



**A COMBINATION OF  
LIKE-MINDED  
NORTH CAROLINA BANKS**

**TRANSACTION OVERVIEW**

**SEPTEMBER 2023**

# DISCLAIMER

## Cautionary Note Regarding Forward-Looking Statements

This presentation includes “forward-looking statements” with respect to PB Financial Corporation (“PBNC”), Providence Bank, a wholly owned subsidiary of PBNC, Coastal Bank & Trust (“CABT”), and a proposed transaction pursuant to which CABT would be merged with and into Providence Bank (the “Transaction”). These forward-looking statements include: statements regarding the parties’ beliefs, goals, intentions, and expectations regarding the proposed Transaction; pro-forma financial information and impact, capital ratios, loan and deposit information, branch footprint, among other matters; the expected timing of completion of the proposed Transaction; the expected cost savings, synergies, and other anticipated benefits of the proposed Transaction; and other statements that are not historical facts.

Forward-looking statements are typically identified by such words as “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “should,” “will,” and other similar words and expressions, and are subject to numerous assumptions, risk, and uncertainties, which change over time. These forward-looking statements include, without limitation, those relating to the terms, timing, financial benefits, and closing of the proposed Transaction. These statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor or shareholder as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Caution should be exercised against placing undue reliance on forward-looking statements. Factors, risks and uncertainties that could cause actual results to differ 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 parties to terminate the definitive merger agreement between the parties; the possibility that the proposed Transaction will not close when expected or at all because required regulatory, shareholder 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 Transaction 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 or as a result of the strength of the economy and competitive factors in the areas where PBNC and CABT do business; the possibility that the Transaction may be more expensive to complete than anticipated; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the Transaction within the expected timeframes or at all; revenues following the proposed Transaction may be lower than expected, which would impact projected payback period, earnings per share accretion, internal rate of return, and capital ratios; the effect of the announcement or pendency of the proposed Transaction on the parties’ respective businesses generally, employee retention and stock prices; and other adverse economic factors, such as inflation or unexpected interest rate changes.

Except as otherwise required by law, none of PBNC, Providence Bank or CABT undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, to reflect circumstances or events that occur after the date the forward-looking statements are made.

## No Offer of Solicitation

This presentation is not a proxy statement or solicitation with respect to any securities or in respect of the proposed Transaction and shall not constitute an offer to sell or a solicitation of an offer to buy the securities of PBNC, CABT or the combined company.

# TRANSACTION OVERVIEW

## Transaction:

- PBNC, parent of Providence Bank (Rocky Mount, NC), will acquire 100% of CABT's outstanding common stock
- Pro forma ownership: 85% PBNC / 15% CABT

## Consideration Mix:

- 75% stock / 25% cash
- Shareholder election

## Per Share Consideration:

- \$10.00 per share in cash per share of CABT common stock; or
- 0.2222 shares of PBNC common stock per share of CABT common stock
- \$10.00 price per share based on PBNC stock price at \$45.00 per share<sup>(1)</sup>

## Aggregate Consideration:

- \$25.8 million at announcement<sup>(1)</sup>

## Announcement Metrics:

- Price to tangible common equity of 122%
- Price / LTM earnings of 11.3x
- Premium to core deposits<sup>(2)</sup> of 2.9%

## Personnel:

- PBNC will select one director from CABT to join its board of directors
- A Jacksonville advisory board will be established
- CABT CEO Richard Jefferson will stay on with Providence Bank
- All employees of CABT will be offered a job with Providence Bank

## Approvals & Close:

- CABT shareholder approval
- Customary approval from NC Commissioner of Banks, FDIC and the Federal Reserve
- Expected closing in the 2<sup>nd</sup> quarter of 2024

(1) Merger analysis assumes 0.2222 exchange ratio based on PBNC shares valued at \$45.00 per share

(2) Core deposits defined as total deposits less total time deposits

Note: Financial data shown as of June 30, 2023, unless otherwise noted

# INVESTMENT HIGHLIGHTS



## **Market Expansion:**

- Logical in-state market expansion combines adjacent franchise footprints around Jacksonville, Morehead City, Holly Ridge and Richlands markets and an LPO in New Bern
- Pro forma company will be led by an experienced management team and a like-minded board with unparalleled knowledge of the markets they serve
- Familiar markets and client bases will allow for successful integration of compatible cultures



## **Financially Attractive:**

- Immediately accretive to EPS
- PBNC TBV payback period less than 2.5 years
- Pro forma bank will remain well-capitalized



## **Efficiencies from Size and Scale:**

- Greater ability to serve customers – additional products and a larger lending limit
- Increased size reduces impact of fixed regulatory costs on profitability
- Significantly increases future growth opportunities, both organic and acquisitive

# TRANSACTION IMPACT

## Pro Forma Financial Impact

**Accretive**

2024 EPS

**Accretive**

2025 EPS

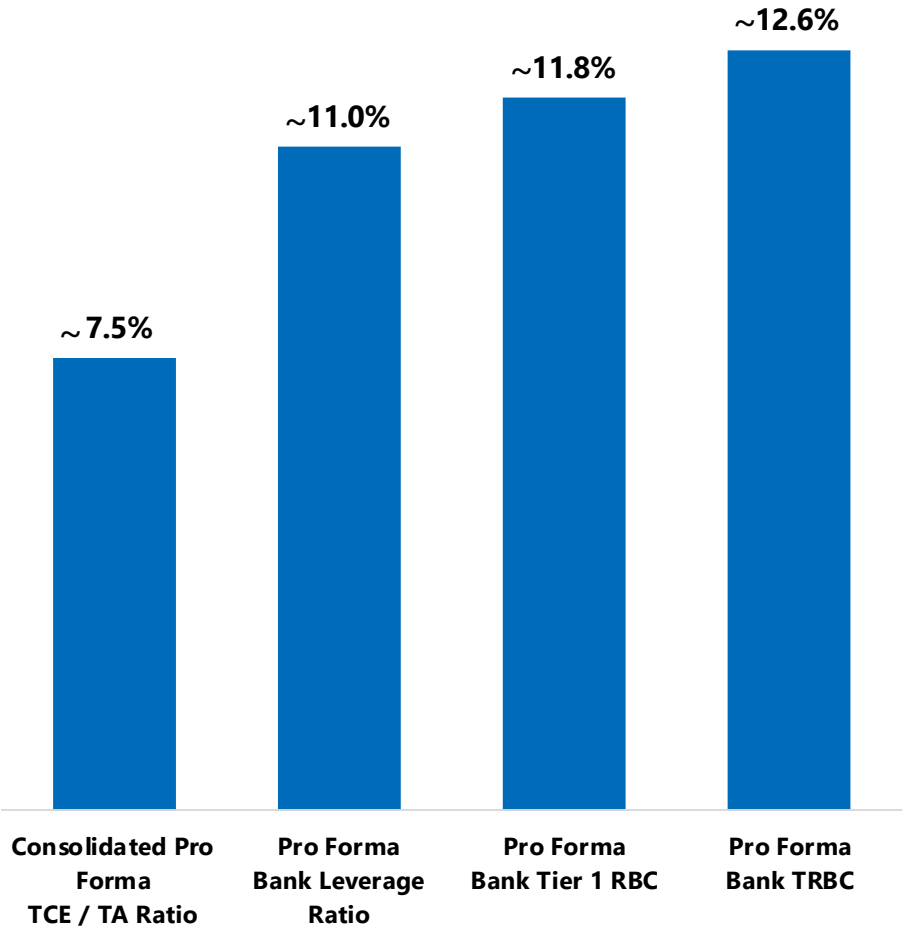
**~2.2 years**

TBV Payback  
Period<sup>(1)</sup>

**> 26.0%**

Internal Rate  
of Return

## Pro Forma Capital Ratio Impact<sup>(2)</sup>



(1) Tangible book value payback period calculated using the crossover method; inclusive of all one-time related transaction expenses

(2) As of projected close on March 31, 2024

Note: Includes impact of recent common stock offering of \$8.3M

Source: S&P Capital IQ Pro; Company-provided documents

# OVERVIEW OF COASTAL BANK & TRUST

## Fact Sheet

### General Corporate Information

<b>Company</b>	Coastal Bank & Trust
<b>Ticker</b>	CABT
<b>President &amp; CEO</b>	Richard G. Jefferson
<b>Headquarters</b>	Jacksonville, NC
<b>Date of Establishment</b>	April 13, 2009
<b># of Branches (including main office)</b>	4

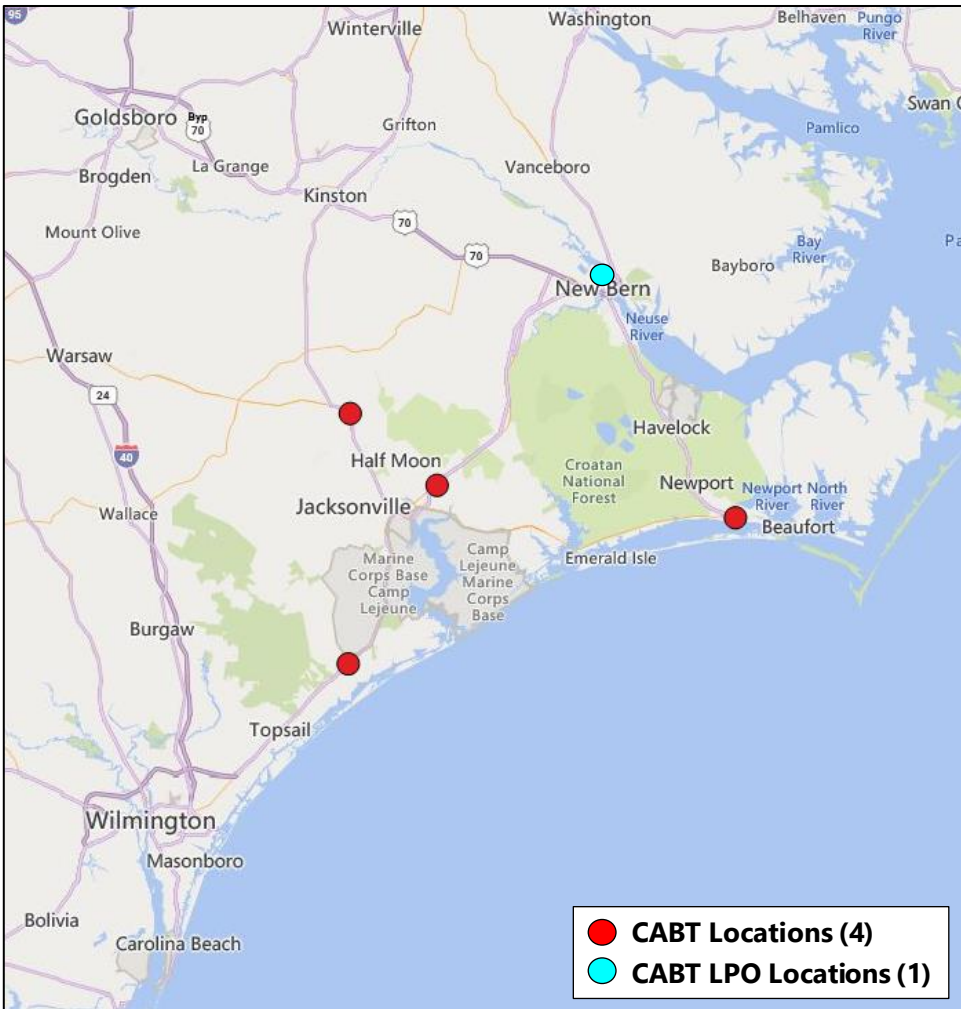
**Operating Market** Jacksonville, Morehead City, Holly Ridge, Richlands, and New Bern, NC

**Employees** 35

### Most Recent Quarter Financial Highlights (6/30/2023)

<b>Total Assets (\$M)</b>	\$217.8
<b>Return on Average Assets (%)</b>	1.31%
<b>Return on Average Equity (%)</b>	13.26%
<b>Net Interest Margin (%)</b>	4.31%
<b>Efficiency Ratio (%)</b>	62.46%
<b>NPAs / Assets (%)</b>	0.00%

## Franchise Footprint



Source: S&P Capital IQ Pro; Company-provided documents

# KEY METRICS OF STANDALONE INSTITUTIONS



- PB Financial Corporation founded in Rocky Mount, NC in 2006
- 6 Branches
- Bank-level Leverage Ratio above 12%
- 2023YTD ROAA of 1.71%
- NPAs/Assets of 0.01%



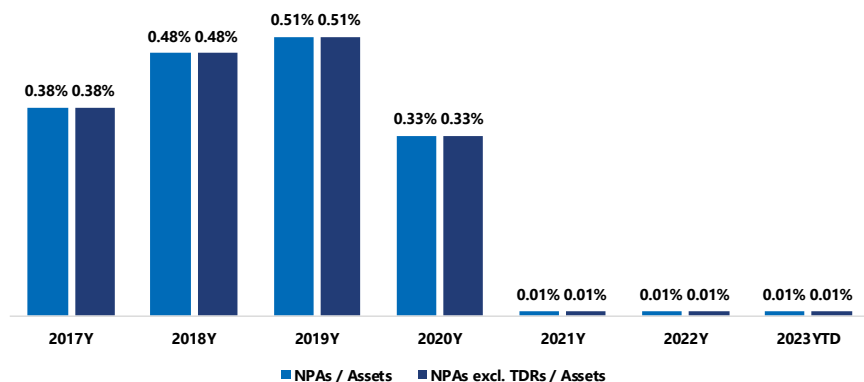
- Coastal Bank & Trust founded in Jacksonville, NC in 2009
- 4 branches & an LPO in New Bern, NC
- Leverage Ratio above 11%
- 2023YTD ROAA of 1.23%
- NPAs/Assets of 0.00%

# OVERVIEW OF BANK FINANCIAL PROFILES

## Providence Bank

Balance Sheet Highlights	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023YTD
Total Assets (\$000)	\$322,242	\$452,347	\$479,353	\$587,241	\$702,032	\$849,755	\$879,638
Net Loans (\$000)	253,225	351,845	383,646	459,629	545,119	681,565	707,122
Total Deposits (\$000)	257,927	349,096	360,360	459,321	575,454	676,618	698,344
Tangible Common Equity (\$000)	41,415	46,138	60,076	67,765	75,685	89,747	98,366
Performance Measures	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023YTD
Net Income (\$000)	\$2,629	\$5,850	\$7,370	\$7,625	\$10,607	\$15,558	\$8,205
Return on Avg. Assets (%)	0.89%	1.46%	1.55%	1.38%	1.63%	2.03%	1.86%
Return on Avg. Equity (%)	8.49%	12.30%	13.09%	11.10%	14.00%	18.22%	16.56%
Net Interest Margin (%)	3.77%	4.10%	3.94%	3.51%	3.64%	4.00%	3.84%
Efficiency Ratio (%)	52.98%	48.83%	44.15%	43.20%	38.26%	33.55%	36.54%
Capitalization	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023YTD
TCE Ratio (%)	12.85%	10.34%	12.66%	11.63%	10.85%	10.61%	11.24%
Leverage Ratio (%)	13.39%	10.45%	12.60%	11.65%	10.75%	12.18%	12.36%

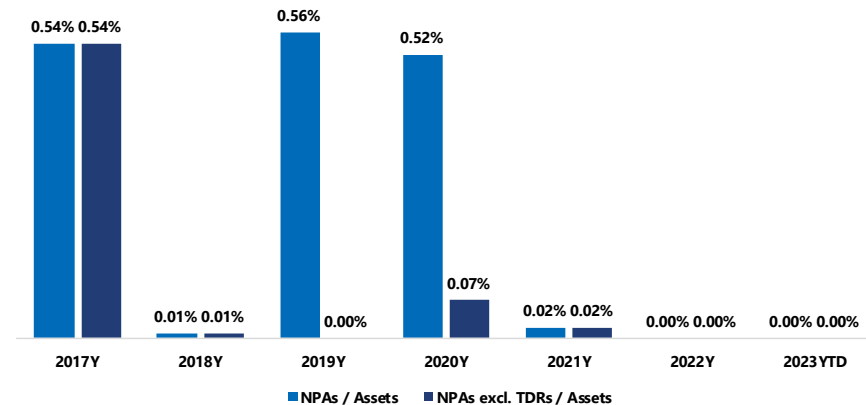
## Asset Quality Trends



## Coastal Bank & Trust

Balance Sheet Highlights	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023YTD
Total Assets (\$000)	\$94,843	\$109,663	\$111,850	\$142,355	\$174,128	\$191,806	\$217,761
Net Loans (\$000)	72,336	70,289	83,802	103,356	118,143	148,096	160,358
Total Deposits (\$000)	85,009	91,686	92,376	121,539	152,562	171,766	195,713
Tangible Common Equity (\$000)	9,630	17,614	18,572	19,957	20,777	19,415	21,097
Performance Measures	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023YTD
Net Income (\$000)	\$1,694	\$576	\$769	\$1,054	\$1,398	\$1,631	\$1,260
Return on Avg. Assets (%)	1.76%	0.55%	0.69%	0.79%	0.84%	0.83%	1.23%
Return on Avg. Equity (%)	20.15%	3.53%	4.23%	5.42%	6.93%	8.60%	12.32%
Net Interest Margin (%)	3.98%	3.93%	4.20%	4.10%	3.87%	3.79%	4.30%
Efficiency Ratio (%)	80.19%	82.49%	80.60%	79.74%	73.28%	69.07%	63.97%
Capitalization	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023YTD
TCE Ratio (%)	10.15%	16.06%	16.60%	14.02%	11.93%	10.12%	9.69%
Leverage Ratio (%)	9.25%	15.99%	16.35%	13.44%	11.99%	11.28%	11.36%

## Asset Quality Trends



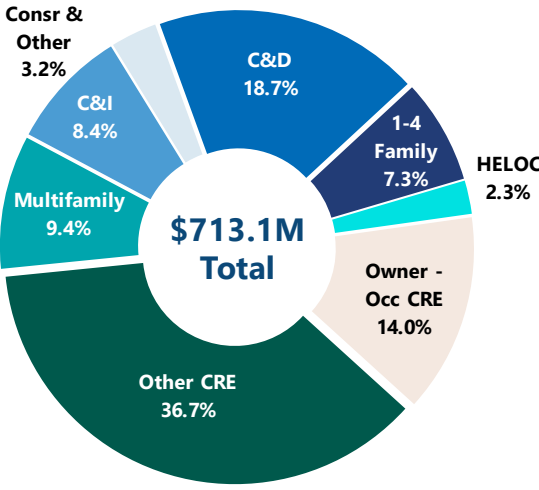


# STRONG PRO FORMA BUSINESS MIX

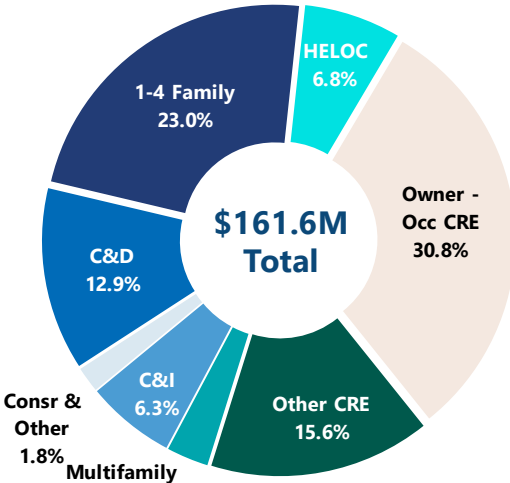


**Pro Forma**

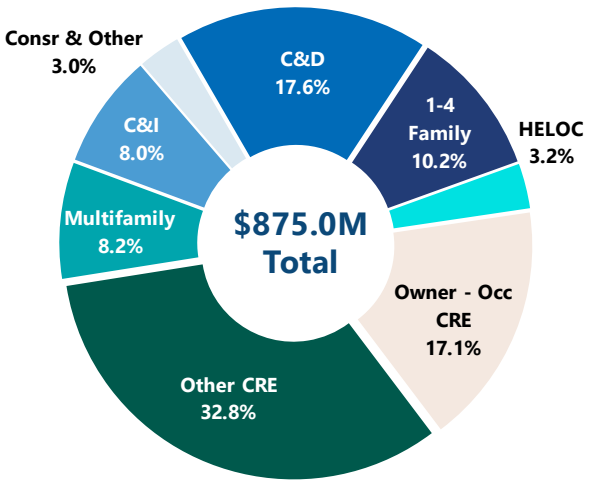
Loan Composition



MRQ Yield: 6.66%

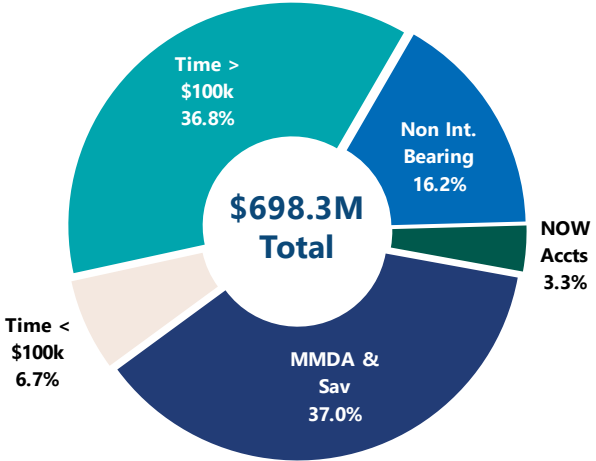


MRQ Yield: 5.50%

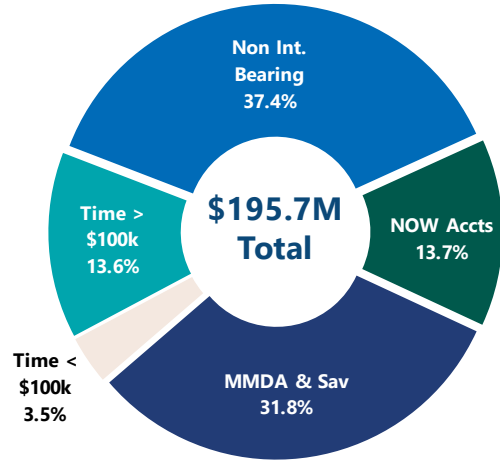


MRQ Yield: 6.45%

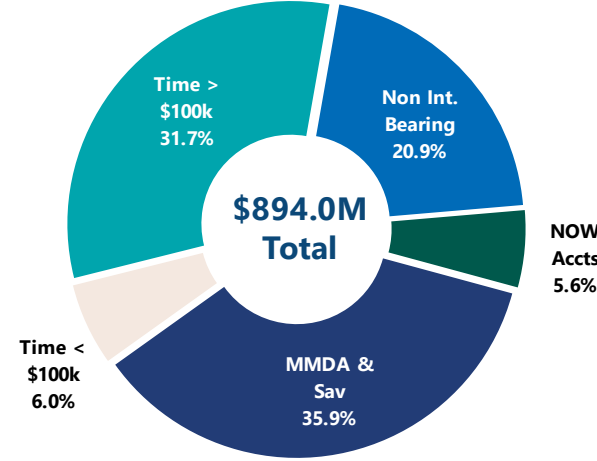
Deposit Mix



Cost of Total Deposits: 2.33%



Cost of Total Deposits: 0.87%

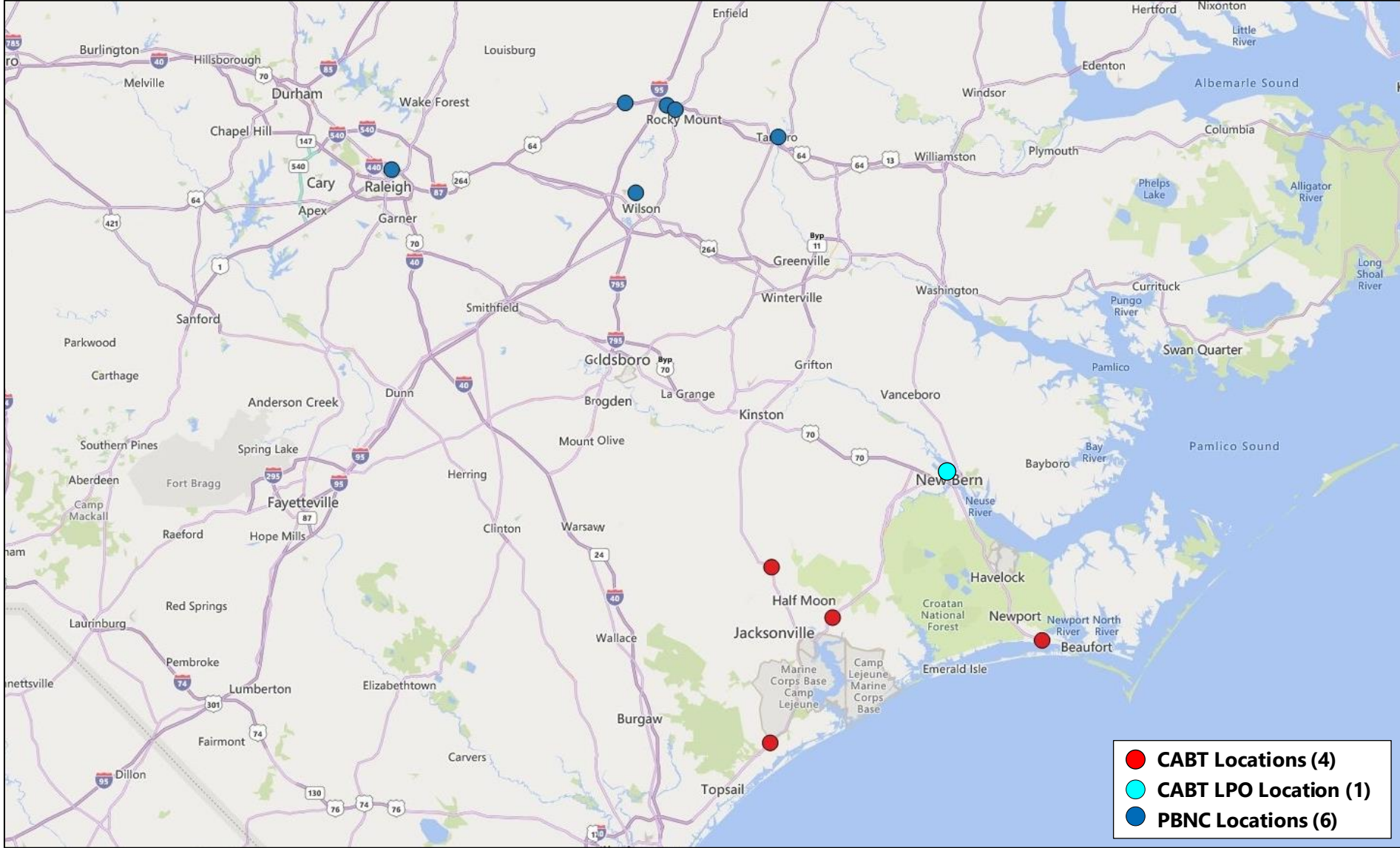


Cost of Total Deposits: 2.01%

Note: Bank-level financial data shown  
Source: S&P Capital IQ Pro; Company-provided documents



# PRO FORMA FRANCHISE FOOTPRINT



- CABT Locations (4)
- CABT LPO Location (1)
- PBNC Locations (6)

Source: S&P Capital IQ Pro

# ADDITIONAL INFORMATION

In connection with the proposed Transaction, PBNC and CABT will prepare a proxy statement/offering circular for a meeting of shareholders of CABT that will be called to, among other things, approve the definitive merger agreement with respect to the proposed Transaction.

BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS, SHAREHOLDERS OF COASTAL BANK ARE URGED TO CAREFULLY READ THE ENTIRE PROXY STATEMENT/OFFERING CIRCULAR REGARDING THE PROPOSED TRANSACTION WHEN IT BECOMES AVAILABLE, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

CABT and its directors and executive officers may be deemed to be participants in the solicitation of appointments of proxies from the shareholders of CABT in connection with the planned meeting of shareholders. Information regarding the interests of these participants and other persons who may be deemed participants in the proxy solicitation may be obtained by reading the proxy statement/offering circular for the CABT meeting of shareholders when it becomes available. When available, free copies of the proxy statement/offering circular may be obtained by directing a request by telephone (910-577-3200) or email (RJefferson@coastalbanknc.com) to Richard G. Jefferson, President and CEO of CABT.

The shares of PBNC common stock to be issued in the proposed Transaction are not savings or deposit accounts and are not insured or otherwise approved by the Federal Deposit Insurance Corporation or any other federal or state governmental agency.