
Less: income allocated to restricted stock	(442)			(432)		
Basic EPS per common share	$ 96,736	41,217,526	$ 2.35	$ 74,540	41,149,623	$ 1.81
Diluted EPS:						
Net income	$ 97,178	41,217,526		$ 74,972	41,149,623	
Effect of dilutive securities	—	199,689		—	274,440	
Diluted EPS per common share	$ 97,178	41,417,215	$ 2.35	$ 74,972	41,424,063	$ 1.81

Note 10. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) ("AOCI") for the Company for the periods shown were as follows:

($ in thousands)	June 30, 2026	December 31, 2025
Unrealized loss on securities available for sale	$ (204,469)	$ (194,122)
Tax effect	47,216	44,826
Net unrealized loss on securities available for sale	(157,253)	(149,296)
Postretirement plans asset (liability)	(51)	(102)
Tax effect	11	23
Net postretirement plans asset (liability)	(40)	(79)
Total accumulated other comprehensive income (loss)	$ (157,293)	$ (149,375)

The following tables disclose the changes in AOCI for the three and six months ended June 30, 2026 and 2025 (all amounts are net of tax):

	For the Three Months Ended June 30, 2026		
($ in thousands)	Unrealized Loss on Securities Available for Sale	Postretirement Plans Asset (Liability)	Total
Beginning balance	$ (152,053)	$ (59)	$ (152,112)
Other comprehensive income before reclassifications	(5,200)	—	(5,200)
Amounts reclassified from accumulated other comprehensive income	—	19	19
Net current period other comprehensive (loss) income	(5,200)	19	(5,181)
Ending balance	$ (157,253)	$ (40)	$ (157,293)

	For the Three Months Ended June 30, 2025		
($ in thousands)	Unrealized Loss on Securities Available for Sale	Postretirement Plans Asset (Liability)	Total
Beginning balance	$ (246,713)	$ 85	$ (246,628)
Other comprehensive income before reclassifications	17,110	—	17,110
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive income (loss)	17,110	—	17,110
Ending balance	$ (229,603)	$ 85	$ (229,518)

	For the Six Months Ended June 30, 2026		
($ in thousands)	Unrealized Loss on Securities Available for Sale	Postretirement Plans Asset (Liability)	Total
Beginning balance	$ (149,296)	$ (79)	$ (149,375)
Other comprehensive income before reclassifications	(7,957)	—	(7,957)
Amounts reclassified from accumulated other comprehensive income	—	39	39
Net current period other comprehensive (loss) income	(7,957)	39	(7,918)
Ending balance	$ (157,253)	$ (40)	$ (157,293)

	For the Six Months Ended June 30, 2025		
($ in thousands)	Unrealized Loss on Securities Available for Sale	Postretirement Plans Asset (Liability)	Total
Beginning balance	$ (282,114)	$ 85	$ (282,029)
Other comprehensive loss before reclassifications	52,511	—	52,511
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive income (loss)	52,511	—	52,511
Ending balance	$ (229,603)	$ 85	$ (229,518)

Amounts reclassified from AOCI for unrealized gain (loss) on AFS securities represent realized securities gains or losses, net of tax effects. Amounts reclassified from AOCI for postretirement plans asset (liability) represent

amortization of amounts included in AOCI, net of taxes, and are recorded in the "Other operating expenses" line item of the consolidated statements of income.

Note 11. Revenue from Contracts with Customers

All of the Company's revenues that are in the scope of the "*Revenue from Contracts with Customers*" accounting standard ("ASC 606") are recognized within noninterest income. The following table presents the Company's sources of noninterest income for the three and six months ended June 30, 2026 and 2025. Items outside the scope of ASC 606 are noted as such.

	For the Three Months Ended		For the Six Months Ended	
($ in thousands)	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Noninterest Income in-scope of ASC 606:				
Service charges on deposit accounts	$ 4,205	$ 3,976	$ 8,159	$ 7,743
Other service charges and fees:				
Bankcard interchange income, net	2,454	2,588	4,577	4,915
Other service charges and fees	1,964	1,873	4,109	3,998
Commissions from sales of financial products	1,707	1,388	3,199	2,796
Portion of other income in-scope of ASC 606	—	—	—	—
Noninterest income (in-scope of ASC 606)	10,330	9,825	20,044	19,452
Noninterest income (out-of-scope of ASC 606)	5,704	4,467	11,168	7,796
Total noninterest income	$ 16,034	$ 14,292	$ 31,212	$ 27,248

There have been no material changes from the Company's revenue streams accounted for under ASC 606 as discussed in Note 20 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Note 12. Segment Reporting

The Company is a bank holding company, whose principal activity is the ownership and management of its wholly-owned subsidiary, the Bank. As a community focused financial institution, substantially all of the Company's operations involve the delivery of loan and deposit products or the provision of financial advice to customers. Management makes operating decisions and assesses performance based on an ongoing review of these banking operations, which constitute the Company's only operating segment for financial reporting purposes.

The accounting policies of the banking operations segment are the same as those described in the Summary of Significant Accounting Policies as discussed in Note 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The role of chief operating decision maker is comprised of the executive leadership team to include the Company's Chief Executive Officer, the Bank's Chief Executive Officer, and the Company's Chief Financial Officer. The chief operating decision makers use pre-tax net income to allocate resources in the annual budget and forecasting process. The chief operating decision makers consider budget-to-actual variances on a monthly basis for profit measures when making decisions about allocating capital and personnel to the operating segment.

The chief operating decision makers use the Consolidated Statements of Income and Consolidated Balance Sheets to ascertain measures or performance such as revenue, profit or loss, significant expenses and assets.

Depreciation expense amounted to $1.7 million for the three months ended June 30, 2026 and 2025, and $3.3 million and $3.5 million for the six months ended June 30, 2026 and 2025, respectively. Depreciation expense is recorded in Occupancy and equipment expense on the Consolidated Statements of Income.

Note 13. Subsequent Events

On July 14, 2026, the Company announced an agreement to acquire First Carolina, the parent company of Carolina Bank & Trust Company ("Carolina Bank"), headquartered in Florence, South Carolina, for approximately $166 million based on First Bancorp's stock price of $64.22 as of July 13, 2026, comprised of approximately 75% stock and 25% cash. The acquisition, which is subject to customary closing conditions, including regulatory approvals and approval by First Carolina's shareholders, is expected to close by the first quarter of 2027. The

consideration payable to First Carolina shareholders consists of 1,967,017 shares of First Bancorp common stock and $40 million in cash.

Carolina Bank currently operates 14 banking locations in South Carolina. First Carolina reported assets of $831 million, gross loans of $596 million and deposits of $714 million as of March 31, 2026. The acquisition would increase the Company's market share in the Pee Dee Region of South Carolina.

Item 2 - Management's Discussion and Analysis of Consolidated Results of Operations and Financial Condition

Highlights of the results for the second quarter and year to date period of 2026 are presented below. Refer also to additional discussion in the "Results of Operations" and "Financial Condition" sections following.

Overview and Highlights for the Three Months Ended June 30, 2026

We earned net income of $50.5 million, or $1.22 diluted EPS, during the second quarter of 2026 compared to net income of $38.6 million, or $0.93 diluted EPS, for the second quarter of 2025 (the "like quarter"). Our increased earnings was driven by a $14.6 million increase in net interest income over the like quarter, resulting primarily from a combination of higher yield on interest earning assets and a lower cost of funds, both of which were driven by the overall interest rate environment throughout the past year.

- Net interest income for the second quarter of 2026 was $111.3 million, a 15.1% increase from the $96.7 million recorded in the like quarter. There was a shift in the mix of interest-earning assets between periods, with average loans growing $708.9 million, while average taxable securities contracted $313.3 million and short-term investments contracted $61.1 million.
- Net interest margin ("NIM") increased 39 basis points to 3.71% in the second quarter of 2026 from 3.32% in the like quarter as a result of the higher average balance of loans, improved yields on securities and lower cost of funds, notably money market deposits.
- We remained well-capitalized by all regulatory standards. Risk-based capital ratios contracted slightly during the quarter with a total common equity Tier 1 ratio of 14.09%, Tier 1 risk-based capital ratio of 14.81% and total risk-based capital ratio of 16.06% at June 30, 2026, all down from June 30, 2025.
- The provision for credit losses for the second quarter of 2026 was $1.2 million, compared to $1.0 million of net charge-offs.
- Noninterest income for the quarter ended June 30, 2026 totaled $16.0 million, reflecting an increase from the $14.3 million for the like quarter, primarily from a $1.0 million increase in Other income, net.
- Noninterest expense of $62.8 million increased $3.8 million, or 6.5%, from the like quarter. The increase is attributable to a $3.3 million increase in Total personnel expenses and a $1.0 million increase in Other operating expenses.

Overview and Highlights for the Six Months Ended June 30, 2026

We earned net income of $97.2 million, or $2.35 diluted EPS, during the six months ended June 30, 2026 compared to net income of $75.0 million, or $1.81 diluted EPS, for the six months ended June 30, 2025 (the "like period"). Net interest income increased $28.9 million during the six months ended June 30, 2026 as compared to the like period, driving our increased earnings. This was primarily the result of higher yields on interest earning assets and a lower cost of funds, both of which were driven by this past year's overall interest rate environment.

- Net interest income for the six months ended June 30, 2026 was $218.4 million, a 15.2% increase from the $189.5 million recorded for the like period. The increase in net interest income was driven by higher yields on interest earning assets and lower cost of funds.
- NIM increased 41 basis points to 3.69% for the six months ended June 30, 2026 from 3.28% for the like period as a result of the higher average balances on loans, yields on loans and securities and lower cost of funds, particularly money market deposits.
- For the six months ended June 30, 2026, the Company recorded $4.3 million in provision for credit losses as compared to $3.3 million for the like period. The lower provision in the like period was significantly impacted by the $5.5 million release of provision related to Hurricane Helene (the release represented a benefit of $4.2 million after-taxes or $0.10 per diluted share). The provision for credit losses in 2026 was impacted by loan growth in 2026 and net charge off activity of $2.4 million.
- Noninterest income for the six months ended June 30, 2026 totaled $31.2 million, an increase of $4.0 million, from the like period primarily related to the $1.7 million increase in Other income, net and the $1.2 million increase in SBA loan sale gains.

- Noninterest expense increased $6.1 million to $123.0 million for the six months ended June 30, 2026 as compared to the like period, primarily driven by a $5.0 million increase in Personnel expenses and a $1.7 million increase in Other operating expenses.

Total assets were $13.0 billion at June 30, 2026, a 2.9% increase from December 31, 2025. The increase was driven primarily by deposit growth generating investable funds that were deployed into loans and interest-bearing cash. The primary balance sheet changes are presented below.

- Total cash and cash equivalents amounted to $550.3 million at June 30, 2026, representing a $240.7 million increase from December 31, 2025. Interest-bearing cash increased $259.1 million and was partially offset by an $18.3 million decrease in noninterest-bearing cash.
- AFS securities decreased $109.5 million, or 5.3%, during the six months ended June 30, 2026.
- Total loans amounted to $9.0 billion at June 30, 2026, reflecting an increase of $266.3 million, or 3.1%, from December 31, 2025.
- Total deposits were $11.1 billion at June 30, 2026, an increase of $336.4 million, or 3.13%, from December 31, 2025. Deposit growth during the period arose from both noninterest-bearing deposits, which increased $110.6 million, and interest-bearing deposits, which increased $225.9 million.
- Credit quality continued to be strong at June 30, 2026, with NPAs of 0.34% of total assets as of June 30, 2026, up 4 basis points from 0.30% at December 31, 2025.
- Our on-balance sheet liquidity ratio was 15.7% at June 30, 2026. Available off-balance sheet sources totaled $2.4 billion at quarter end, resulting in a total liquidity ratio of 32.8%.

Critical Accounting Estimates

The accounting principles we follow and our methods of applying these principles conform with GAAP and with general practices followed by the banking industry. Certain policies inherently have a greater reliance on the use of estimates, assumptions, or judgments and as such, have a greater possibility of producing results that could be materially different than originally reported. We have identified the determination of our ACL and related Allowance for Unfunded Commitments, as well as business combinations, related fair value measurements and goodwill determination to be the accounting areas that require the most subjective or complex judgments, estimates, and assumptions, and where changes in those judgments, estimates, and assumptions (based on new or additional information, changes in the economic climate and/or market interest rates, etc.) could have a significant effect on our financial statements. See the "Allowance for Credit Losses, Allowance for Unfunded Commitments, and Loan Loss Experience" discussion in the Financial Condition section of Management's Discussion and Analysis.

There have been no material changes to the Company's significant accounting policies as discussed in Note 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Current Accounting Matters

See Note 1 to the consolidated financial statements for information about recently announced or adopted accounting standards.

RESULTS OF OPERATIONS

Net interest income is our largest source of revenue and is the difference between the interest earned on interest-earning assets (primarily loans and investment securities) and the interest expense incurred in connection with interest-bearing liabilities (deposits and borrowed funds). Changes in the net interest income are the result of changes in volume and the net interest spread which affects NIM. Volume refers to the average dollar levels of interest-earning assets and interest-bearing liabilities. Net interest spread refers to the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities. NIM refers to net interest income divided by average interest-earning assets and is influenced by the level and relative mix of interest-earning

assets and interest-bearing liabilities. Net interest income is also influenced by external factors such as local economic conditions, competition for loans and deposits, and market interest rates.

Net Interest Income for the Three Months Ended June 30, 2026

Net interest income for the second quarter of 2026 amounted to $111.3 million, an increase of $14.6 million, or 15.1%, from the $96.7 million recorded in the second quarter of 2025. The increase was primarily driven by higher yields on interest-earning assets and lower cost of funds.

For the second quarter of 2026, average interest-earning assets increased $330.4 million, or 2.8%, from the comparable period of the prior year, with average loans growing $708.9 million, while average securities and short term investments declined by $317.5 million and $61.1 million respectively.

The cost of interest bearing deposits decreased 20 basis points from the second quarter of 2025, with the biggest decrease coming from the cost of Money market deposits, which decreased 33 basis points and the cost of Time deposits > $250,000, which decreased 22 basis points.

These changes resulted in the 39 basis point improvement in our NIM (see discussion below) from the like quarter to 3.71% for the second quarter of 2026.

The following table presents an analysis of net interest income for the second quarter of 2026 and 2025:

Average Balances and Net Interest Income Analysis

	Three Months Ended June 30,					
	2026			2025		
($ in thousands)	Average Volume	Interest Earned or Paid	Average Rate	Average Volume	Interest Earned or Paid	Average Rate
Assets						
Loans (1) (2)	$ 8,896,592	$ 125,845	5.67 %	$ 8,187,662	$ 112,921	5.53 %
Taxable securities	2,384,076	16,925	2.84 %	2,697,338	16,857	2.50 %
Non-taxable securities	283,645	1,115	1.57 %	287,848	1,116	1.55 %
Short-term investments, primarily interest-bearing cash	444,845	4,430	3.99 %	505,912	5,837	4.63 %
Total interest-earning assets	12,009,158	148,315	4.95 %	11,678,760	136,731	4.69 %
Cash and due from banks	136,181			153,074		
Premises and equipment	139,177			142,090		
Other assets	664,823			484,448		
Total assets	$ 12,949,339			$ 12,458,372		
Liabilities						
Interest-bearing checking	$ 1,420,738	$ 2,233	0.63 %	$ 1,434,559	$ 2,426	0.68 %
Money market deposits	4,666,044	28,268	2.43 %	4,358,877	29,947	2.76 %
Savings deposits	516,779	250	0.19 %	538,843	252	0.19 %
Other time deposits	487,071	2,790	2.30 %	534,242	3,088	2.32 %
Time deposits >$250,000	314,506	2,271	2.90 %	345,916	2,692	3.12 %
Total interest-bearing deposits	7,405,138	35,812	1.94 %	7,212,437	38,405	2.14 %
Short-term borrowings	757	1	0.72 %	848	2	1.09 %
Long-term borrowings	73,950	1,236	6.70 %	91,351	1,658	7.28 %
Total interest-bearing liabilities	7,479,845	37,049	1.99 %	7,304,636	40,065	2.20 %
Noninterest-bearing checking	3,597,511			3,522,117		
Other liabilities	167,595			101,069		
Shareholders' equity	1,704,388			1,530,550		
Total liabilities and shareholders' equity	$ 12,949,339			$ 12,458,372		
Net yield on interest-earning assets and net interest income		$ 111,266	3.71 %		$ 96,666	3.32 %
Net yield on interest-earning assets and net interest income – tax-equivalent (3)		$ 111,732	3.73 %		$ 96,877	3.32 %
Interest rate spread			2.96 %			2.49 %
Average prime rate			6.75 %			7.50 %

(1) Average loans include nonaccruing loans, the effect of which is to lower the average rate shown.
(2) Includes accretion of discount on acquired loans of $1.1 million and $1.5 million for three months ended June 30, 2026 and 2025, respectively.
(3) Includes tax-equivalent adjustments to reflect the tax benefit that we receive related to tax-exempt securities and loans as reduced by the related nondeductible portion of interest expense.

Overall, as demonstrated in the table above, the growth in earning assets, a shift to higher-yielding assets, increased yield on assets and a decrease in the cost of liabilities drove the expansion in NIM and net interest income.

- Net interest income for the second quarter of 2026 was $111.3 million, an increase of $14.6 million from the like quarter. The increase in net interest income was primarily driven by our focused efforts to increase interest-earning assets, to improve the mix of earning assets and to manage deposit costs after the rate cuts by the Federal Reserve between September and December of 2024, which saw the federal funds rate fall 50 basis points and additional rate cuts totaling 75 basis points in the second half of 2025. We also focused on increasing loan yields as new originations were at higher rates than older loans. Further, securities yields increased as a result of the loss-earnback transactions in the third and fourth quarters of 2025 along with continued paydowns and payoffs on lower-yielding bonds.
- The Company's NIM for the second quarter of 2026 was 3.71%, an increase of 39 basis points from the like quarter. Within interest-earning assets, the 2025 securities loss-earnback transactions resulted in an increase of 30 basis points on the yield on total securities as compared to the like quarter. In addition, loan yields increased 14 basis points to 5.67%. Following the rate cuts by the Federal Reserve in the second half of 2025, the rate on interest-bearing deposits fell 20 basis points from the like quarter.
- Average interest-earning assets increased $330.4 million for the three months ended June 30, 2026, including a shift to higher-yielding assets. Average loans for the three months ended June 30, 2026 were $708.9 million higher than the same period in 2025. In addition, interest rates on loans increased 14 basis points to 5.67% for the second quarter of 2026, collectively resulting in an increase of $12.9 million in interest income on loans.
- Average securities for the three months ended June 30, 2026 contracted $317.5 million from the like quarter, but the yields on securities increased 0.30% to 2.70% for the second quarter of 2026, resulting in an increase in interest income on securities of $0.1 million.
- Average short-term investments for the three months ended June 30, 2026 contracted $61.1 million from the same period in 2025 and yields fell 0.64% to 3.99%, resulting in a $1.4 million decrease in interest income on short-term investments.
- Due to the impact of the aforementioned Federal Reserve rate cuts in 2024 and 2025 and the resulting decreased market rates partially offset by higher average balances, deposit interest expense for the three months ended June 30, 2026 decreased $2.6 million compared to the same period in 2025. Average interest-bearing deposit balances increased $192.7 million while rates on those deposits decreased 20 basis points as compared to the like quarter. The deposit changes were driven primarily by money market deposits as the average balance increased $307.2 million while the rate on those deposits fell 33 basis points, together accounting for $1.7 million of the decrease in interest expense.

For internal purposes, we also evaluate our NIM on a tax equivalent basis ("NIM-T/E"), which is a non-GAAP financial measure, calculated by adding the tax benefit realized from tax-exempt loans and securities to reported interest income then dividing by total average earning assets. We believe that analysis of NIM-T/E is useful and appropriate because it allows a comparison of net interest income in different periods without taking into account the different mix of taxable versus non-taxable loans and investments that may have existed during those periods.The following is a reconciliation of reported net interest income to tax-equivalent net interest income and the resulting NIM to NIM-T/E.

	For the Three Months Ended June 30,	
($ in thousands)	2026	2025
Net interest income, as reported	$ 111,266	$ 96,666
Tax-equivalent adjustment	466	211
Net interest income, tax-equivalent	$ 111,732	$ 96,877
Net interest margin, as reported	3.71 %	3.32 %
Net interest margin, tax-equivalent	3.73 %	3.32 %

Net Interest Income for the Six Months Ended June 30, 2026

Net interest income for the six months ended June 30, 2026 amounted to $218.4 million, an increase of $28.9 million, or 15.2%, from the $189.5 million recorded in the six months ended June 30, 2025. As described above, the rate cuts by the Federal Reserve in the second half of 2024 and third quarter of 2025 decreased market rates which had resulting impacts on the rates we paid or received in 2024 and 2025. Similar to the impact during the three months ended June 30, 2026, the increase in net interest income for the six months ended June 30, 2026 was also driven by lower cost of funds, and increased yields on interest-earning assets. Our NIM increased to 3.69% for the six months ended June 30, 2026 from 3.28% for the six months ended June 30, 2025.

The following table presents an analysis of net interest income for the six months ended June 30, 2026 and 2025.

Average Balances and Net Interest Income Analysis

	Six Months Ended June 30,					
	2026			2025		
($ in thousands)	Average Volume	Interest Earned or Paid	Average Rate	Average Volume	Interest Earned or Paid	Average Rate
Assets						
Loans (1) (2)	$ 8,839,477	$ 246,592	5.62 %	$ 8,147,750	$ 223,418	5.52 %
Taxable securities	2,412,948	34,481	2.86 %	2,663,390	32,381	2.43 %
Non-taxable securities	284,176	2,230	1.57 %	288,373	2,232	1.55 %
Short-term investments, primarily interest-bearing cash	361,123	7,402	4.13 %	504,652	11,324	4.52 %
Total interest-earning assets	11,897,724	$ 290,705	4.92 %	11,604,165	269,355	4.67 %
Cash and due from banks	141,622			143,469		
Premises and equipment	139,474			142,574		
Other assets	677,771			453,023		
Total assets	$ 12,856,591			$ 12,343,231		
Liabilities						
Interest bearing checking	$ 1,418,681	$ 4,462	0.63 %	$ 1,433,066	$ 4,923	0.69 %
Money market deposits	4,616,502	54,785	2.39 %	4,348,277	59,126	2.74 %
Savings deposits	520,429	491	0.19 %	538,973	493	0.18 %
Other time deposits	491,071	5,609	2.30 %	546,377	6,441	2.38 %
Time deposits >$250,000	309,327	4,511	2.94 %	349,028	5,541	3.20 %
Total interest-bearing deposits	7,356,010	69,858	1.92 %	7,215,721	76,524	2.14 %
Short-term borrowings	751	2	0.66 %	822	3	0.86 %
Long-term borrowings	73,904	2,463	6.72 %	91,259	3,315	7.32 %
Total interest-bearing liabilities	7,430,665	72,323	1.96 %	7,307,802	79,842	2.20 %
Noninterest bearing checking	3,556,662			3,449,013		
Other liabilities	173,640			87,032		
Shareholders' equity	1,695,624			1,499,384		
Total liabilities and shareholders' equity	$ 12,856,591			$ 12,343,231		
Net yield on interest-earning assets and net interest income		$ 218,382	3.69 %		$ 189,513	3.28 %
Net yield on interest-earning assets and net interest income – tax-equivalent (3)		$ 219,327	3.71 %		$ 190,161	3.30 %
Interest rate spread			2.96 %			2.47 %
Average prime rate			6.75 %			7.50 %

(1) Average loans include nonaccruing loans, the effect of which is to lower the average rate shown.
(2) Includes accretion of discount on acquired loans of $2.1 million and $3.2 million for six months ended June 30, 2026 and 2025, respectively.
(3) Includes tax-equivalent adjustments to reflect the tax benefit that we receive related to tax-exempt securities and loans as reduced by the related nondeductible portion of interest expense.

Overall, as demonstrated in the table above, the expansion in NIM, coupled with increased earning asset volumes, drove the increase in net interest income.

- During the second half of 2025, the Federal Reserve decreased the fed funds rate a total of 75 basis points. The average prime rate was 6.75% for the six months ended June 30, 2026, compared to 7.50% for the prior year period. During 2025 and 2026, the yield curve has been positively sloping beyond three years, although longer term treasury rates are still fairly close to fed funds rates.
- Average loan volumes for the six months ended June 30, 2026 were $691.7 million higher than the same period in 2025 due to organic loan growth. In addition, interest rates on loans increased 10 basis points to 5.62% for the six months ended June 30, 2026, collectively resulting in an increase in loan interest income of $23.2 million.
- Due to lower market rates partially offset by an overall growth of deposits, interest expense on deposits for the six months ended June 30, 2026 decreased $6.7 million compared to the same period in 2025. Average total interest-bearing deposit balances increased $140.3 million while rates on those deposits decreased 22 basis points as compared to the prior year period. Within this population, average balances on Money market deposits increased $268.2 million while rates on those accounts decreased 35 basis points as compared to the prior year, resulting in a $4.3 million decrease in interest expense. Average balances on Time deposits >$250,000 decreased $39.7 million and rates on these accounts decreased 26 basis points as compared to the prior year, collectively resulting in a $1.0 million decrease in interest expense.
- Interest expense on borrowings decreased $0.9 million for the six months ended June 30, 2026 as compared to the same period in 2025 due to the $17.4 million decrease in the average volume of borrowings between periods, coupled with a 60 basis point decrease in the rates on total borrowings. We repaid fixed rate subordinated debentures in the fourth quarter of 2025. The remaining borrowings are floating rate and therefore have lower interest rates in the current interest rate environment.
- Collectively, these changes resulted in an increase of 41 basis points in NIM.

The following is a reconciliation of reported net interest income to tax-equivalent net interest income and the resulting NIM to NIM-T/E.

	For the Six Months Ended June 30,	
($ in thousands)	2026	2025
Net interest income, as reported	$ 218,382	$ 189,513
Tax-equivalent adjustment	945	648
Net interest income, tax-equivalent	$ 219,327	$ 190,161
Net interest margin, as reported	3.69 %	3.28 %
Net interest margin, tax-equivalent	3.71 %	3.30 %

Our NIM for all periods presented benefited from the net accretion income arising from purchase accounting premiums/discounts associated with acquisitions. Presented in the table below is the amount of accretion which increased net interest income in each time period presented.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
($ in thousands)	2026	2025	2026	2025
Interest income – increased by accretion of loan discount on acquired loans	$ 1,083	$ 1,457	$ 2,148	$ 3,246
Total interest income impact	1,083	1,457	2,148	3,246
Interest expense – increased by discount accretion of deposits	(62)	(102)	(123)	(205)
Interest expense – increased by discount accretion of borrowings	(87)	(194)	(173)	(385)
Total net interest expense impact	(149)	(296)	(296)	(590)
Total impact on net interest income	$ 934	$ 1,161	$ 1,852	$ 2,656

The most significant component of the purchase accounting adjustments in each year was loan discount accretion on purchased loans. Generally, the level of loan discount accretion will decline each year due to the natural reduction in outstanding balance of acquired loans.

At June 30, 2026 and 2025, unaccreted loan discounts on purchased loans amounted to $6.6 million and $11.8 million, respectively. The portfolio acquired with the GrandSouth Bancorporation acquisition on January 1, 2023 comprised the majority of the remaining unaccreted loan discount.

Provision for Credit Losses

The provision for credit losses is comprised of the provision for loan losses and the provision for unfunded commitments. The provision recorded in each period represents the amount required such that the total ACL reflects the current estimate of life of loan credit losses in the loan portfolio and the allowance for unfunded commitments reflects the current expected losses on unfunded loan commitments that are expected to result in outstanding loan balances. Our estimate of credit losses is determined using a complex model that relies on reasonable and supportable forecasts and historical loss information to determine the balance of the ACL and allowance for unfunded commitments. Refer also to “Critical Accounting Estimates” in Item 7 of the 2025 Annual Report on Form 10-K filed with the SEC for more information.

The provision for credit losses was $1.2 million and $2.2 million for the three months ended June 30, 2026 and 2025, respectively, and $4.3 million and $3.3 million for the six months ended June 30, 2026 and 2025, respectively. The second quarter of 2026 included a provision for loan losses of $1.1 million and a provision for unfunded commitments expense of $22 thousand. The second quarter of 2025 included a provision for loan losses of $1.1 million and a provision for unfunded commitments of $1.1 million. In the like quarter, the provision for loan losses included a $3.5 million release of the allowance specifically attributed to Hurricane Helene. The six months ended June 30, 2026 included a provision for loan losses of $3.7 million and a provision for unfunded commitments expense of $0.6 million. The six months ended June 30, 2025 included a provision for loan losses of $2.5 million and a provision for unfunded commitments of $0.9 million. In the six months ended June 30, 2025, the provision for loan losses included a $5.5 million release of the allowance specifically attributed to Hurricane Helene.

Additional discussion of the CECL method and our asset quality and credit metrics, which impact our provision for credit losses, is provided in the "Nonperforming Assets" and "Allowance for Credit Losses, Allowance for Unfunded Commitments, and Loan Loss Experience" sections following.

Noninterest Income

Total noninterest income for the three months ended June 30, 2026 was $16.0 million, a 12.2% increase from the $14.3 million recorded for the three months ended June 30, 2025. As compared to the second quarter of 2025, Other Income, net increased $1.0 million and Other service charges, commissions and fees decreased $0.6 million.

For the six months ended June 30, 2026 and 2025, total noninterest income was $31.2 million and $27.2 million, respectively. For the year to date periods, a $1.7 million increase in Other income, net coupled with a $1.2 million increase in SBA loan sale gains account for a majority of the change.

Details of the more significant components of noninterest income are presented in the table below.

($ in thousands)	For the Three Months Ended June 30, 2026	2025	For the Six Months Ended June 30, 2026	2025
Service charges on deposit accounts	$ 4,205	$ 3,976	$ 8,159	$ 7,743
Other service charges and fees - bankcard interchange income, net	2,454	2,588	4,577	4,915
Other service charges and fees - other	3,532	4,017	7,351	7,609
Presold mortgage loan fees and gains on sale	660	315	1,329	765
Commissions from sales of financial products	1,707	1,388	3,199	2,796
SBA loan sale gains	529	151	1,432	203
Bank-owned life insurance income	1,358	1,221	2,698	2,449
Other income, net	1,589	636	2,467	768
Total noninterest income	$ 16,034	$ 14,292	$ 31,212	$ 27,248

Noninterest Expenses

Total noninterest expenses totaled $62.8 million and $58.9 million for the three months ended June 30, 2026 and 2025, respectively, increasing $3.8 million, or 6.5%. This was primarily attributable to a $3.3 million increase in Total personnel expense primarily due to the timing of annual raises in the second quarter each year and a $0.4 million increase in Professional fees. Total noninterest expenses totaled $123.0 million and $116.8 million for the six months ended June 30, 2026 and 2025, respectively, increasing $6.1 million, or 5.3%. This was primarily attributable to a $5.0 million increase in Total personnel expense also primarily due to annual raises and a $1.1 million increase in Software licenses and other software costs, partially offset by a $0.5 million decrease in Intangibles amortization expense.

The following table presents the primary components of noninterest expenses.

($ in thousands)	For the Three Months Ended June 30, 2026	2025	For the Six Months Ended June 30, 2026	2025
Salaries, incentives and commissions expense	$ 31,529	$ 29,005	$ 61,507	$ 57,666
Employee benefit expense	6,958	6,187	13,474	12,282
Total personnel expense	38,487	35,192	74,981	69,948
Occupancy and equipment expense	4,961	5,195	10,316	10,387
Credit card rewards and other bankcard expenses	1,574	1,515	2,863	2,693
Telephone and data lines	768	1,023	1,629	1,992
Software licenses and other software costs	2,377	2,012	4,869	3,743
Data processing expense	2,550	2,300	4,926	4,801
Professional fees	1,577	1,170	3,006	2,474
Advertising and marketing	768	904	1,568	1,715
Non-credit losses	966	824	1,635	1,761
FDIC insurance costs	1,376	1,297	2,904	2,822
Corporate insurance costs	526	541	1,060	1,077
Intangibles amortization expense	1,199	1,468	2,446	2,984
Other operating expenses	5,632	5,483	10,776	10,438
Total noninterest expense	$ 62,761	$ 58,924	$ 122,979	$ 116,835

Income Taxes

We recorded income tax expense of $12.9 million and $11.3 million for the three months ended June 30, 2026 and 2025, respectively, resulting in effective tax rates of 20.3% and 22.6%. For the six months ended June 30, 2026 and 2025, we recorded tax expense of $25.2 million and $21.6 million, resulting in effective tax rates of 20.6% and 22.4%, respectively.

FINANCIAL CONDITION

Total assets at June 30, 2026 amounted to $13.0 billion, a $373.3 million, or 2.9%, increase from December 31, 2025 and was primarily related to higher loans and interest-bearing cash, partially offset by a contraction in the balance of AFS securities.

Total loans at June 30, 2026 were $9.0 billion, an increase of $266.3 million, or 3.1%, from December 31, 2025. The mix of our loan portfolio remained relatively unchanged from December 31, 2025 to June 30, 2026. Note 3 to the consolidated financial statements presents additional detail regarding our mix of loans. At June 30, 2026, we had no notable concentrations in geographies or industries, including in office or hospitality categories. The Company's exposure to non-owner occupied commercial office loans represented approximately 6.2% of the total portfolio at June 30, 2026, with the largest loan being $33.0 million and the average outstanding loan balance being $1.4 million. Non-owner occupied office loans were generally in non-metro markets and the 10 largest loans in this category represented less than 2% of the total loan portfolio at June 30, 2026.

Total investment securities were $2.4 billion at June 30, 2026, a decrease of $112.9 million from December 31, 2025, as we did not reinvest all proceeds from prepayments and maturities. The composition of our investment portfolio remained substantially the same at June 30, 2026 as at December 31, 2025.

The unrealized loss on AFS securities totaled $204.5 million at June 30, 2026. Refer to Note 2 to the consolidated financial statements for additional detailed information regarding our mix of investments and the unrealized losses for each category.

Total deposits amounted to $11.1 billion at June 30, 2026, an increase of $336.4 million, or 3.1%, from December 31, 2025. The majority of the increase was attributable to growth in Noninterest-bearing checking accounts of $110.6 million and growth in Money market accounts of $244.4 million.

We continue to have a diversified and granular deposit base which has remained stable with continued growth in customer deposits, primarily Noninterest-bearing checking accounts and Money market accounts. Our deposit mix has remained relatively consistent and has not changed significantly.

	June 30, 2026		December 31, 2025	
($ in thousands)	Amount	Percentage	Amount	Percentage
Noninterest-bearing checking accounts	$ 3,597,565	32 %	$ 3,486,985	32 %
Interest-bearing checking accounts	1,422,592	13 %	1,420,795	13 %
Money market accounts	4,754,782	43 %	4,510,356	42 %
Savings accounts	510,392	5 %	526,643	5 %
Other time deposits	475,744	4 %	493,282	5 %
Time deposits >$250,000	318,821	3 %	305,473	3 %
Total customer deposits	11,079,896	100 %	10,743,534	100 %
Brokered deposits	4,971	— %	4,887	— %
Total deposits	$ 11,084,867	100 %	$ 10,748,421	100 %

As of June 30, 2026, the estimated insured deposits totaled $6.5 billion, or 58.9% of total deposits, while approximately $4.6 billion of the Company's total deposits were uninsured. In addition, deposits totaling $748.7 million at June 30, 2026 were collateralized by investment securities such that approximately 65.7% of our total deposits were insured or collateralized at that date.

Nonperforming Assets

NPAs are defined as nonaccrual loans, loans past due 90 or more days and still accruing interest, and foreclosed real estate. NPAs are summarized as follows:

($ in thousands)	June 30, 2026	December 31, 2025
Nonperforming assets		
Nonaccrual loans	$ 44,283	$ 36,315
Accruing loans 90 days or more past due	—	—
Total nonperforming loans	44,283	36,315
Foreclosed real estate	659	1,425
Total nonperforming assets	$ 44,942	$ 37,740
Asset Quality Ratios		
Nonperforming loans to total loans	0.49 %	0.42 %
Nonperforming assets to total loans and foreclosed properties	0.50 %	0.43 %
Nonperforming assets to total assets	0.34 %	0.30 %
Allowance for credit losses to total loans	1.39 %	1.42 %
Allowance for credit losses to nonperforming loans	282.04 %	340.30 %

As shown in the table above, total NPAs at June 30, 2026 were $44.9 million, with the increase from year end primarily arising from the $8.0 million increase in Nonaccrual loans, partially offset by the $0.8 million decrease in Foreclosed real estate.

Commercial real estate - owner occupied is the largest category of nonaccrual loans, at $14.3 million, or 32.2%, followed by Residential 1-4 family real estate at $9.3 million, or 20.9%, and Commercial and industrial at $8.7 million, or 19.6%. Included in various loan categories are nonaccrual SBA loans totaling $15.5 million at June 30, 2026, or 35.0% of total nonaccrual loans, and which include $9.1 million in guarantees from the SBA.

As reflected in Note 3 to the accompanying consolidated financial statements, total classified loans increased 8.9% to $63.7 million at June 30, 2026 compared to $58.5 million at December 31, 2025. The increase resulted primarily from increases in Commercial real estate - non owner occupied loans of $2.6 million and Commercial and industrial loans of $1.2 million. Special mention loans decreased 16.99% to $24.4 million at June 30, 2026 compared to $29.3 million at December 31, 2025. The majority of the decrease was attributable to a decrease in Construction, development & other land loans of $3.3 million and Commercial real estate - owner occupied loans of $0.9 million.

Allowance for Credit Losses, Allowance for Unfunded Commitments, and Loan Loss Experience

The total allowance for credit losses amounted to $124.9 million at June 30, 2026 compared to $123.6 million at December 31, 2025. The overall ACL as a percent of total loans was 1.39% and 1.42% at June 30, 2026 and December 31, 2025, respectively. Fluctuations in the ACL are based on loan mix and growth, changes in the levels of nonperforming loans, economic forecasts impacting loss drivers, and other assumptions and inputs to the CECL model.

In the portions of Western North and South Carolina that were significantly impacted by Hurricane Helene in third quarter of 2024, the Company identified borrowers who were potentially impacted. For December 31, 2025 and June 30, 2026, no incremental reserves were maintained on the commercial loan portfolio as those relationships had been reviewed, risk ratings adjusted and nonaccrual status updated. Therefore, for those relationships, the normal reserving process was applied. For the potentially impacted consumer loans, the Company applied increased reserve rates based upon severe economic factors to the approximately $253 million of loans (primarily Residential 1-4 family real estate) in the most impacted path of Hurricane Helene. This compares to consumer loans totaling $268 million at December 31, 2025. Due to the potential exposure from Hurricane Helene, the ACL on these impacted consumer loans was $1.9 million as of June 30, 2026 and December 31, 2025, adding 2 basis points to the overall ACL as a percent of total loans at both period ends.

The ACL reflects our estimate of life of loan expected credit losses that will result from the inability of our borrowers to make required loan payments. We use systematic methodologies to determine the ACL for loans and the allowance for certain off-balance-sheet credit exposures. We consider the effects of past events, current conditions,

and reasonable and supportable forecasts on the collectability of the loan portfolio. The ACL is calculated using collectively evaluated pools for loans with similar risk characteristics applying the discounted cash flow ("DCF") method. When a loan no longer shares similar risk characteristics with its segment, the loan is evaluated on an individual basis applying a DCF or asset approach for collateral-dependent loans.

For the periods indicated, the following table summarizes our balances of loans outstanding, average loans outstanding, ACL, charge-offs and recoveries, and key ratios:

($ in thousands)	Six Months Ended June 30, 2026	Twelve Months Ended December 31, 2025	Six Months Ended June 30, 2025
Loans outstanding at end of period	$ 8,988,748	$ 8,722,419	$ 8,225,650
Average amount of loans outstanding	8,839,477	8,283,246	8,147,750
Allowance for credit losses, at period end	124,894	123,581	120,545
Total charge-offs	(3,693)	(11,629)	(5,874)
Total recoveries	1,308	3,074	1,379
Net charge-offs	$ (2,385)	$ (8,555)	$ (4,495)
Ratios:			
Net charge-offs as a percent of average loans (annualized)	0.05 %	0.10 %	0.11 %
Allowance for credit losses as a percent of loans at end of period	1.39 %	1.42 %	1.47 %

While our estimate of the ACL involves a high degree of judgment, we believe the ACL was adequate at each period end presented. Our assessment of the ACL involves uncertainty and judgment and is subject to change in future periods. The amount of any changes could be significant if the assessment of loan quality or collateral values changes substantially with respect to one or more loan relationships or portfolios or if there is a significant change in the reasonable and supportable forecast or assumptions used to model our expected credit losses. No assurance can be given that we will not in any particular period sustain loan losses that are sizable in relation to the amounts reserved or that subsequent evaluations of the loan portfolio, in light of conditions and factors then prevailing, will not require significant changes in the ACL or future charges to earnings. In addition, various regulatory agencies, as an integral part of their examination process, periodically review our ACL and the value of our collateral-dependent loans. Such agencies may require us to recognize adjustments to the ACL based on their judgments about information available at the time of their examinations. Refer also to “Critical Accounting Policies – Allowance for Credit Losses on Loans and Allowance for Unfunded Commitments” in Note 1 to the 2025 Annual Report on Form 10-K filed with the SEC for more information.

In addition to the ACL on loans, we maintain an allowance for lending-related commitments such as unfunded loan commitments. We estimate expected credit losses associated with these commitments over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable. The allowance for lending-related commitments on off-balance sheet credit exposures is adjusted as a component of the provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The allowance for unfunded commitments of $11.6 million and $11.0 million at June 30, 2026 and December 31, 2025, respectively, is classified on the consolidated balance sheets within "Other liabilities." The increase in the level of the allowance between periods was driven by an increase in balances of available lines of credit, partially offset by lower reserve rates during the six months ended June 30, 2026.

Liquidity, Commitments, and Contingencies

Our liquidity is determined by our ability to convert assets to cash or acquire alternative sources of funds to meet the needs of our customers who are withdrawing or borrowing funds, and to maintain required reserve levels, pay expenses and operate the Company on an ongoing basis. Our primary liquidity sources are net income from operations, cash and due from banks, federal funds sold and other short-term investments. Our securities portfolio has a high percentage of amortizing mortgage-backed securities generating monthly cash flows. In addition, the portfolio is comprised almost entirely of readily marketable securities, which could also be sold to provide cash. We

also maintain available lines of credit from the FHLB and the Federal Reserve, as well as federal funds lines from several correspondent banks which are summarized below.

At June 30, 2026, the Company had the following sources of readily available borrowing capacity:

- A $1.4 billion line of credit with the FHLB that can be structured as either short-term or long-term borrowings, depending on the particular funding or liquidity needs. As of June 30, 2026, the line of credit is secured by a blanket lien on portions of the Company's real estate loan portfolio totaling approximately $7.0 billion and the Company's FHLB stock totaling $8.9 million. Outstanding borrowings on the line totaled $0.7 million and $0.8 million at June 30, 2026 and December 31, 2025, respectively;
- Federal funds lines of credit with correspondent banks totaling $285.0 million allow the Company to purchase federal funds on an overnight, unsecured basis. No borrowings were outstanding at June 30, 2026 or December 31, 2025; and
- A line of credit of approximately $756.4 million through the Federal Reserve's discount window borrowing program, which was secured at June 30, 2026 by a blanket lien on a portion of the Company’s commercial and consumer loan portfolios (excluding those secured by real estate collateral) totaling approximately $321.1 million and specific investment securities with a carrying value of $616.3 million. No borrowings were outstanding at June 30, 2026 or December 31, 2025.

Our overall on-balance sheet liquidity ratio was 15.7% at June 30, 2026 compared to 14.9% at December 31, 2025. We define our liquidity ratio as net liquid assets (cash, unpledged securities and other marketable assets) as a percentage of our net liabilities (unpledged deposits and borrowings). Our total liquidity ratio, including the $2.4 billion in available lines of credit, was 32.8% as of June 30, 2026. Not included in these ratios are the readily available sources of funds through brokered deposits. As of June 30, 2026, our brokered deposits availability was $1.9 billion per our internal policy.

The amount and timing of our contractual obligations and commercial commitments have not changed materially since December 31, 2025, the detail of which is presented in the "Contractual Obligations and Other Commercial Commitments" table of our 2025 Annual Report on Form 10-K. In addition, we are not involved in any legal proceedings that, in our opinion, could have a material effect on our consolidated financial position.

Off-Balance Sheet Arrangements and Derivative Financial Instruments

Off-balance sheet arrangements include transactions, agreements, or other contractual arrangements pursuant to which we have obligations or provide guarantees on behalf of an unconsolidated entity. We have no off-balance sheet arrangements of this kind other than letters of credit and repayment guarantees associated with our trust preferred securities and subordinated debentures.

In the normal course of business, we are exposed to certain risks arising from both our business operations and economic conditions. As an element of our risk management strategies, we may enter into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Derivative financial instruments include futures, forwards, interest rate swaps, options contracts, and other financial instruments with similar characteristics.

We do not engage in significant derivatives activities. However, we maintain a program whereby we enter into interest rate swaps with certain commercial loan customers, with offsetting positions to dealers under a back-to-back swap program. At June 30, 2026, the Company's derivative financial instruments consisted entirely of customer back-to-back interest rate swaps which are not designated as hedges. Under this program, the Company executes interest rate swaps with commercial banking customers to facilitate their risk management strategies. Those interest rate swaps are simultaneously economically hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program are not designated as hedging instruments, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings. There have been no material changes from the derivative positions discussed in Note 13 of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Capital Resources

There have been no material changes to the treatment of capital resources as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

In addition to the risk-based capital requirements described above, we are subject to a leverage capital requirement, which calls for a minimum ratio of Tier 1 capital (as defined above) to quarterly average total assets of 3.00% to 5.00%, depending upon the institution's composite ratings as determined by its regulators. The Federal Reserve has not advised us of any requirement specifically applicable to us.

At June 30, 2026, as shown in the table below, we were well-capitalized. The capital ratios at June 30, 2026 remained materially consistent with the 2025 year end ratios. The following table presents the capital ratios for the Company and the regulatory minimums discussed above for the periods indicated:

	June 30, 2026	December 31, 2025	Minimum required
Risk-based capital ratios:			
Common equity Tier 1 ratio	14.09 %	14.10 %	7.00 %
Tier I capital ratio	14.81 %	14.87 %	8.50 %
Total risk-based capital ratio	16.06 %	16.12 %	10.50 %
Leverage capital ratio:			
Tier 1 capital to quarterly average total assets	11.60 %	11.21 %	4.00 %

The Bank is also subject to capital requirements that do not vary materially from the Company's capital ratios presented above. At June 30, 2026, the Bank exceeded the minimum ratios established by the regulatory authorities.

In addition to regulatory capital ratios, we also closely monitor our ratio of tangible common equity ("TCE") to tangible assets (the "TCE ratio"), which is a non-GAAP financial measure. The TCE ratio excludes the effect of goodwill and other intangible assets, net of related taxes from the GAAP basis total shareholders' common equity and GAAP basis total assets. Management believes this non-GAAP financial measure provides additional information that is useful to investors in evaluating our performance and may facilitate comparisons with other institutions in the banking industry as well as period-to-period comparisons. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and 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. Non-GAAP measures have limitations as analytical tools, are not audited, and may not be comparable to other similarly titled financial measures used by other companies. Investors should not consider non-GAAP measures in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP. The TCE ratio was 9.83% at June 30, 2026 compared to 9.61% at December 31, 2025.

The following table reconciles common equity to TCE and provides the calculation of the TCE ratio:

($ in thousands)	June 30, 2026	December 31, 2025
Reconciliation of Common Equity to TCE		
Total shareholders' common equity	$ 1,716,460	$ 1,654,168
Less: Goodwill and other intangibles, net of related taxes	(481,673)	(483,644)
TCE	$ 1,234,787	$ 1,170,524
Reconciliation of Total Assets to Tangible Assets		
Total assets	$ 13,041,615	$ 12,668,339
Less: Goodwill and other intangibles, net of related taxes	(481,673)	(483,644)
Tangible assets	$ 12,559,942	$ 12,184,695
TCE ratio	9.83 %	9.61 %

Stock Repurchase Plans

The following table discloses shares of our common stock repurchased during the three months ended June 30, 2026.

($ in millions, except per share data)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs(1)
April 1, 2026 to April 30, 2026	—	$ —	—	$ 34,885,489
May 1, 2026 to May 31, 2026	36,298	$ 58.47	36,298	$ 32,763,290
June 1, 2026 to June 30, 2026	—	$ —	—	$ 32,763,290
Total	36,298	$ 58.47	36,298	$ 32,763,290

(1) On January 27, 2026, the Board of the Company reauthorized the repurchase of up to $40 million in shares of the Company's common stock in private transactions and open market purchases through January 27, 2027. Any such repurchases would be made pursuant to a plan approved by and containing provisions about the timing, purchase prices and quantities purchased determined by management in its discretion. During the quarter ended June 30, 2026, a total of 36,298 shares were repurchased at an average price per share of $58.47. As of June 30, 2026, the Company had remaining authorization to purchase up to $32.8 million of outstanding stock under the program.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. The Company's market risk is composed primarily of interest rate risk inherent in the normal course of lending and deposit-taking activities. We are also exposed to market risk in our investing activities. We do not have any trading assets or activities.

Interest Rate Risk

Net interest income is our most significant component of earnings and we consider interest rate risk to be our most significant market risk. Our net interest income results from the difference between the yields we earn on our interest-earning assets, primarily loans and investments, and the rates that we pay on our interest-bearing liabilities, primarily deposits and borrowings. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve.

When interest rates change, the yields we earn on our interest-earning assets and the rates we pay on our interest-bearing liabilities do not necessarily move in tandem with each other because of the difference between their maturities and repricing characteristics and this can negatively impact net interest income. Changes in interest

rates and monetary policy influence not only the interest we receive on loans and investments and the amount of interest we pay on deposits and borrowings, but such changes could also affect the average duration of our loan portfolio, investment securities and other interest-earning assets.

Our goal is to structure our asset/liability composition to maximize net interest income while managing interest rate risk so as to minimize the adverse impact of changes in interest rates on net interest income and capital in either a rising or declining interest rate environment. Profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may impact our earnings adversely because the interest rates of the underlying assets and liabilities do not change at the same speed, to the same extent or on the same basis.

Interest rate risk is monitored through the use of several complementary modeling tools, primarily earnings simulation modeling, and economic value simulation (net present value estimation). These models measure changes in a variety of interest rate scenarios. While interest rate risk models have limitations, taken together they represent a reasonably comprehensive view of the magnitude of our interest rate risk, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships. Earnings simulation and economic value models are utilized by management on a regular basis as they more effectively measure the cash flow and optionality impacts than does a static gap analysis. From the various model results and our expectations regarding future interest rate movements, the national, regional and local economies, and other financial and business risk factors, we quantify the overall magnitude of interest sensitivity risk and then determine appropriate strategies and practices governing asset growth and pricing, funding sources and pricing, and off-balance sheet commitments.

Earnings Simulation Analysis

We use net interest income simulations which measure the short-term earnings exposure from changes in market rates of interest. The model calculates an earnings estimate based on current and projected balances and rates, incorporating our current financial position with assumptions regarding future business to calculate net interest income under varying hypothetical rate scenarios. This method is subject to the accuracy of the assumptions that underlie the process, but it provides a better analysis of the sensitivity of earnings to changes in interest rates than other analyses, such as the static gap analysis.

Assumptions used in the model are derived from historical trends and management’s outlook. The model assumes a static balance sheet with cash flows reinvested in similar instruments to maintain the balance sheet levels and current composition. The model utilizes the actual cash flows and repricing characteristics for our balance sheet instruments and incorporates market-based assumptions regarding the impact of changing interest rates on the prepayment rate of certain assets and liabilities. Because these assumptions are inherently uncertain, actual results may differ from simulated results.

Different interest rate scenarios and yield curves are used to measure the sensitivity of earnings to changing interest rates in both a "shocked" instantaneous move and a "ramped" move of rates. Interest rates on different asset and liability accounts move differently when the Federal Reserve changes rates and such assumptions are reflected in the different rate scenarios. The model is one tool used by management to evaluate risk and responses to economic changes and does not take into account any future actions that management may take to mitigate the impact of interest rate changes, and it is our strategy to proactively change the volume and mix of our balance sheet in order to mitigate our interest rate risk.

As of June 30, 2026, the net interest income sensitivity indicated an asset sensitive position to net interest income from immediate parallel rate shifts in both rising and falling rates over a one year period with an increase of 5.7% in +200 rate scenario, an increase of 3.9% in +100 rate scenario, a decrease of 2.8% in -100 scenario and a decrease of 5.3% in a -200 rate scenario. These scenarios assume an immediate change in rates and no change in the shape of the yield curve from the level as of June 30, 2026. Management also evaluates a steepening of the yield curve in rate reduction scenarios. For a -100 rate scenario, net interest income over one year would increase by 0.6% and for a -200 rate scenario, net interest income over one year would decrease by 3.4%. As economic conditions and interest rates change over time, management proactively manages the rates earned on assets and the rates paid on liabilities as well as the mix and volume of our balance sheet. The above scenarios do not reflect the potential future actions of management to actively manage net interest margin and earnings.

Assumptions utilized in the net interest income sensitivity analyses are inherently uncertain, and actual results may differ from simulated results.

Economic Value Simulation

Economic value simulation is used to calculate the estimated fair value of assets and liabilities over different interest rate environments. Economic values are calculated based on discounted cash flow analysis. The net economic value of equity is the economic value of all assets minus the economic value of all liabilities assuming a liquidation of the current balance sheet. The change in net economic value over different rate environments is an indication of the longer-term earnings capability of the balance sheet. The same assumptions are generally used in the economic value simulation as in the earnings simulation, including immediate and parallel rate shocks and static assumptions for deposit average decay rate and average lives.

As of June 30, 2026, the Company's economic value of equity ("EVE") generally declines in rising rate scenarios and improves or remains stable in falling rate scenarios. The decline in EVE under a rising rate environment is driven by the composition of the loans and investment portfolios, primarily related to fixed rate loans and fixed rate mortgage-backed securities as compared to a higher proportion of deposits having variable rates. In addition to impacts on market values from changes in interest rates, fixed rate loans and securities tend to prepay more quickly in lower rate environments and prepay more slowly in rising rate environments, leading to impacts on their relative valuation in the EVE calculation. As of June 30, 2026, the impact of increasing rates on EVE were -1.8% in +100 rate scenario and -6.4% in +200 rate scenario, compared to +0.7% in -100 rate scenario and -1.4% in -200 rate scenario.

Additional discussion concerning our exposure to interest rate risk is presented in Item 7A of the 2025 Annual Report on Form 10-K filed with the SEC.

Inflation

Our financial statements have been prepared in accordance with GAAP, which requires the financial position and operating results to be measured principally in terms of historic dollars without considering the change in the relative purchasing power of money over time due to inflation.

Nearly all of the Company's assets and liabilities are monetary in nature, and as such, changes in interest rates (as discussed above) generally affect the financial condition of the Company to a greater degree than changes in the rate of inflation. Although interest rates are influenced by changes in the inflation rate, they do not necessarily change at the same rate or in the same magnitude as the inflation rate. Inflation affects the Company's results of operations mainly through increased operating costs, and the impact of inflation on banks in general is normally not as significant as its influence on those businesses that have large investments in plant and inventories. We review the pricing of our products and services, as well as our controllable operating and labor costs in light of current and expected costs due to inflation, to mitigate the inflationary impact on financial performance to the extent possible.

Item 4 – Controls and Procedures

Management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the design and operation of the Company's disclosure controls and procedures, which are our controls and other procedures that are designed to ensure that information required to be disclosed in our periodic reports with the SEC is recorded, processed, summarized and reported within the required time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed is communicated to our management to allow timely decisions regarding required disclosure. Based on this assessment, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of June 30, 2026 were effective in allowing timely decisions regarding disclosure to be made about material information required to be included in our periodic reports with the SEC. In addition, there has been no change in our internal control over financial reporting which has occurred during, or subsequent to, the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1 – Legal Proceedings

Various legal proceedings may arise in the ordinary course of business and may be pending or threatened against the Company and its subsidiaries. Neither the Company nor any of its subsidiaries are involved in any pending legal proceedings that management believes are material to the Company or its consolidated financial position. If an

exposure were to be identified, it is the Company's policy to establish and accrue appropriate reserves during the accounting period in which a loss is deemed to be probable and the amount is reasonably estimable.

Item 1A – Risk Factors

Investing in shares of our common stock involves certain risks, including those identified and described in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as well as cautionary statements contained in this Form 10-Q, including those under the caption "Forward-Looking Statements" set forth in the forepart of this Form 10-Q, risks and matters described elsewhere in this Form 10-Q and in our other filings with the SEC. There are no material changes from the risk factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

c) Issuer Purchases of Equity Securities.

Refer to the Stock Repurchase Plans section of Management's Discussion and Analysis, which is incorporated by reference into this item.

Item 5 – Other Information

5(c) Trading Arrangements of Section 16 Reporting Persons.

During the quarter ended June 30, 2026, no person who is required to file reports pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, with respect to holdings of, and transactions in, the Company's common shares (i.e. directors and certain officers of the Company) maintained, adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1(c) arrangement", as those terms are defined in Section 229.408 of the regulations of the SEC.

Item 6 - Exhibits

The following exhibits are filed with this report or, as noted, are incorporated by reference. Except as noted below the exhibits identified have Securities and Exchange Commission File No. 000-15572. Management contracts, compensatory plans and arrangements are marked with an asterisk (*).

2	Agreement and Plan of Merger and Reorganization between First Bancorp and First Carolina Bancshares Corporation dated July 14, 2026 was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 14, 2026, and is incorporated herein by reference.
3.a	Articles of Incorporation of the Company and amendments thereto were filed as Exhibits 3.a.i through 3.a.v to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2002, and are incorporated herein by reference. Articles of Amendment to the Articles of Incorporation were filed as Exhibits 3.1 and 3.2 to the Company's Current Report on Form 8-K filed on January 13, 2009, and are incorporated herein by reference. Articles of Amendment to the Articles of Incorporation were filed as Exhibit 3.1.b to the Company's Registration Statement on Form S-3D filed on June 29, 2010 (Commission File No. 333-167856), and are incorporated herein by reference. Articles of Amendment to the Articles of Incorporation were filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 6, 2011, and are incorporated herein by reference. Articles of Amendment to the Articles of Incorporation were filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 26, 2012, and are incorporated herein by reference. Articles of Amendment to the Articles of Incorporation were filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed June 14, 2022, and are incorporated herein by reference.
3.b	Amended and Restated Bylaws of the Company were filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 9, 2018, and are incorporated herein by reference.
4.a	Form of Common Stock Certificate was filed as Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, and is incorporated herein by reference.
31.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.

Copies of exhibits are available upon written request to: First Bancorp, Investor Relations, 101 North Spring Street, Greensboro, North Carolina, 27401.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST BANCORP

August 6, 2026

BY:/s/ Richard H. Moore

Richard H. Moore
Chief Executive Officer
(Principal Executive Officer),
and Director

August 6, 2026

BY:/s/ Elizabeth B. Bostian

Elizabeth B. Bostian
Executive Vice President
and Chief Financial Officer

August 6, 2026

BY:/s/ T. Brent Hicks

T. Brent Hicks
Executive Vice President
and Chief Accounting Officer