The Column

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Welcome back to The Column, our quarterly newsletter.

This quarter saw a major milestone in our partnership with Bmtx, a financial technology company and subsidiary of BM Technologies, Inc. (BMT). On October 25, we announced the execution of a definitive agreement and plan of merger to acquire 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.**"

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.

We are excited for this new chapter of our story and look forward to sharing more in 2025!

Product Spotlight: Positive Pay

Did you know there has recently been a significant increase in business fraud?

Business bank accounts are covered by the Uniform Commercial Code (UCC). Under the UCC, businesses have shorter reporting timelines, less protections, and higher liability for fraud than personal bank accounts. Per the UCC, unauthorized checks, unauthorized ACH, and/or fraudulent ACH transactions that are reported to the Bank after 24 hours of posting to your account are less likely to have funds recovered.

To protect your account from unauthorized or fraudulent activity, we strongly encourage our customers to enroll in:

Positive Pay and **Reverse Positive Pay** for checks
ACH Positive Pay and **ACH Debit Block** for electronic debits

These services are designed to detect and deter check fraud and unauthorized ACH transactions by providing a platform to cross-check payments issued for suspect items, with flags for mismatched payment amounts, check numbers, and payee information, among other factors. Exception items can easily be processed within our business online banking service.

BUSINESS FRAUD PREVENTION BEST PRACTICES

To help combat fraud, businesses should implement the below measures:

- Protect their networks from malware and train employees not to click on suspicious emails and links from unknown senders
- Limit the number of employees with wire and ACH authority and delegate dual control of duties
- Never accept changes to banking information for payees strictly based on emails or a single call from an unfamiliar person - complete due diligence measures first, including calling a known number on file for the payee

Get the right credit card for your needs!

We have options for building credit, increasing spending power, and more. Choose from personal and business credit card options - all with important features designed for your needs. Ask your banker for more info today!

It's the most wonderful time of the year, and **you are the most wonderful part of our business**!

We are grateful for the opportunity to serve you and look forward to a continued relationship in the new year.

Thank you from your team at

First Carolina Bank