

October 28, 2024

Dear First Carolina Financial Services, Inc. ("Company") Shareholders:

Today, on behalf of your Board of Directors, I am writing to provide you with an update on your Company and to report results through September 30, 2024, for the Company's subsidiary bank, First Carolina Bank ("Bank"). Firstly, we made a significant post-quarter-end strategic announcement late last week (<https://www.firstcarolinabank.com/about/news>) outlining our plans to acquire BM Technologies, Inc. ("BMT") in an all-cash transaction. We have chronicled our developing relationship with BMT in correspondence over the last nearly two years and believe this opportunity to officially come together under the Bank umbrella creates a dynamic and more efficient, national deposit gathering platform that should enable further organic growth in periods to come. The transaction with BMT is currently expected to close in Q1 2025, subject to receipt of required BMT shareholder approval and the satisfaction of other closing conditions.

Secondly, our team continues to perform well, as evidenced by the ongoing growth of the Bank's balance sheet. Since the Bank's fiscal year end on December 31, 2023, gross loans increased from **\$2.23 billion** to **\$2.62 billion** and total assets from **\$2.73 billion** to **\$3.09 billion** at September 30, 2024. For the nine months ended September 30, 2024, the Bank had unaudited net income of **\$17.82 million** compared to net income of **\$18.06 million** for the nine months ended September 30, 2023. Despite the growth in our earning-asset base, which we believe will bolster our results now that interest rates and funding costs have started to decline, higher deposit costs and investments in management and new digital opportunities expectedly tempered our net income for the first nine months of fiscal year 2024. We expect that these planned investments in personnel and infrastructure will positively impact the Bank's performance in coming quarters.

Key Bank Highlights and Year-Over-Year Growth as of and for the Quarter Ended September 30, 2024:

- Gross Loans of **\$2.62 billion** compared to **\$2.16 billion** on September 30, 2023 (20.9 percent).
- Total Deposits of **\$2.60 billion** compared to **\$2.07 billion** on September 30, 2023 (25.9 percent).
- Total Assets of **\$3.09 billion** compared to **\$2.56 billion** on September 30, 2023 (20.7 percent).
- Continued strong asset quality as evidenced by "0" in Other Real Estate Owned property and "0" 30-day past due loans on September 30, 2024.
- Total year-to-date 2024 net revenue of **\$73.8 million** versus **\$51.6 million** for the nine-month period ended September 30, 2023 (43.1 percent).

We passed the \$3 billion asset mark this quarter and expect our organic growth story to continue, even as we work to complete the framework to support the larger Bank that we have become. Our customer-facing teams, led by Gregg Ferrell and Doug Ford, have powered us ahead with strong lending results. Attached to this letter are several tombstones detailing just a few of our recent new and expanded customer relationships.

As mentioned in a previous quarterly letter, the loan business you see in our standard financial reporting only gives you a partial view of the total loan book. During Q3 2024, we harvested embedded value in our balance sheet as unfunded loan commitments were drawn as scheduled and outstanding loans increased. This dynamic works through loan commitments that we have previously booked for businesses and commercial real estate relationships that are funding up over time based on a specific business or project plan. Nearly \$100 million in draws from these unfunded commitments were made during Q3 2024, and we still have nearly \$600 million in unfunded loan commitments on our balance sheet that are already booked and expected to fund over the next 12-18 months. These are well-priced commitments, and ones that we expect to expand our net interest margin as they fund and improve operating earnings as we head through fiscal 2025. Additionally, we have already provided for the majority of the allowance for potential credit loss in these loans through our Allowance for Credit Losses. In other words, as these loans fund up over time and

begin earning interest for the Bank, we would not expect significant additional provision expense to be incurred. Based on our current expectations, at current spreads, this is another \$21 million in net margin contribution embedded in our financials, and the borrowers associated with these loans fit our strictest qualification requirements. As an example, the weighted average loan-to-cost of the construction loans that comprise a significant portion of the total unfunded commitments is 62.5%.

Listed below is additional summary financial statement information for your consideration, and it is followed by a more detailed period-over-period analysis in the attachment to this letter.

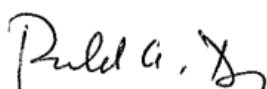
Summary Period End Financial Results (Unaudited)

(in thousands, except for per share information)

First Carolina Bank	September 30, 2024	September 30, 2023
Gross Loans	\$2,616,059	\$2,163,037
Total Investments	\$215,721	\$212,997
Total Assets	\$3,085,826	\$2,556,784
Total Low-Cost Deposits	\$1,645,833	\$1,077,196
Total Certificates of Deposit	\$955,576	\$989,706
Total Deposits	\$2,601,410	\$2,066,902
Year-to-Date Net Income	\$17,820	\$18,057
Total Risk-Based Capital Ratio	12.13%	12.67%
First Carolina Financial Services, Inc. ("FCFS")		
FCFS Shareholders' Equity	\$286,827	\$262,373
FCFS Common Stock Period-End Shares Outstanding	11,013	10,823
FCFS YTD Average Number Shares Outstanding	11,000	10,778
FCFS Book Value / Period-End Shares Outstanding	\$26.04	\$24.24
FCFS Earnings / Average Shares Outstanding	\$1.38	\$1.43

We remain optimistic about our prospects and look forward to seeing you in person as we are out and about between now and year-end to thank you for your business. As always, we appreciate your confidence, welcome your thoughts and feedback, and again thank you for your business and support. We are excited about the future of First Carolina Bank! All our best to you.

Sincerely,



Ronald A. Day
President and Chief Executive Officer
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ronday@firstcarolinabank.com

If you ever have questions regarding your FCFS shares, please contact investorrelations@firstcarolinabank.com.

Cautionary Statement Regarding Forward-Looking Statements

This letter contains forward-looking statements. These statements reflect management's current beliefs as to the expected outcomes of future events and are not guarantees of future performance. Forward-looking statements are typically preceded by, followed by, or include words such as "may," "could," "should," "will," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook" or similar expressions. Actual results or events might differ materially from those explicit or implicit in the forward-looking statements, and readers of this letter should not place undue reliance on such statements. Important factors that could cause actual results to differ materially include, without limitation: the occurrence of any event, change, or other circumstances that could give rise to the right of one or both of the Bank and/or BMT to terminate the definitive agreement between the Bank and BMT; the outcome of any legal proceedings that may be instituted against BMT or the Bank related to the proposed transaction or otherwise; the possibility that the proposed transaction will not close when expected or at all because required BMT shareholder approval or regulatory or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; the possibility that the anticipated benefits of the proposed acquisition of BMT will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies; the diversion of the Bank's management's attention from ongoing business operations and opportunities in light of the proposed transaction; increases in our past due loans, whether due to the current interest-rate environment or other factors; our ability to grow loans and the banking franchise; that unfunded loan commitments may not fund or, if funded, may not perform as expected or contribute to our financial performance in the way we currently expect; the effects of future economic conditions, including inflation and changes in real estate values; that our prior investments in personnel and infrastructure may not produce the future benefits we expect; changes in governmental fiscal and monetary policies; legislative and regulatory changes and/or our relationship with our regulators; the risks of further changes in interest rates and potential impacts on loan demand, our borrowings, and our cost of funds; increasing competition for deposits and related funding costs and their impacts on our net interest margin and profitability; fluctuations in our financial results; potential increases in our provisions for credit losses, whether due to economic conditions affecting our borrowers, changes in assumptions, or otherwise; loss of key personnel, including any bankers that may be instrumental to our growth plans; changes in tax law; our ability to attract key talent, including commercial bankers; unexpected increases in non-interest expense that affect our efficiency; and privacy, security and other risks associated with our business. We assume no obligation and do not intend to update these forward-looking statements, except as required by law.

FOR IMMEDIATE RELEASE:

First Carolina Bank Announces Plans to Acquire BM Technologies, Inc.

RALEIGH, N.C. (October 25, 2024) – First Carolina Bank (“Bank”) announced today the execution of a definitive agreement and plan of merger to acquire BM Technologies, Inc. (“BMT”), pursuant to which the Bank, through a newly formed subsidiary, will acquire BMT for total cash consideration of approximately \$67 million, or \$5.00 for each share of BMT common stock. BMT is one of the largest digital banking platforms in the U.S. as well as a market leader in the higher education financial aid disbursement business via its “Higher Education Program,” for which the Bank has served as the exclusive provider of deposit accounts since December 2023.

In support of the growing demand for the Bank’s service model, the acquisition will add a differentiated core deposit generation platform and additional non-interest income sources and is thus anticipated to produce an approximate 40% accretion to the Bank’s 2026 earnings per share. The Bank expects additional financial, operational, and strategic benefits as BMT’s business becomes fully integrated with the Bank. Notably, the transaction reduces the cost of the Higher Education Program deposits for the Bank and bolsters its ability to further source low-cost, core deposit funding through a suite of digitally advanced deposit products in a regulatory compliant, safe, and sound manner. Furthermore, it solidifies the Bank’s commitment to bringing greater access, convenience, stability, and ultimate financial literacy to students.

“BMT is a leader in the disbursements process for federal aid to colleges, universities, and students,” Ron Day, President and CEO, said. “Currently serving over 700 campuses, this digital platform gives the Bank a nationwide deposit gathering business and the opportunity to expand banking relationships with the institutions and their students across the United States. We started having discussions in late 2022 with management at BMT and were immediately drawn to the added relationship possibilities for the Bank through the company’s technology and market position. We believe this is a game-changing combination, and we are thrilled for the employee and shareholder bases of both companies given BMT’s customer base. Jamie Donahue, current President and Chief Technology Officer of BMT will join the Bank’s leadership team as President of the newly formed subsidiary and will report to Pat Pritchard, the Bank’s Chief Information Officer. Both will lead the integration of the new line of business into the core activities of the Bank and the plan to grow the platform over time.”

The proposed transaction is currently expected to close during the first quarter of 2025, subject to receipt of required shareholder approval by the shareholders of BMT and the satisfaction of other closing conditions.

Wedbush Securities Inc. has served as exclusive financial advisor and rendered a fairness opinion to the board of directors to First Carolina Bank in the proposed transaction. Covington & Burling LLP has served as legal counsel to First Carolina Bank.

About First Carolina Bank

First Carolina Bank is a North Carolina state-chartered bank headquartered in Rocky Mount, North Carolina, with approximately \$3.1 billion in total assets as of September 30, 2024. First Carolina Bank has full-service banking offices in: Rocky Mount, Raleigh, Wilmington, Cary and Reidsville, North Carolina; Virginia Beach, Virginia; Columbia and Greenville, South Carolina; and Atlanta, Georgia. To learn more about First Carolina Bank, please visit our website at www.firstcarolinabank.com.

About BM Technologies, Inc.

BM Technologies, Inc. (NYSE American: BMTX) - formerly known as BankMobile - is among the largest Banking-as-a-Service (BaaS) providers in the country, providing access to checking and savings accounts, and financial wellness. It is focused on technology, innovation, easy-to-use products, and education with the mission to financially empower millions of Americans by providing a more affordable, transparent, and consumer-friendly banking experience. BM Technologies, Inc. (BMTX) is a technology company and is not a bank, which means it provides banking services through its partner bank. More information can be found at www.bmtx.com.

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include projections of, or guidance on, the Bank's future financial performance, asset quality, liquidity, capital levels, expected levels of future expenses, including anticipated growth strategies, descriptions of new business initiatives and anticipated trends in the Bank's business or financial results. Important factors that could cause actual results to differ materially include, without limitation: the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the Bank and/or BMT to terminate the definitive agreement between the Bank and BMT; the outcome of any legal proceedings that may be instituted against BMT or the Bank related to the proposed transaction or otherwise; the possibility that the proposed transaction will not close when expected or at all because required BMT shareholder approval is not received or other conditions to the closing are not satisfied on a timely basis or at all; the possibility that the anticipated benefits of the proposed acquisition of BMT will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies; the diversion of the Bank's management's attention from ongoing business operations and opportunities in light of the proposed transaction; the possibility that the merger may be more expensive to complete than anticipated; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the merger; loss of key personnel that are critical to our market growth plans; the effects of future economic conditions, including impacts from inflation, labor shortages and supply chain issues; changes in governmental fiscal and monetary policies; legislative and regulatory changes; changes in interest rates and the resulting impacts on our business; fluctuations in our financial results; privacy, security and other risks associated with our business. The Bank cautions readers that forward-looking statements are subject to certain risks and uncertainties that are difficult to predict with regard to, among other things, timing, extent, likelihood and degree of occurrence, which could cause actual results to differ from anticipated results. The Bank assumes no obligation and does not intend to update these forward-looking statements, except as required by law.



Financed **\$1 million**, including an operating line of credit, for:

COMMERCIAL ROOFING CONTRACTOR
\$15 million in revenue

In addition to credit facilities, First Carolina Bank provided the following **treasury services**:

- Business Online Banking
- Remote Deposit Capture
- Online ACH Origination
- Fraud Protection Services



Financed **\$25 million**, including an asset-based revolving line, an owner-occupied real estate term loan, an aircraft term loan, and consumer mortgages, for:

RECYCLING COMPANY
\$90 million in revenue

In addition to credit facilities, First Carolina Bank provided the following **treasury services**:

- Business Online Banking
- Sweep Accounts
- Online ACH Origination
- Commercial Credit Card



Financed **\$4 million**, including an operating line of credit, for:

TECHNOLOGY INFRASTRUCTURE COMPANY
Audio-visual systems, fire alarms, cabling
\$37 million in revenue

In addition to credit facilities, First Carolina Bank provided the following **treasury services**:

- Business Online Banking
- Remote Deposit Capture
- Online Wire & ACH Origination
- Fraud Protection Services



Financed **\$45 million**, including an asset-based revolving line, an owner-occupied real estate term loan, and consumer mortgages, for:

MEDICAL LAB
Locations in 26 states
\$500 million in revenue

In addition to credit facilities, First Carolina Bank provided the following **treasury services**:

- Business Online Banking
- Online Wire & ACH Origination
- File Manager



First Carolina Bank (FCB)

Quarterly Balance Sheet

	Ending Balance as of				
	Sep 2024	Jun 2024	Mar 2024	Dec 2023	Sep 2023
(Dollars in thousands, except per share data)					
Assets					
Cash & Due From Banks	\$13,679	\$10,342	\$8,364	\$9,995	\$9,854
Interest Bearing Deposits	\$140,542	\$135,847	\$188,607	\$150,975	\$101,259
Total Cash and Due From Banks	\$154,221	\$146,189	\$196,971	\$160,970	\$111,113
Total Investments	\$215,721	\$197,162	\$212,915	\$203,769	\$212,997
Gross Loans	\$2,616,059	\$2,540,548	\$2,370,331	\$2,230,443	\$2,163,037
Total Allowance for Credit Losses	(\$19,804)	(\$19,521)	(\$18,147)	(\$18,897)	(\$18,575)
Total Loans	\$2,596,255	\$2,521,026	\$2,352,184	\$2,211,546	\$2,144,462
Total Net Fixed Assets	\$34,785	\$35,044	\$33,051	\$32,229	\$31,242
Total Other Real Estate Owned	\$0	\$0	\$0	\$0	\$0
Total Goodwill/Intangible	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792
Total Other Assets	\$83,051	\$82,305	\$94,055	\$114,992	\$55,177
Total Assets	\$3,085,826	\$2,983,518	\$2,890,968	\$2,725,297	\$2,556,784
Liabilities					
Total Non-Interest DDA	\$797,351	\$565,500	\$825,265	\$656,097	\$335,045
MMDA/NOW/Savings	\$848,483	\$882,050	\$835,885	\$764,935	\$742,151
Total Certificates of Deposit	\$955,576	\$1,090,428	\$855,496	\$947,948	\$989,706
Total Deposits	\$2,601,410	\$2,537,978	\$2,516,646	\$2,368,980	\$2,066,902
Total Borrowings	\$100,000	\$75,000	\$0	\$0	\$150,000
Total Accrued Expenses	\$24,665	\$18,992	\$24,459	\$14,899	\$5,835
Total Taxes & Other	\$13,612	\$12,880	\$17,393	\$16,350	\$15,839
Total Liabilities	\$2,739,688	\$2,644,851	\$2,558,498	\$2,400,228	\$2,238,576
Total Equity	\$346,138	\$338,668	\$332,470	\$325,069	\$318,208
Total Liabilities & Equity	\$3,085,826	\$2,983,518	\$2,890,968	\$2,725,297	\$2,556,784
Capital Ratios:					
FCB Tier 1 Capital	\$345,087	\$338,300	\$332,394	\$325,153	\$319,510
FCB Total Risk Based Capital	\$370,030	\$364,029	\$357,861	\$351,672	\$345,773
Tier 1 Leverage Ratio	11.56%	11.85%	11.56%	12.47%	13.13%
FCB Risk Based Capital Ratio	12.13%	11.94%	12.12%	12.35%	12.67%
Asset Quality:					
Non Accrual Loans	\$17,209	\$17,209	\$0	\$0	\$0
Total Other Real Estate Owned	\$0	\$0	\$0	\$0	\$0
Total Non-Performing Assets	\$17,209	\$17,209	\$0	\$0	\$0
Asset Ratios:					
Non Accrual/Loans	0.66%	0.68%	0.00%	0.00%	0.00%
Non-Performing Assets / Gross Loans	0.66%	0.68%	0.00%	0.00%	0.00%
Texas Ratio (NPA & loans >90days/Tier 1)	4.99%	5.09%	0.00%	0.00%	0.00%
Total Reserve to Gross Loans	0.95%	1.01%	1.07%	1.18%	1.21%
First Carolina Financial Services ("FCFS")					
FCFS Total Shareholders' Equity Consol	\$286,827	\$280,219	\$274,890	\$268,374	\$262,373
FCFS YTD Net Income	\$15,208	\$10,018	\$5,674	\$19,628	\$15,459
FCFS YTD Earnings / Average Share Outstanding	\$1.38	\$0.91	\$0.52	\$1.82	\$1.43
FCFS Stock Price	\$34.00	\$34.00	\$32.00	\$31.00	\$31.00
FCFS Book Value / Period-End Shares Outstanding	\$26.04	\$25.46	\$25.00	\$24.80	\$24.24
FCFS Tangible Book Value / Period-End Shares Outstanding	\$25.88	\$25.30	\$24.84	\$24.63	\$24.08
FCFS Period-End Number Shares Outstanding	11,013	11,006	10,995	10,823	10,823
FCFS YTD Average Number Common Stock Shares Outstanding	11,000	10,994	10,987	10,789	10,778
FCFS Return on Average Equity (ROE) YTD	7.32%	7.34%	8.41%	7.63%	8.11%

First Carolina Bank (FCB)
Quarterly Income Statement

	Quarter Ended				
	Sep 2024	Jun 2024	Mar 2024	Dec 2023	Sep 2023
(Dollars in thousands, except per share data)					
Interest on Cash Balances	\$1,501	\$1,180	\$2,358	\$852	\$643
Total Investments Int Inc	\$2,916	\$2,957	\$3,221	\$3,226	\$3,404
Total Loan Interest Income	\$39,526	\$36,647	\$34,345	\$32,844	\$30,286
Total Loan Fees Income	\$2,034	\$1,933	\$1,797	\$1,900	\$1,674
Total Interest Income	\$45,976	\$42,717	\$41,721	\$38,823	\$36,006
MMDA/NOW/Savings	\$9,021	\$8,979	\$7,800	\$7,817	\$7,575
Total Certificates of Deposit	\$12,426	\$10,792	\$9,697	\$9,710	\$9,877
Total Deposit Expense	\$21,447	\$19,771	\$17,498	\$17,527	\$17,452
Total Borrowing Expense	\$692	\$817	\$68	\$1,989	\$947
Total Interest Expense	\$22,139	\$20,588	\$17,566	\$19,516	\$18,399
Net Interest Income	\$23,838	\$22,129	\$24,155	\$19,307	\$17,607
Total Customer Service Fees	\$802	\$961	\$683	\$415	\$242
Total Miscellaneous Income	\$513	\$400	\$302	\$311	\$319
Net Gain (Loss) On Sale Investments	\$0	\$0	\$0	\$0	\$110
Net Gain (Loss) On Sale Fixed Assets	\$0	\$0	\$0	\$0	\$0
Net Gain (Loss) On Sale OREO	\$0	\$0	\$0	\$0	\$0
Total Non-Interest Income	\$1,316	\$1,361	\$985	\$725	\$672
Total Salary Expense	\$5,292	\$4,873	\$4,778	\$4,610	\$4,026
Total Employee Benefits	\$2,752	\$1,949	\$2,232	\$1,731	\$1,895
Total Fas 91 Benefits	(\$104)	(\$135)	(\$128)	(\$125)	(\$144)
Total Contracted Labor	\$30	\$30	\$0	\$0	\$0
Total Occupancy Expense	\$491	\$471	\$471	\$453	\$475
Total Depreciation	\$440	\$404	\$340	\$336	\$333
Total Equipment Expense	\$198	\$203	\$175	\$199	\$157
Total Intangibles & Org	\$0	\$0	\$0	\$0	\$0
Total Bank Services Expense	\$6,149	\$5,873	\$7,648	\$3,366	\$1,718
Total Other Expenses	\$3,295	\$3,015	\$2,710	\$3,306	\$2,797
Total Non-Interest Expense	\$18,544	\$16,683	\$18,226	\$13,877	\$11,258
Total Provision for Credit Losses	(\$784)	\$265	(\$1,051)	\$260	(\$480)
Income Before Taxes	\$7,393	\$6,542	\$7,966	\$5,895	\$7,501
Total Income Taxes	\$1,345	\$1,328	\$1,407	\$867	\$1,486
Net Income	\$6,048	\$5,213	\$6,558	\$5,029	\$6,014
Net Revenue (1)	\$25,153	\$23,489	\$25,140	\$20,033	\$18,168
Total Expenses (excludes taxes and provision)	\$18,544	\$16,683	\$18,226	\$13,877	\$11,258
Performance Ratios:					
FCB Efficiency Ratio	73.72%	71.02%	72.50%	69.27%	61.97%
Return on Avg. Asssets (ROA)	0.81%	0.73%	0.92%	0.77%	0.98%
Return on Avg. Equity (ROE)	7.02%	6.24%	8.03%	6.21%	7.58%
Net Interest Margin	3.28%	3.24%	3.62%	3.09%	2.97%

(1) Net Revenue calculated as Net Interest Income + Non-Interest Income.-G/L on Sale of Investments