

## TRIAD BUSINESS BANK

### Triad Business Bank (OTC Pink – “TBBC”), August 6, 2024, Announces Unaudited Second Quarter 2024 Results

#### Overview

During the second quarter of 2024, Triad Business Bank (the "Bank") executed several significant initiatives. Ramsey Hamadi, Chief Executive Officer, commented, “In the second quarter of 2024, the Bank closed on \$6.0 million of additional capital and reduced structural operating costs by \$2.0 million annually and in doing so refocused the Bank’s sales and service efforts on the Bank’s vision of serving small and mid-sized businesses in the Triad. Following the capital raise, the board of directors and executive management own 31% of the Bank’s outstanding shares. Each of these initiatives contribute to the Bank’s goal of being profitable in the final two quarters of 2024. In order to reduce costs and reposition the Bank’s balance sheet, the Bank recognized a one-time expense in the second quarter of \$87,000 for severance and a loss on the disposal of a Small Business Investment Company (“SBIC”) investment of \$136,000. For the second quarter of 2024, the Bank had a net loss of \$611,000. Excluding one-time expenses, the Bank had a net loss of \$388,000. The reduction in operating costs from the structural changes will not be fully realized until the third quarter of 2024.

“During the second quarter of 2024, the Bank continued its positive growth trends. Loan balances increased by \$4.2 million for the quarter and \$29.3 million for the year to \$363.4 million at period end. Through six months, the annualized loan growth rate totaled 18%. Loan yields continued to increase and core deposit operating accounts also expanded. The Bank added 26 new business relationships during the quarter with June 30th demand deposit and money market balances totaling \$6.7 million. In the first six months of 2024, the Bank added 68 new business relationships with period end demand deposit and money market balances totaling \$10.4 million. In the last six months, the Bank processed \$2.9 billion of transactions, including \$1.5 billion in the second quarter, which compares to \$2.8 billion and \$1.4 billion for the same periods in 2023. Shareholders’ equity increased \$6.5 million primarily due to the capital raise in the second quarter. Total capital levels were well-capitalized at \$64.6 million, or 13.3% of total risk weighted assets. “

#### Income Statement Comparison

The Bank’s net loss totaled \$611,000 for the quarter ended June 30, 2024 compared to a net loss of \$101,000 for the quarter ended March 31, 2024. Core operating results, a non-GAAP measurement which excludes the provision for credit losses and taxes, were a loss of \$610,000 for the second quarter compared to a loss of \$435,000 for the linked quarter. During the first quarter of 2024, some real estate construction loans, which carry a higher loss reserve rate, were completed and moved to permanent loans, and as a result, the Bank recorded a reduction in the allowance for credit losses by a credit to the provision for credit losses of \$334,000.

The Bank’s primary source of income is the spread between the interest it earns on loans and investments and the interest it pays on deposits and other sources of funding. Net interest income increased \$56,000 to \$2.7 million for the second quarter of 2024 from \$2.6 million for the prior quarter. The Bank’s net interest margin for the second quarter of 2024 decreased slightly by two basis points to 2.08% compared to the previous quarter. While the yield on earning assets increased in the second quarter over the first quarter of 2024, the increase in the cost of interest-bearing liabilities resulted in the net interest margin remaining fairly stable.

Interest income increased \$312,000, or 5%, to \$7.0 million in the second quarter of 2024 compared to \$6.7 million in the linked quarter. The growth in interest income was due primarily to the growth in average loans, which increased \$12.8 million during the quarter to \$361.8 million, and an increase in the weighted average yield on average loans to 6.10% in the second quarter of 2024 compared to 6.06% in the first quarter of 2024. However, the weighted average rate on interest-bearing liabilities increased to 4.51% in the second quarter of 2024 compared to 4.34% in the first quarter.

In the second quarter of 2024, the Bank sold an investment in a SBIC and incurred a one-time loss of \$136,000. This loss is reflected in the total gain (loss) on securities in the income statement.

Noninterest expense increased \$30,000 in the second quarter of 2024 over the prior quarter. In connection with the Bank's expense reduction initiative, there was a one-time severance expense of \$87,000 in the second quarter. Salaries and benefits expense decreased \$120,000, or 5%, in the second quarter of 2024 compared to the linked quarter due to the elimination of personnel positions. The Bank had 56 employees at the end of June 2024 compared to 61 at the end of March 2024. Other operating expenses increased \$68,000 for the second quarter of 2024 over the previous quarter due principally to an increase in regulatory assessments.

### **Balance Sheet Comparison**

Total assets declined \$5.7 million to \$521.4 million at June 30, 2024 from \$527.1 million at March 31, 2024. During the second quarter of 2024, loans increased \$4.2 million and deposits decreased \$33.1 million. Core customer deposits decreased \$12.9 million during the second quarter of 2024 while wholesale funding (brokered deposits) decreased \$20.2 million. Core time deposits, including CDARS reciprocal deposits, increased \$13.0 million, or 40%, in the second quarter over the linked quarter. Other borrowings increased \$21.0 million to \$30.0 million at June 30, 2024 from \$9.0 million at March 31, 2024.

Shareholders' equity increased \$6.5 million during the second quarter of 2024 to \$43.4 million primarily due to the \$6.0 million capital raise. Accumulated other comprehensive income ("AOCI") loss improved by \$1.0 million in the second quarter to a loss of \$17.1 million from a loss of \$18.1 million in the prior quarter. 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 funded and unfunded credit losses. 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 June 30, 2024:

## Capital and Capital Ratios

	<b>Quarter Ended</b>	
	<b>6/30/2024</b>	
	<b>Amount</b>	<b>Ratio</b>
<b>Actual</b>		
(dollars in thousands)		
Total Capital (to risk-weighted assets)	\$ 64,581	13.26%
Tier 1 Capital (to risk-weighted assets)	\$ 60,507	12.43%
Tier 1 Capital (to average assets)	\$ 60,507	11.05%

### 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)	\$ 39,000	8.00%
Tier 1 Capital (to average assets)	\$ 27,000	5.00%

## Loans

The Bank's loans increased \$4.2 million, or 1%, to \$363.4 million at March 31, 2024 compared to \$359.2 million at March 31, 2023 and increased \$47.2 million, or 15%, from \$316.2 million at June 30, 2023. While not included in loans outstanding, the Bank also had unfunded loan commitments of \$127.4 million, bringing total loans outstanding and unfunded commitments to \$490.8 million at June 30, 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 June 30, 2024, approximately 50% of the Bank's outstanding loan portfolio was composed of C&I loans:

### Loan Diversification

<u>Loan Category</u>	<u>Quarter Ended</u> <u>6/30/2024</u>	<u>Percentage of</u> <u>Loan Portfolio</u>
Other Construction & Land Development	\$ 55,799,138	
Nonowner-occupied Commercial Real Estate	122,983,869	
<b>Total Commercial Real Estate</b>	<b>178,783,007</b>	<b>49%</b>
Owner-occupied Real Estate	96,647,224	
C&I	85,444,901	
<b>Total C&amp;I</b>	<b>182,092,125</b>	<b>50%</b>
<b>Other Revolving Loans</b>	<b>2,534,434</b>	<b>1%</b>
Total	<b>\$ 363,409,566</b>	

## **Credit Risk and Allowance for Credit Losses**

The Bank had no reportable past due loans or nonperforming assets at June 30, 2024 or at the prior quarter end. The Bank's loan portfolio has been underwritten conservatively with a focus on cash flows of prospective borrowers.

The allowance for credit losses on loans was \$3.7 million at June 30 and March 31, 2024, which was 1.02% and 1.03% of outstanding loans, respectively. The allowance for credit losses on unfunded loan commitments, recorded as a liability on the balance sheet, was \$366,000, or 0.29% of the unfunded commitments, at June 30, 2024 compared to \$392,000, or 0.31%, at March 31, 2024.

## **Deferred Tax Asset and AOCI (Non-GAAP Measures)**

The Bank's GAAP tangible book value per share was \$5.44 at June 30, 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 \$7.90 at June 30, 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 \$2.6 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 June 30, 2024, the Bank had an aggregate AOCI loss of \$17.1 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 fixed versus floating rate mix of the Bank's assets and liabilities has resulted in a substantial portion of its liabilities quickly reflecting increases in market rates whereas its loans are repricing more slowly. If current deposit and market rates remain stable, we expect the repricing of our loan portfolio over the next several quarters will gradually improve the Bank's net interest margin.

## **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](http://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)	June 30, 2024	March 31, 2024	\$ Change	% Change
<b>Assets</b>				
Cash & Due from Banks	\$ 21,551,174	\$ 30,489,026	\$ (8,937,852)	-29%
Securities	130,253,022	131,199,978	(946,956)	-1%
Federal Funds Sold	-	-	-	0%
Loans	363,409,566	359,199,494	4,210,072	1%
Allowance for Credit Losses ("ACL")	(3,708,405)	(3,681,954)	(26,451)	-1%
<b>Loans, Net</b>	<b>359,701,161</b>	<b>355,517,540</b>	<b>4,183,621</b>	<b>1%</b>
Other Assets	9,915,475	9,943,701	(28,226)	0%
<b>Total Assets</b>	<b>\$ 521,420,832</b>	<b>\$ 527,150,245</b>	<b>\$ (5,729,413)</b>	<b>-1%</b>
<b>Liabilities</b>				
Demand Deposits	\$ 109,414,180	\$ 102,564,892	\$ 6,849,288	7%
ICS Reciprocal - Checking	4,089	11,390,196	(11,386,107)	-100%
Commercial Operating Accounts	109,418,269	113,955,088	(4,536,819)	-4%
Interest-bearing NOW	19,161,806	21,532,867	(2,371,061)	-11%
Core MMA & Savings	93,142,481	102,969,388	(9,826,907)	-10%
ICS Reciprocal - MMA	32,959,556	42,157,824	(9,198,268)	-22%
Total MMA & Savings	126,102,037	145,127,212	(19,025,175)	-13%
Core Time Deposits	26,866,489	21,153,172	5,713,317	27%
CDARS - Reciprocal	18,975,442	11,701,169	7,274,273	62%
Brokered CDs	143,942,948	164,119,991	(20,177,043)	-12%
Total Time Deposits	189,784,879	196,974,332	(7,189,453)	-4%
<b>Total Deposits</b>	<b>444,466,991</b>	<b>477,589,499</b>	<b>(33,122,508)</b>	<b>-7%</b>
Other Borrowings	30,000,000	9,000,000	21,000,000	233%
Federal Funds Purchased	-	-	-	0%
ACL on Unfunded Commitments	366,167	392,328	(26,161)	-7%
Other Liabilities	3,174,047	3,205,767	(31,720)	-1%
<b>Total Liabilities</b>	<b>478,007,205</b>	<b>490,187,594</b>	<b>(12,180,389)</b>	<b>-2%</b>
<b>Shareholders' Equity</b>				
Common Stock	72,997,463	66,938,869	6,058,594	9%
Accumulated Deficit	(12,491,018)	(11,880,398)	(610,620)	-5%
Accumulated Other Comprehensive Loss	(17,092,818)	(18,095,820)	1,003,002	6%
<b>Total Shareholders' Equity</b>	<b>43,413,627</b>	<b>36,962,651</b>	<b>6,450,976</b>	<b>17%</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 521,420,832</b>	<b>\$ 527,150,245</b>	<b>\$ (5,729,413)</b>	<b>-1%</b>
Shares Outstanding	7,985,194	6,695,121	1,290,073	19%
Tangible Book Value per Share	\$ 5.44	\$ 5.52	\$ (0.08)	-1%

Triad Business Bank					
Income Statement (Unaudited)					
	For Three Months Ended				
	June 30, 2024	March 31, 2024		\$ Change	% Change
<b>Interest Income</b>					
Interest & Fees on Loans	\$ 5,483,641	\$ 5,253,323	\$	230,318	4%
Interest & Dividend Income on Securities	1,087,361	1,090,009		(2,648)	0%
Interest Income on Balances Due from Banks	369,258	283,289		85,969	30%
Other Interest Income	85,328	87,369		(2,041)	-2%
<b>Total Interest Income</b>	<b>7,025,588</b>	<b>6,713,990</b>		<b>311,598</b>	<b>5%</b>
<b>Interest Expense</b>					
Interest on Checking Deposits	216,178	218,511		(2,333)	-1%
Interest on Savings & MMA Deposits	1,427,510	1,430,372		(2,862)	0%
Interest on Time Deposits	2,501,019	2,161,020		339,999	16%
Interest on Federal Funds Purchased	155	-		155	100%
Interest on Borrowings	122,057	200,034		(77,977)	-39%
Other Interest Expense	65,692	66,637		(945)	-1%
<b>Total Interest Expense</b>	<b>4,332,611</b>	<b>4,076,574</b>		<b>256,037</b>	<b>6%</b>
<b>Net Interest Income</b>	<b>2,692,977</b>	<b>2,637,416</b>		<b>55,561</b>	<b>2%</b>
Provision for (Reversal of) Credit Losses	291	(334,087)		334,378	100%
<b>Net Interest Income After Provision for CL</b>	<b>2,692,686</b>	<b>2,971,503</b>		<b>(278,817)</b>	<b>-9%</b>
<b>Total Noninterest Income</b>	<b>222,076</b>	<b>283,910</b>		<b>(61,834)</b>	<b>-22%</b>
<b>Total Gain (Loss) on Securities</b>	<b>(118,667)</b>	<b>20,309</b>		<b>(138,976)</b>	<b>-684%</b>
<b>Noninterest Expense</b>					
Salaries & Benefits	2,089,993	2,210,023		(120,030)	-5%
Severance - One-time Expense	87,153	-		87,153	100%
Premises & Equipment	131,464	136,442		(4,978)	-4%
Total Other Noninterest Expense	1,098,106	1,030,167		67,939	7%
<b>Total Noninterest Expense</b>	<b>3,406,716</b>	<b>3,376,632</b>		<b>30,084</b>	<b>1%</b>
<b>Loss Before Income Tax</b>	<b>(610,621)</b>	<b>(100,910)</b>		<b>(509,711)</b>	<b>-505%</b>
<b>Income Tax</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>0%</b>
<b>Net Loss</b>	<b>\$ (610,621)</b>	<b>\$ (100,910)</b>		<b>\$ (509,711)</b>	<b>-505%</b>
<b>Net Loss per Share</b>					
Basic	\$ (0.09)	\$ (0.02)	\$	(0.07)	-496%
Diluted	\$ (0.09)	\$ (0.02)	\$	(0.07)	-496%
<b>Weighted Average Shares Outstanding</b>					
Basic	6,800,657	6,695,121		105,536	2%
Diluted	6,800,657	6,695,121		105,536	2%
Pre-provision, Pre-tax Loss	\$ (610,330)	\$ (434,997)	\$	(175,333)	-40%

<b>Triad Business Bank</b>						
<b>Key Ratios &amp; Other Information (Unaudited)</b>						
		<b>Quarter Ended 6/30/2024</b>			<b>Quarter Ended 3/31/2024</b>	
	<b>Balance</b>	<b>Interest Income/ Expense</b>	<b>Yield/ Rate</b>	<b>Balance</b>	<b>Interest Income/ Expense</b>	<b>Yield/ Rate</b>
<b>Yield on Average Loans</b>	\$ 361,771,395	\$ 5,483,641	6.096%	\$ 348,932,123	\$ 5,253,323	6.055%
<b>Yield on Average Investment Securities</b>	\$ 130,130,898	\$ 1,087,361	3.361%	\$ 133,568,374	\$ 1,090,009	3.282%
<b>Yield on Average Interest-earning Assets</b>	\$ 519,890,371	\$ 7,025,588	5.435%	\$ 504,440,542	\$ 6,713,990	5.353%
<b>Cost of Average Interest-bearing Liabilities</b>	\$ 386,698,922	\$ 4,332,611	4.506%	\$ 377,862,470	\$ 4,076,574	4.339%
<b>Net Interest Margin</b>						
Interest Income		\$ 7,025,588			\$ 6,713,990	
Interest Expense		<u>4,332,611</u>			<u>4,076,574</u>	
Average Earnings Assets	\$ 519,890,371			\$ 504,440,542		
<b>Net Interest Income &amp; Net Interest Margin</b>		<u>\$ 2,692,977</u>	2.083%		<u>\$ 2,637,416</u>	2.103%
<b>Loan to Asset Ratio</b>						
Loan Balance	\$ 363,409,566			\$ 359,199,494		
Total Assets	521,420,832		69.696%	527,150,245		68.140%
<b>Leverage Ratio</b>						
Tier 1 Capital	\$ 60,506,445			\$ 55,058,471		
Average Total Assets	547,797,162		11.045%	530,957,281		10.370%
<b>Unfunded Commitments to Extend Credit</b>	\$ 127,353,161			\$ 128,089,831		
<b>Standby Letters of Credit</b>	186,252			186,252		

Triad Business Bank					
Balance Sheet (Unaudited)	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
<b>Assets</b>					
Cash & Due from Banks	\$ 21,551,174	\$ 30,489,026	\$ 33,610,971	\$ 28,774,582	\$ 52,211,693
Securities	130,253,022	131,199,978	137,537,443	135,448,032	139,889,880
Federal Funds Sold	-	-	-	-	-
Loans	363,409,566	359,199,494	334,142,073	328,954,619	316,210,980
Allowance for Credit Losses ("ACL")	(3,708,405)	(3,681,954)	(3,729,925)	(3,738,836)	(3,509,593)
<b>Loans, Net</b>	<b>359,701,161</b>	<b>355,517,540</b>	<b>330,412,148</b>	<b>325,215,783</b>	<b>312,701,387</b>
Other Assets	9,915,475	9,943,701	9,591,119	8,845,602	8,296,216
<b>Total Assets</b>	<b>\$ 521,420,832</b>	<b>\$ 527,150,245</b>	<b>\$ 511,151,681</b>	<b>\$ 498,283,999</b>	<b>\$ 513,099,176</b>
<b>Liabilities</b>					
Demand Deposits	\$ 109,414,180	\$ 102,564,892	\$ 99,389,815	\$ 101,103,791	\$ 104,796,822
ICS Reciprocal - Checking	4,089	11,390,196	14,204,733	11,241,300	29,689,563
Commercial Operating Accounts	109,418,269	113,955,088	113,594,548	112,345,091	134,486,385
Interest-bearing NOW	19,161,806	21,532,867	22,518,830	20,914,221	19,885,942
Core MMA & Savings	93,142,481	102,969,388	85,891,021	95,161,537	95,250,866
ICS Reciprocal - MMA	32,959,556	42,157,824	76,963,368	73,887,703	78,325,692
Total MMA & Savings	126,102,037	145,127,212	162,854,389	169,049,240	173,576,558
Core Time Deposits	26,866,489	21,153,172	11,019,913	10,598,293	9,541,015
CDARS - Reciprocal	18,975,442	11,701,169	10,601,322	9,555,900	10,343,801
Brokered CDs	143,942,948	164,119,991	139,859,453	129,584,145	120,201,839
Total Time Deposits	189,784,879	196,974,332	161,480,688	149,738,338	140,086,655
<b>Total Deposits</b>	<b>444,466,991</b>	<b>477,589,499</b>	<b>460,448,455</b>	<b>452,046,890</b>	<b>468,035,540</b>
Other Borrowings	30,000,000	9,000,000	9,000,000	9,000,000	5,000,000
Federal Funds Purchased	-	-	-	-	-
ACL on Unfunded Commitments	366,167	392,328	678,444	647,068	620,519
Other Liabilities	3,174,047	3,205,767	3,422,078	2,750,602	2,803,124
<b>Total Liabilities</b>	<b>478,007,205</b>	<b>490,187,594</b>	<b>473,548,977</b>	<b>464,444,560</b>	<b>476,459,183</b>
<b>Shareholders' Equity</b>					
Common Stock	72,997,463	66,938,869	66,692,747	66,448,450	66,206,484
Accumulated Deficit	(12,491,018)	(11,880,398)	(11,779,488)	(10,978,995)	(10,320,428)
Accumulated Other Comprehensive Loss	(17,092,818)	(18,095,820)	(17,310,555)	(21,630,016)	(19,246,063)
<b>Total Shareholders' Equity</b>	<b>43,413,627</b>	<b>36,962,651</b>	<b>37,602,704</b>	<b>33,839,439</b>	<b>36,639,993</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 521,420,832</b>	<b>\$ 527,150,245</b>	<b>\$ 511,151,681</b>	<b>\$ 498,283,999</b>	<b>\$ 513,099,176</b>
Shares Outstanding	7,985,194	6,695,121	6,695,121	6,693,965	6,693,965
Tangible Book Value per Share	\$ 5.44	\$ 5.52	\$ 5.62	\$ 5.06	\$ 5.47

Triad Business Bank						
Income Statement (Unaudited)	For Three Months Ended June 30, 2024	For Three Months Ended March 31, 2024	For Three Months Ended December 31, 2023	For Three Months Ended September 30, 2023	For Three Months Ended June 30, 2023	
<b>Interest Income</b>						
Interest & Fees on Loans	\$ 5,483,641	\$ 5,253,323	\$ 4,853,516	\$ 4,547,570	\$ 4,156,500	
Interest & Dividend Income on Securities	1,087,361	1,090,009	1,170,658	1,171,364	1,090,464	
Interest Income on Balances Due from Banks	369,258	283,289	322,412	405,520	391,371	
Other Interest Income	85,328	87,369	83,452	82,167	76,387	
<b>Total Interest Income</b>	<b>7,025,588</b>	<b>6,713,990</b>	<b>6,430,038</b>	<b>6,206,621</b>	<b>5,714,722</b>	
<b>Interest Expense</b>						
Interest on Checking Deposits	216,178	218,511	233,811	217,879	184,372	
Interest on Savings & MMA Deposits	1,427,510	1,430,372	1,484,151	1,508,522	1,329,486	
Interest on Time Deposits	2,501,019	2,161,020	1,829,874	1,608,518	1,228,575	
Interest on Federal Funds Purchased	155	-	-	-	170	
Interest on Borrowings	122,057	200,034	223,442	161,457	187,215	
Other Interest Expense	65,692	66,637	67,927	67,359	62,970	
<b>Total Interest Expense</b>	<b>4,332,611</b>	<b>4,076,574</b>	<b>3,839,205</b>	<b>3,563,735</b>	<b>2,992,788</b>	
<b>Net Interest Income</b>	<b>2,692,977</b>	<b>2,637,416</b>	<b>2,590,833</b>	<b>2,642,886</b>	<b>2,721,934</b>	
Provision for (Reversal of) Credit Losses	291	(334,087)	322,715	255,792	74,526	
<b>Net Interest Income After Provision for CL</b>	<b>2,692,686</b>	<b>2,971,503</b>	<b>2,268,118</b>	<b>2,387,094</b>	<b>2,647,408</b>	
<b>Total Noninterest Income</b>	<b>222,076</b>	<b>283,910</b>	<b>294,628</b>	<b>185,914</b>	<b>163,673</b>	
<b>Total Gain (Loss) on Securities</b>	<b>(118,667)</b>	<b>20,309</b>	<b>6,300</b>	<b>(2,800)</b>	<b>4,200</b>	
<b>Noninterest Expense</b>						
Salaries & Benefits	2,089,993	2,210,023	2,276,590	2,155,982	2,110,577	
Severance - One-time Expense	87,153	-	-	-	-	
Premises & Equipment	131,464	136,442	137,398	125,426	135,379	
Total Other Noninterest Expense	1,098,106	1,030,167	955,551	947,367	1,005,578	
<b>Total Noninterest Expense</b>	<b>3,406,716</b>	<b>3,376,632</b>	<b>3,369,539</b>	<b>3,228,775</b>	<b>3,251,534</b>	
<b>Loss Before Income Tax</b>	<b>(610,621)</b>	<b>(100,910)</b>	<b>(800,493)</b>	<b>(658,567)</b>	<b>(436,253)</b>	
<b>Income Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Loss</b>	<b>\$ (610,621)</b>	<b>\$ (100,910)</b>	<b>\$ (800,493)</b>	<b>\$ (658,567)</b>	<b>\$ (436,253)</b>	
<b>Net Loss per Share</b>						
Basic	\$ (0.09)	\$ (0.02)	\$ (0.12)	\$ (0.10)	\$ (0.07)	
Diluted	\$ (0.09)	\$ (0.02)	\$ (0.12)	\$ (0.10)	\$ (0.07)	
<b>Weighted Average Shares Outstanding</b>						
Basic	6,800,657	6,695,121	6,694,694	6,693,965	6,622,596	
Diluted	6,800,657	6,695,121	6,694,694	6,693,965	6,622,596	
<b>Pre-provision, Pre-tax Loss</b>	<b>\$ (610,330)</b>	<b>\$ (434,997)</b>	<b>\$ (477,778)</b>	<b>\$ (402,775)</b>	<b>\$ (361,727)</b>	

**Triad Business Bank**

**Capital and Capital Ratios (Unaudited)**

	Quarter Ended 6/30/2024		Quarter Ended 3/31/2024		Quarter Ended 12/31/2023		Quarter Ended 9/30/2023		Quarter Ended 6/30/2023	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Actual</b> (dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 64,581	13.26%	\$ 59,133	12.22%	\$ 59,322	12.70%	\$ 59,855	12.89%	\$ 60,017	13.41%
Tier 1 Capital (to risk-weighted assets)	\$ 60,507	12.43%	\$ 55,059	11.38%	\$ 54,913	11.76%	\$ 55,469	11.94%	\$ 55,886	12.48%
Tier 1 Capital (to average assets)	\$ 60,507	11.05%	\$ 55,059	10.37%	\$ 54,913	10.52%	\$ 55,469	10.76%	\$ 55,886	11.11%
<b>Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions</b> (dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 49,000	10.00%	\$ 48,000	10.00%	\$ 47,000	10.00%	\$ 46,000	10.00%	\$ 45,000	10.00%
Tier 1 Capital (to risk-weighted assets)	\$ 39,000	8.00%	\$ 39,000	8.00%	\$ 37,000	8.00%	\$ 37,000	8.00%	\$ 36,000	8.00%
Tier 1 Capital (to average assets)	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 26,000	5.00%	\$ 26,000	5.00%	\$ 25,000	5.00%

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

	Actual 6/30/2024	Non-GAAP 6/30/2024
Total Shareholders' Equity	\$ 43,413,627	\$ 43,413,627
Eliminate Deferred Tax Asset Valuation Allowance	-	2,590,606
Eliminate Accumulated Other Comprehensive Loss	-	17,092,818
Adjusted Shareholders' Equity	<u>\$ 43,413,627</u>	<u>\$ 63,097,051</u>
Shares Outstanding	7,985,194	7,985,194
Tangible Book Value per Share	\$ 5.44	\$ 7.90

Effect of Non-GAAP Measures on Tangible Book Value \$ 2.46

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 June 30, 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 Loss**

	Qtr Ended 6/30/2024	Qtr Ended 3/31/2024
Loss Before Income Tax	\$ (610,621)	\$ (100,910)
Provision for (Reversal of) Credit Losses	291	(334,087)
Pre-provision Loss Before Income Tax (Non-GAAP)	<u>\$ (610,330)</u>	<u>\$ (434,997)</u>

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