

TRIAD BUSINESS BANK

Triad Business Bank (OTC Pink – “TBBC”), February 25, 2025, Announces Unaudited Results for 2024, Including Fourth Quarter Results

Overview

For the fourth quarter of 2024, Triad Business Bank (the “Bank”) had provision for credit loss expense of \$1.7 million which included the establishment of a \$1.1 million reserve for a corporate bond. Following the provision, net loss for the quarter totaled \$1.4 million. Ramsey Hamadi, Chief Executive Officer, commented, “The Bank holds a corporate bond that recently lost its investment grade, and its current value indicates there may be a credit issue. Therefore, until there is better clarity, the Bank established the \$1.1 million reserve.”

Hamadi continued, “Total regulatory capital continued to be strong at year end, totaling \$63.1 million or 12.78% of risk weighted assets. The Bank reported a \$777,000 improvement in core operating income (net income before provision for credit losses and tax expense, a non-GAAP measurement) over the fourth quarter of 2023. The Bank had core operating income of \$299,000 in the fourth quarter of 2024 compared to a core operating loss of \$478,000 in the fourth quarter of 2023. The Bank continued several positive trends by executing on key initiatives, including reducing operating expenses, narrowing its sales focus, solidifying its unaffiliated core deposits base, and expanding its margins. Noninterest expense declined \$368,000 for the quarter ended December 31, 2024 as compared to the quarter ended December 31, 2023 due primarily to lower employee compensation expense and the pausing of director compensation. Net interest income increased \$376,000 on a wider net interest margin and a growing balance sheet.”

Hamadi continued, “In the third quarter, the Bank reported its first nonaccruing commercial loan relationship of \$1.5 million. In the fourth quarter, after liquidating some and repossessing the remainder of the industrial equipment collateral, the Bank charged off \$998,000. These activities contributed to the \$1.7 million provision for credit losses in the fourth quarter. Following this charged off relationship, the Bank has no nonperforming loans.”

Fourth Quarter Income Statement Comparison

The Bank’s net loss totaled \$1.4 million for the quarter ended December 31, 2024 compared to a net loss of \$800,000 for the same quarter of 2023. Core operating income, a non-GAAP measure, was \$299,000 for the quarter compared to a core operating loss, a non-GAAP measure, of \$478,000 for the fourth quarter of 2023.

Net interest income increased \$376,000 to \$3.0 million for the fourth quarter from \$2.6 million for the fourth quarter of 2023. The Bank’s net interest margin increased 18 basis points to 2.27% from 2.09% for the prior year quarter.

Fourth quarter interest income increased \$529,000, or 8%, to \$7.0 million compared to \$6.4 million in the fourth quarter of 2023. The growth in interest income year over year was due primarily to the growth in average loans, which increased \$39.7 million during the year to \$372.9 million, and an increase in the weighted average yield on average loans to 6.05% in the fourth quarter of 2024 compared to 5.78% in the fourth quarter of 2023. The weighted average rate on interest-bearing liabilities increased 18 basis points to 4.37% in the fourth quarter of 2024 compared to 4.19% in the same quarter of 2023.

Noninterest income increased \$33,000, or 11%, to \$334,000 in the fourth quarter compared to \$301,000 in the fourth quarter of 2023. Noninterest income for the fourth quarter of 2024 included a one-time bonus dividend on a small business investment company (“SBIC”) investment of \$92,000, while the previous year quarter included gain on sale of loans of \$100,000.

Fourth quarter 2024 noninterest expense decreased \$368,000, or 11%, from the same quarter in 2023 due primarily to the expense reduction initiative commenced in the second quarter of 2024. Salaries and benefits expense decreased \$396,000, or 17%, in the fourth quarter of 2024 compared to the prior year period. The Bank had 56 employees at the end of 2024 compared to 62 employees at the end of 2023. Other operating expenses increased \$35,000 over the previous year quarter due principally to increased FDIC insurance assessment expense.

Annual Income Statement Comparison

The Bank’s net loss totaled \$2.8 million, or \$(0.38) per diluted share, for the year ended December 31, 2024 compared to a net loss of \$4.3 million, or \$(0.65) per diluted share, for the year ended December 31, 2023. Core operating loss, a non-GAAP measure, was \$510,000 for 2024 compared to \$1.4 million for the prior year.

Net interest income increased \$635,000 to \$11.2 million for the year ended December 31, 2024 from \$10.6 million for the prior year. The Bank’s net interest margin decreased to 2.18% for 2024 from 2.22% for 2023.

Interest income increased \$4.6 million, or 20%, to \$27.9 million for the year ended December 31, 2024 compared to \$23.3 million for the prior year. The growth in interest income was due primarily to the growth in average loans, which increased \$53.1 million during the year to \$363.2 million, and an increase in the weighted average yield on average loans to 6.10% compared to 5.51% for the year ended December 31, 2023. The weighted average rate on interest-bearing liabilities increased to 4.45% for 2024 compared to 3.72% for the prior year.

Noninterest income increased \$194,000, or 22%, to \$1.1 million for the year ended December 31, 2024 compared to \$873,000 for the prior year. Noninterest income for 2024 included a one-time bonus dividend on a SBIC investment of \$92,000, interest rate swap fee income of \$83,000, and a one-time loss of \$136,000 on the sale of a SBIC investment.

Noninterest expense decreased \$66,000 for the year ended December 31, 2024 from the prior year resulting predominantly from the Bank’s expense reduction initiative. In connection with this initiative, a one-time severance expense of \$87,000 was recognized in 2024. Salaries and benefits expense decreased \$486,000, or 6%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. Other operating expenses increased \$344,000, or 9%, for 2024 over the previous year due principally to increased FDIC insurance assessment expense.

Annual Balance Sheet Comparison

Total assets increased \$14.0 million from \$511.2 million at December 31, 2023 to \$525.2 million at December 31, 2024. During 2024, loans increased \$39.5 million to \$373.7 million and deposits decreased \$5.0 million to \$455.4 million. The decrease in deposits was primarily due to a \$4.7 million reduction in brokered deposits during 2024. Other borrowings increased \$15.0 million to \$24.0 million at December 31, 2024 from \$9.0 million at December 31, 2023.

Shareholders' equity increased \$4.6 million during the year ended December 31, 2024 to \$42.2 million. The Bank completed a \$6.0 million common stock offering in June 2024. Accumulated other comprehensive income/loss ("AOCI") improved to \$16.3 million at December 31, 2024 compared to \$17.3 million at December 31, 2023. The AOCI loss is expected to reverse as the bond portfolio shortens in life and is assumed to mature at par value.

Regulatory Capital

Total risk-based capital consists of tier 1 capital and tier 2 capital. The Bank's tier 1 capital is largely a measure of shareholders' equity as calculated under GAAP but eliminates certain volatile elements such as AOCI loss. Tier 2 capital is primarily the allowance for credit losses on funded and unfunded commitments. Tier 1 and tier 2 capital ratios are measured against total assets and risk-weighted assets.

The following is a summary presentation of the Bank's total regulatory capital to risk-weighted assets, tier 1 capital to risk-weighted assets and tier 1 capital to average assets in comparison with the regulatory guidelines at December 31, 2024:

Capital and Capital Ratios

	Quarter Ended	
	12/31/2024	
	<u>Amount</u>	<u>Ratio</u>
Actual		
(dollars in thousands)		
Total Capital (to risk-weighted assets)	\$ 63,107	12.78%
Tier 1 Capital (to risk-weighted assets)	\$ 58,563	11.86%
Tier 1 Capital (to average assets)	\$ 58,563	10.79%

Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions

(dollars in thousands)

Total Capital (to risk-weighted assets)	\$ 49,000	10.00%
Tier 1 Capital (to risk-weighted assets)	\$ 40,000	8.00%
Tier 1 Capital (to average assets)	\$ 27,000	5.00%

Loans

The Bank's outstanding loans increased \$39.5 million, or 12%, to \$373.7 million at December 31, 2024 compared to \$334.1 million at December 31, 2023. While not included in loans outstanding, the Bank also had unfunded loan commitments of \$134.2 million, bringing total loans outstanding and unfunded commitments to \$507.9 million at December 31, 2024. For internal monitoring purposes, the Bank considers owner-occupied real estate loans to be part of commercial and industrial ("C&I") loans. As of December 31, 2024, approximately 51% of the Bank's outstanding loan portfolio was composed of C&I loans:

Loan Diversification

<u>Loan Category</u>	<u>Quarter Ended 12/31/2024</u>	<u>Percentage of Loan Portfolio</u>
Other Construction & Land Development	\$ 62,205,197	
Nonowner-occupied Commercial Real Estate	120,189,402	
Total Commercial Real Estate	182,394,599	49%
Owner-occupied Real Estate	104,076,085	
C&I	85,547,728	
Total C&I	189,623,813	51%
Other Revolving Loans	1,655,313	0%
Total	<u>\$ 373,673,725</u>	

Credit Risk and Allowance for Credit Losses

The Bank had no nonaccrual loans at December 31, 2024 or December 31, 2023. In the third quarter, the Bank reported its first nonaccruing commercial loan relationship of \$1.5 million. In the fourth quarter, after liquidating some of the industrial equipment collateral, the Bank repossessed the remainder with an estimated value of \$305,000 and charged off \$998,000. The provision for credit losses was \$1.7 million for the fourth quarter and \$2.3 million for the year ended December 31, 2024 which included \$1.1 million related to investment securities. The provision for credit losses was \$323,000 for the fourth quarter of 2023 and \$2.9 million for the year ended December 31, 2023.

The allowance for credit losses on loans was \$4.1 million at December 31, 2024 compared to \$3.7 million at December 31, 2023, which were 1.09% and 1.12% of outstanding loans, respectively. The allowance for credit losses on unfunded loan commitments, recorded as a liability on the balance sheet, was \$458,000 at December 31, 2024 compared to \$678,000 at December 31, 2023, which were 0.34% and 0.50% of unfunded commitments, respectively.

Deferred Tax Asset and AOCI (Non-GAAP Measures)

The Bank's GAAP tangible book value per share was \$5.28 at December 31, 2024. On a non-GAAP basis, excluding the AOCI loss and the impairment on the Bank's deferred tax asset (two reductions in capital the Bank anticipates it will recover over time), adjusted tangible book value per share was \$7.71 at December 31, 2024.

The organization and startup costs incurred during the Bank's organizational period and net operating losses from the beginning of operations created a deferred tax asset of \$3.1 million. This asset is currently fully impaired and will be carried at \$0 until sufficient, verifiable evidence exists (generally, sustained profitability) to demonstrate that the deferred tax asset will more likely than not be realized. At that time, the valuation allowance will be reversed.

The change in value of the Bank's investment securities that are available for sale is recorded in AOCI as a gain or loss, based on current circumstances, and constitutes an unrealized component of equity. At December 31, 2024, the Bank had an aggregate AOCI loss of \$16.3 million. Assuming the underlying

investment securities are held to maturity and there are no credit losses, the value of the securities will return to their face values at maturity. Therefore, as a non-GAAP measure, the Bank eliminates its current AOCI loss to reflect an adjusted tangible book value.

Outlook

The Federal Reserve lowered the federal funds target rate by 50 basis points in September, 25 basis points in November and another 25 basis points in December of 2024 and signaled additional rate reductions would be considered. We expect the Bank's net interest margin to steadily rise over the next two years although there could be some compression in the margin in the near term.

About Triad Business Bank

With three co-equal offices located in Winston-Salem, High Point and Greensboro, Triad Business Bank focuses on meeting the needs of small to midsize businesses and their owners by providing loans, treasury management and private banking, all with a high level of personal attention and best-in-class technology. For more information, visit www.triadbusinessbank.com.

Non-GAAP Financial Measures

This release contains financial information determined by methods other than in accordance with generally accepted accounting principles in the United States ("GAAP"). The management of Triad Business Bank uses these non-GAAP financial measures in its analysis of the Bank's performance. These measures typically adjust GAAP performance measures to exclude the effects of the provision for credit losses, income tax, deferred tax asset, and AOCI. Management believes presentations of these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Bank. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Forward Looking Language

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of Triad Business Bank. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of Triad Business Bank and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Triad Business Bank undertakes no obligation to update any forward-looking statements.

Triad Business Bank				
Balance Sheet (Unaudited)	December 31, 2024	December 31, 2023	\$ Change	% Change
Assets				
Cash & Due from Banks	\$ 23,947,020	\$ 33,610,971	\$ (9,663,951)	-29%
Securities	122,762,837	137,537,443	(14,774,606)	-11%
Federal Funds Sold	-	-	-	0%
Loans	373,673,725	334,142,073	39,531,652	12%
Allowance for Credit Losses ("ACL")	(4,085,896)	(3,729,925)	(355,971)	-10%
Loans, Net	369,587,829	330,412,148	39,175,681	12%
Other Assets	8,862,991	9,591,119	(728,128)	-8%
Total Assets	\$ 525,160,677	\$ 511,151,681	\$ 14,008,996	3%
Liabilities				
Demand Deposits	\$ 92,613,735	\$ 99,389,815	\$ (6,776,080)	-7%
ICS Reciprocal - Checking	2,713,755	14,204,733	(11,490,978)	-81%
Commercial Operating Accounts	95,327,490	113,594,548	(18,267,058)	-16%
Interest-bearing NOW	22,378,016	22,518,830	(140,814)	-1%
Core MMA & Savings	88,468,843	85,891,021	2,577,822	3%
ICS Reciprocal - MMA	65,089,274	76,963,368	(11,874,094)	-15%
Total MMA & Savings	153,558,117	162,854,389	(9,296,272)	-6%
Core Time Deposits	29,332,254	11,019,913	18,312,341	166%
CDARS - Reciprocal	19,709,000	10,601,322	9,107,678	86%
Brokered CDs	135,142,064	139,859,453	(4,717,389)	-3%
Total Time Deposits	184,183,318	161,480,688	22,702,630	14%
Total Deposits	455,446,941	460,448,455	(5,001,514)	-1%
Other Borrowings	24,000,000	9,000,000	15,000,000	167%
Federal Funds Purchased	-	-	-	0%
ACL on Unfunded Commitments	458,381	678,444	(220,063)	-32%
Other Liabilities	3,031,561	3,422,078	(390,517)	-11%
Total Liabilities	482,936,883	473,548,977	9,387,906	2%
Shareholders' Equity				
Common Stock	73,172,267	66,692,747	6,479,520	10%
Accumulated Deficit	(14,609,619)	(11,779,488)	(2,830,131)	-24%
Accumulated Other Comprehensive Loss	(16,338,854)	(17,310,555)	971,701	6%
Total Shareholders' Equity	42,223,794	37,602,704	4,621,090	12%
Total Liabilities & Shareholders' Equity	\$ 525,160,677	\$ 511,151,681	\$ 14,008,996	3%
Shares Outstanding	7,993,969	6,695,121	1,298,848	19%
Tangible Book Value per Share	\$ 5.28	\$ 5.62	\$ (0.34)	-6%

Triad Business Bank

Income Statement (Unaudited)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023	\$ Change	% Change
Interest Income				
Interest & Fees on Loans	\$ 22,137,727	\$ 17,093,432	\$ 5,044,295	30%
Interest & Dividend Income on Securities	4,271,488	4,444,100	(172,612)	-4%
Interest Income on Balances Due from Banks	1,176,179	1,427,873	(251,694)	-18%
Other Interest Income	304,781	302,034	2,747	1%
Total Interest Income	27,890,175	23,267,439	4,622,736	20%
Interest Expense				
Interest on Checking Deposits	843,257	729,355	113,902	16%
Interest on Savings & MMA Deposits	5,397,173	5,664,205	(267,032)	-5%
Interest on Time Deposits	9,398,669	5,258,833	4,139,836	79%
Interest on Federal Funds Purchased	155	169	(14)	-8%
Interest on Borrowings	784,230	752,474	31,756	4%
Other Interest Expense	222,385	252,775	(30,390)	-12%
Total Interest Expense	16,645,869	12,657,811	3,988,058	32%
Net Interest Income	11,244,306	10,609,628	634,678	6%
Provision for Credit Losses	2,319,964	2,915,181	(595,217)	-20%
Net Interest Income After Provision for CL	8,924,342	7,694,447	1,229,895	16%
Total Noninterest Income	1,067,025	872,921	194,104	22%
Noninterest Expense				
Salaries & Benefits	8,119,171	8,604,883	(485,712)	-6%
Severance - One-time Expense	87,156	-	87,156	100%
Premises & Equipment	522,210	533,857	(11,647)	-2%
Total Other Noninterest Expense	4,092,961	3,748,468	344,493	9%
Total Noninterest Expense	12,821,498	12,887,208	(65,710)	-1%
Income (Loss) Before Income Tax	(2,830,131)	(4,319,840)	1,489,709	34%
Income Tax	-	-	-	0%
Net Income (Loss)	\$ (2,830,131)	\$ (4,319,840)	\$ 1,489,709	34%
Net Income (Loss) per Share				
Basic	\$ (0.38)	\$ (0.65)	\$ 0.27	41%
Diluted	\$ (0.38)	\$ (0.65)	\$ 0.27	41%
Weighted Average Shares Outstanding				
Basic	7,372,953	6,653,922	719,031	11%
Diluted	7,372,953	6,653,922	719,031	11%
Pre-provision, Pre-tax Income (Loss)	\$ (510,167)	\$ (1,404,659)	\$ 894,492	64%

Triad Business Bank						
Key Ratios & Other Information (Unaudited)						
	Year Ended 12/31/2024			Year Ended 12/31/2023		
	Balance	Interest Income/ Expense	Yield/ Rate	Balance	Interest Income/ Expense	Yield/ Rate
Yield on Average Loans	\$ 363,211,812	\$ 22,137,727	6.095%	\$ 310,144,916	\$ 17,093,432	5.511%
Yield on Average Investment Securities	\$ 129,941,625	\$ 4,271,488	3.287%	\$ 137,782,738	\$ 4,444,100	3.225%
Yield on Average Interest-earning Assets	\$ 516,449,158	\$ 27,890,175	5.400%	\$ 477,415,732	\$ 23,267,439	4.874%
Cost of Average Interest-bearing Liabilities	\$ 374,250,222	\$ 16,645,869	4.448%	\$ 340,428,915	\$ 12,657,811	3.718%
Net Interest Margin						
Interest Income		\$ 27,890,175			\$ 23,267,439	
Interest Expense		<u>16,645,869</u>			<u>12,657,811</u>	
Average Earnings Assets	\$ 516,449,158			\$ 477,415,732		
Net Interest Income & Net Interest Margin		<u>\$ 11,244,306</u>	2.177%		<u>\$ 10,609,628</u>	2.222%
Loan to Asset Ratio						
Loan Balance	\$ 373,673,725			\$ 334,142,073		
Total Assets	525,160,677		71.154%	511,151,681		65.370%
Leverage Ratio						
Tier 1 Capital	\$ 58,562,648			\$ 54,913,259		
Average Total Assets	542,857,151		10.788%	521,794,894		10.524%
Unfunded Commitments to Extend Credit	\$ 134,193,703			\$ 135,959,421		
Standby Letters of Credit	186,252			186,252		

Triad Business Bank				
Income Statement (Unaudited)	For Three Months Ended December 31, 2024	For Three Months Ended December 31, 2023	\$ Change	% Change
Interest Income				
Interest & Fees on Loans	\$ 5,673,515	\$ 4,853,516	\$ 819,999	17%
Interest & Dividend Income on Securities	1,011,942	1,170,658	(158,716)	-14%
Interest Income on Balances Due from Banks	222,737	322,412	(99,675)	-31%
Other Interest Income	51,342	83,452	(32,110)	-38%
Total Interest Income	6,959,536	6,430,038	529,498	8%
Interest Expense				
Interest on Checking Deposits	202,209	233,811	(31,602)	-14%
Interest on Savings & MIMA Deposits	1,222,203	1,484,151	(261,948)	-18%
Interest on Time Deposits	2,379,797	1,829,874	549,923	30%
Interest on Federal Funds Purchased	-	-	-	0%
Interest on Borrowings	163,182	223,442	(60,260)	-27%
Other Interest Expense	24,831	67,927	(43,096)	-63%
Total Interest Expense	3,992,222	3,839,205	153,017	4%
Net Interest Income	2,967,314	2,590,833	376,481	15%
Provision for Credit Losses	1,669,709	322,715	1,346,994	417%
Net Interest Income After Provision for CL	1,297,605	2,268,118	(970,513)	-43%
Total Noninterest Income	333,915	300,928	32,987	11%
Noninterest Expense				
Salaries & Benefits	1,880,888	2,276,590	(395,702)	-17%
Severance - One-time Expense	-	-	-	0%
Premises & Equipment	130,108	137,398	(7,290)	-5%
Total Other Noninterest Expense	990,711	955,551	35,160	4%
Total Noninterest Expense	3,001,707	3,369,539	(367,832)	-11%
Income (Loss) Before Income Tax	(1,370,187)	(800,493)	(569,694)	-71%
Income Tax	-	-	-	0%
Net Income (Loss)	\$ (1,370,187)	\$ (800,493)	\$ (569,694)	-71%
Net Income (Loss) per Share				
Basic	\$ (0.17)	\$ (0.12)	\$ (0.05)	-43%
Diluted	\$ (0.17)	\$ (0.12)	\$ (0.05)	-43%
Weighted Average Shares Outstanding				
Basic	7,993,728	6,694,694	1,299,034	19%
Diluted	7,993,728	6,694,694	1,299,034	19%
Pre-provision, Pre-tax Income (Loss)	\$ 299,522	\$ (477,778)	\$ 777,300	163%

Triad Business Bank						
Key Ratios & Other Information (Unaudited)						
	Quarter Ended 12/31/2024			Quarter Ended 12/31/2023		
	Balance	Interest Income/ Expense	Yield/ Rate	Balance	Interest Income/ Expense	Yield/ Rate
Yield on Average Loans	\$ 372,850,408	\$ 5,673,515	6.054%	\$ 333,128,084	\$ 4,853,516	5.780%
Yield on Average Investment Securities	\$ 126,681,972	\$ 1,011,942	3.178%	\$ 134,652,018	\$ 1,170,658	3.449%
Yield on Average Interest-earning Assets	\$ 519,208,295	\$ 6,959,536	5.333%	\$ 492,038,846	\$ 6,430,038	5.185%
Cost of Average Interest-bearing Liabilities	\$ 363,454,917	\$ 3,992,222	4.370%	\$ 363,885,127	\$ 3,839,205	4.186%
Net Interest Margin						
Interest Income		\$ 6,959,536			\$ 6,430,038	
Interest Expense		<u>3,992,222</u>			<u>3,839,205</u>	
Average Earnings Assets	\$ 519,208,295			\$ 492,038,846		
Net Interest Income & Net Interest Margin		<u>\$ 2,967,314</u>	2.274%		<u>\$ 2,590,833</u>	2.089%
Loan to Asset Ratio						
Loan Balance	\$ 373,673,725			\$ 334,142,073		
Total Assets	525,160,677		71.154%	511,151,681		65.370%
Leverage Ratio						
Tier 1 Capital	\$ 58,562,648			\$ 54,913,259		
Average Total Assets	542,857,151		10.788%	521,794,894		10.524%
Unfunded Commitments to Extend Credit						
Standby Letters of Credit	\$ 134,193,703			\$ 135,959,421		
	186,252			186,252		

Triad Business Bank

Balance Sheet (Unaudited)	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Assets					
Cash & Due from Banks	\$ 23,947,020	\$ 30,648,321	\$ 21,551,174	\$ 30,489,026	\$ 33,610,971
Securities	122,762,837	128,716,405	130,253,022	131,199,978	137,537,443
Federal Funds Sold	-	-	-	-	-
Loans	373,673,725	371,611,690	363,409,566	359,199,494	334,142,073
Allowance for Credit Losses ("ACL")	(4,085,896)	(4,559,992)	(3,708,405)	(3,681,954)	(3,729,925)
Loans, Net	369,587,829	367,051,698	359,701,161	355,517,540	330,412,148
Other Assets	8,862,991	8,760,394	9,915,475	9,943,701	9,591,119
Total Assets	\$ 525,160,677	\$ 535,176,818	\$ 521,420,832	\$ 527,150,245	\$ 511,151,681
Liabilities					
Demand Deposits	\$ 92,613,735	\$ 123,144,094	\$ 109,414,180	\$ 102,564,892	\$ 99,389,815
ICS Reciprocal - Checking	2,713,755	4,692,723	4,089	11,390,196	14,204,733
Commercial Operating Accounts	95,327,490	127,836,817	109,418,269	113,955,088	113,594,548
Interest-bearing NOW	22,378,016	19,405,621	19,161,806	21,532,867	22,518,830
Core MMA & Savings	88,468,843	87,007,973	93,142,481	102,969,388	85,891,021
ICS Reciprocal - MMA	65,089,274	49,159,929	32,959,556	42,157,824	76,963,368
Total MMA & Savings	153,558,117	136,167,902	126,102,037	145,127,212	162,854,389
Core Time Deposits	29,332,254	29,305,651	26,866,489	21,153,172	11,019,913
CDARS - Reciprocal	19,709,000	19,233,313	18,975,442	11,701,169	10,601,322
Brokered CDs	135,142,064	145,377,533	143,942,948	164,119,991	139,859,453
Total Time Deposits	184,183,318	193,916,497	189,784,879	196,974,332	161,480,688
Total Deposits	455,446,941	477,326,837	444,466,991	477,589,499	460,448,455
Other Borrowings	24,000,000	9,000,000	30,000,000	9,000,000	9,000,000
Federal Funds Purchased	-	-	-	-	-
ACL on Unfunded Commitments	458,381	498,632	366,167	392,328	678,444
Other Liabilities	3,031,561	3,336,685	3,174,047	3,205,767	3,422,078
Total Liabilities	482,936,883	490,162,154	478,007,205	490,187,594	473,548,977
Shareholders' Equity					
Common Stock	73,172,267	73,086,971	72,997,463	66,938,869	66,692,747
Accumulated Deficit	(14,609,619)	(13,239,432)	(12,491,018)	(11,880,398)	(11,779,488)
Accumulated Other Comprehensive Loss	(16,338,854)	(14,832,875)	(17,092,818)	(18,095,820)	(17,310,555)
Total Shareholders' Equity	42,223,794	45,014,664	43,413,627	36,962,651	37,602,704
Total Liabilities & Shareholders' Equity	\$ 525,160,677	\$ 535,176,818	\$ 521,420,832	\$ 527,150,245	\$ 511,151,681
Shares Outstanding	7,993,969	7,989,860	7,985,194	6,695,121	6,695,121
Tangible Book Value per Share	\$ 5.28	\$ 5.63	\$ 5.44	\$ 5.52	\$ 5.62

Triad Business Bank						
Income Statement (Unaudited)	For Three Months Ended		For Three Months Ended		For Three Months Ended	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	
Interest Income						
Interest & Fees on Loans	\$ 5,673,515	\$ 5,727,249	\$ 5,483,641	\$ 5,253,323	\$ 4,853,516	
Interest & Dividend Income on Securities	1,011,942	1,082,175	1,087,361	1,090,009	1,170,658	
Interest Income on Balances Due from Banks	222,737	300,897	369,258	283,289	322,412	
Other Interest Income	51,342	80,740	85,328	87,369	83,452	
Total Interest Income	6,959,536	7,191,061	7,025,588	6,713,990	6,430,038	
Interest Expense						
Interest on Checking Deposits	202,209	206,359	216,178	218,511	233,811	
Interest on Savings & MMA Deposits	1,222,203	1,317,088	1,427,510	1,430,372	1,484,151	
Interest on Time Deposits	2,379,797	2,356,834	2,501,019	2,161,020	1,829,874	
Interest on Federal Funds Purchased	-	-	155	-	-	
Interest on Borrowings	163,182	298,956	122,057	200,034	223,442	
Other Interest Expense	24,831	65,224	65,692	66,637	67,927	
Total Interest Expense	3,992,222	4,244,461	4,332,611	4,076,574	3,839,205	
Net Interest Income	2,967,314	2,946,600	2,692,977	2,637,416	2,590,833	
Provision for (Reversal of) Credit Losses	1,669,709	984,052	291	(334,087)	322,715	
Net Interest Income After Provision for CL	1,297,605	1,962,548	2,692,686	2,971,503	2,268,118	
Total Noninterest Income	333,915	325,482	103,409	304,219	300,928	
Noninterest Expense						
Salaries & Benefits	1,880,888	1,938,269	2,089,993	2,210,023	2,276,590	
Severance - One-time Expense	-	-	87,153	-	-	
Premises & Equipment	130,108	124,197	131,464	136,442	137,398	
Total Other Noninterest Expense	990,711	973,977	1,098,106	1,030,167	955,551	
Total Noninterest Expense	3,001,707	3,036,443	3,406,716	3,376,632	3,369,539	
Loss Before Income Tax	(1,370,187)	(748,413)	(610,621)	(100,910)	(800,493)	
Income Tax	-	-	-	-	-	
Net Loss	\$ (1,370,187)	\$ (748,413)	\$ (610,621)	\$ (100,910)	\$ (800,493)	
Net Loss per Share						
Basic	\$ (0.17)	\$ (0.09)	\$ (0.09)	\$ (0.02)	\$ (0.12)	
Diluted	\$ (0.17)	\$ (0.09)	\$ (0.09)	\$ (0.02)	\$ (0.12)	
Weighted Average Shares Outstanding						
Basic	7,993,728	7,988,720	6,800,657	6,695,121	6,694,694	
Diluted	7,993,728	7,988,720	6,800,657	6,695,121	6,694,694	
Pre-provision, Pre-tax Income (Loss)	\$ 299,522	\$ 235,639	\$ (610,330)	\$ (434,997)	\$ (477,778)	

Triad Business Bank										
Capital and Capital Ratios (Unaudited)										
	Quarter Ended 12/31/2024		Quarter Ended 9/30/2024		Quarter Ended 6/30/2024		Quarter Ended 3/31/2024		Quarter Ended 12/31/2023	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Actual										
(dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 63,107	12.78%	\$ 64,907	13.05%	\$ 64,581	13.26%	\$ 59,133	12.22%	\$ 59,322	12.70%
Tier 1 Capital (to risk-weighted assets)	\$ 58,563	11.86%	\$ 59,848	12.03%	\$ 60,507	12.43%	\$ 55,059	11.38%	\$ 54,913	11.76%
Tier 1 Capital (to average assets)	\$ 58,563	10.79%	\$ 59,848	10.91%	\$ 60,507	11.05%	\$ 55,059	10.37%	\$ 54,913	10.52%
Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions										
(dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 49,000	10.00%	\$ 50,000	10.00%	\$ 49,000	10.00%	\$ 48,000	10.00%	\$ 47,000	10.00%
Tier 1 Capital (to risk-weighted assets)	\$ 40,000	8.00%	\$ 40,000	8.00%	\$ 39,000	8.00%	\$ 39,000	8.00%	\$ 37,000	8.00%
Tier 1 Capital (to average assets)	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 26,000	5.00%

Triad Business Bank**Non-GAAP Measures (Unaudited)****Tangible Book Value**

	Actual <u>12/31/2024</u>	Non-GAAP <u>12/31/2024</u>
Total Shareholders' Equity	\$ 42,223,794	\$ 42,223,794
Eliminate Deferred Tax Asset Valuation Allowance	-	3,053,456
Eliminate Accumulated Other Comprehensive Loss	-	<u>16,338,854</u>
Adjusted Shareholders' Equity	<u>\$ 42,223,794</u>	<u>\$ 61,616,104</u>
Shares Outstanding	7,993,969	7,993,969
Tangible Book Value per Share	\$ 5.28	\$ 7.71

Effect of Non-GAAP Measures on Tangible Book Value \$ 2.43

During the start-up phase of the Bank, a valuation allowance was created which fully impairs the deferred tax asset. When sufficient, verifiable evidence exists (generally, sustained profitability) demonstrating that the deferred tax asset will more likely than not be realized, the valuation allowance will be eliminated. This Non-GAAP measure is shown to disclose the effect on tangible book value per share at December 31, 2024 had there been no valuation allowance at that date.

Changes in the market value of available-for-sale securities are reflected in accumulated other comprehensive loss. Since the securities value will return to face value at maturity, assuming the underlying securities are held to maturity and there is no credit loss, accumulated other comprehensive loss has been eliminated in this Non-GAAP measure.

Pre-provision Income (Loss)

	Year Ended <u>12/31/2024</u>	Year Ended <u>12/31/2023</u>
Loss Before Income Tax	\$ (2,830,131)	\$ (4,319,840)
Provision for Credit Losses	<u>2,319,964</u>	<u>2,915,181</u>
Pre-provision Loss Before Income Tax (Non-GAAP)	<u>\$ (510,167)</u>	<u>\$ (1,404,659)</u>
	Qtr Ended <u>12/31/2024</u>	Qtr Ended <u>12/31/2023</u>
Loss Before Income Tax	\$ (1,370,187)	\$ (800,493)
Provision for Credit Losses	<u>1,669,709</u>	<u>322,715</u>
Pre-provision Income (Loss) Before Income Tax (Non-GAAP)	<u>\$ 299,522</u>	<u>\$ (477,778)</u>

The pre-provision income (loss) is a measure of operating performance exclusive of potential losses from lending.