

TRIAD BUSINESS BANK

Triad Business Bank (OTC Pink – “TBBC”), November 7, 2024, Announces Unaudited Third Quarter 2024 Results

Overview

In the third quarter, Triad Business Bank (the “Bank”) reported an \$846,000 improvement in core operating results (net income before provision for credit losses and tax expense, a non-GAAP measurement) which resulted in the Bank having core operating income of \$236,000 compared to a loss of \$610,000 the previous linked quarter. Ramsey Hamadi, Chief Executive Officer, commented, “The Bank made significant progress in the third quarter executing on several key initiatives, including reducing operating expenses, narrowing its sales focus and expanding the Bank’s margins. Noninterest expense declined \$370,000 from the previous quarter due primarily to lower compensation cost for employees and Board of Directors. Net interest income increased \$254,000 on a wider net interest margin and a growing balance sheet, where both regulatory capital and tangible book values grew. Total regulatory capital increased \$326,000 to \$64.9 million due to positive operating income, and tangible book value increased 3% primarily from a decline in comprehensive loss on investment securities held for sale.”

Hamadi continued, “While the Bank had many favorable trends during the third quarter, we moved a commercial relationship of \$1.5 million in loans on industrial equipment to a nonaccrual loan status, which means the Bank no longer anticipates collecting all its future interest and principal on these loans. At quarter end, these loans represented 0.40% of the Bank’s total loan portfolio. During the quarter, the Bank made a specific provision for credit losses against this loan relationship of \$377,000 and an additional provision for the general allowance for credit losses of \$607,000 for a total provision of \$984,000. The Bank’s allowance for credit losses totaled 1.23% of loans outstanding at quarter end compared to 1.02% at June 30. The Bank’s allowance for credit losses on unfunded commitments was 0.36% at quarter end compared to 0.29% the prior quarter end.”

Income Statement Comparison

The Bank’s net loss totaled \$748,000 for the quarter ended September 30, 2024 compared to a net loss of \$611,000 for the quarter ended June 30, 2024. Core operating results, a non-GAAP measurement which excludes the provision for credit losses and taxes, reflected earnings of \$236,000 for the third quarter compared to a loss of \$610,000 for the linked quarter.

Net interest income increased \$254,000 to \$2.9 million for the third quarter of 2024 from \$2.7 million for the linked quarter. The Bank’s net interest margin for the third quarter increased 16 basis points to 2.25% compared to the linked quarter.

Interest income increased \$165,000, or 2%, to \$7.2 million in the third quarter of 2024 compared to \$7.0 million in the linked quarter. The growth in interest income was due primarily to the growth in average loans, which increased \$7.4 million during the quarter to \$369.1 million, and an increase in the weighted average yield on average loans to 6.17% in the third quarter of 2024 compared to 6.10% in the second quarter of 2024. The weighted average rate on interest-bearing liabilities increased to 4.57% in the third quarter of 2024 compared to 4.51% in the second quarter.

Noninterest income increased 215% to \$325,000 in the third quarter of 2024 compared to \$103,000 in the linked quarter. There was interest rate swap fee income of \$83,000 in the third quarter. There was a small gain on securities of \$13,000 in the third quarter compared to a loss of \$119,000 in the second

quarter of 2024. The second quarter loss was due essentially to a one-time loss of \$136,000 on the sale of a SBIC investment.

Noninterest expense decreased \$370,000 in the third quarter of 2024 over the linked quarter resulting predominantly from the operating cost reduction initiative implemented in the second quarter. In connection with this expense reduction, there was a one-time severance expense of \$87,000 recognized in the second quarter. Salaries and benefits expense decreased \$152,000, or 7%, in the third quarter of 2024 compared to the linked quarter due to the elimination of positions. The Bank had 56 employees at the end of September and June 2024 compared to 61 employees at the end of March 2024. Other operating expenses decreased \$124,000 for the third quarter of 2024 over the previous quarter due principally to decreases in professional fees and director compensation expense.

Balance Sheet Comparison

Total assets increased \$13.8 million to \$535.2 million at September 30, 2024 from \$521.4 million at June 30, 2024. During the third quarter of 2024, loans increased \$8.2 million and deposits increased \$32.9 million. Core customer deposit growth represented \$31.4 million of the deposit increase during the third quarter. Other borrowings decreased \$21.0 million to \$9.0 million at September 30, 2024 from \$30.0 million at June 30, 2024.

Shareholders' equity increased \$1.6 million during the third quarter of 2024 to \$45.0 million. Accumulated other comprehensive income/loss ("AOCI") improved by \$2.3 million in the third quarter to a loss of \$14.8 million from a loss of \$17.1 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 September 30, 2024:

Capital and Capital Ratios

	Quarter Ended 9/30/2024	
	Amount	Ratio
Actual		
(dollars in thousands)		
Total Capital (to risk-weighted assets)	\$ 64,907	13.05%
Tier 1 Capital (to risk-weighted assets)	\$ 59,848	12.03%
Tier 1 Capital (to average assets)	\$ 59,848	10.91%

Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions

(dollars in thousands)

Total Capital (to risk-weighted assets)	\$ 50,000	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 \$8.2 million, or 2%, to \$371.6 million at September 30, 2024 compared to \$363.4 million at June 30, 2024 and increased \$42.6 million, or 13%, from \$329.0 million at September 30, 2023. While not included in loans outstanding, the Bank also had unfunded loan commitments of \$137.6 million, bringing total loans outstanding and unfunded commitments to \$509.2 million at September 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 September 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 9/30/2024</u>	<u>Percentage of Loan Portfolio</u>
Other Construction & Land Development	\$ 65,242,160	
Nonowner-occupied Commercial Real Estate	120,548,809	
Total Commercial Real Estate	185,790,969	50%
Owner-occupied Real Estate	99,333,612	
C&I	85,692,576	
Total C&I	185,026,188	50%
Other Revolving Loans	794,533	0%
Total	<u><u>\$ 371,611,690</u></u>	

Credit Risk and Allowance for Credit Losses

The Bank has \$1.5 million in nonaccrual loans to one credit relationship at September 30, 2024 compared to no nonaccrual loans at June 30, 2024. The provision for credit losses was \$984,000 for the third quarter that included \$377,000 in specific reserves for the nonaccrual relationship.

The allowance for credit losses on loans was \$4.6 million at September 30, 2024 compared to \$3.7 million at June 30, 2024, which were 1.23% and 1.02% of outstanding loans, respectively. The allowance for credit losses on unfunded loan commitments, recorded as a liability on the balance sheet, was \$499,000, or 0.36% of the unfunded commitments, at September 30, 2024 compared to \$366,000, or 0.29%, at June 30, 2024.

Deferred Tax Asset and AOCI (Non-GAAP Measures)

The Bank's GAAP tangible book value per share was \$5.63 at September 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 \$7.83 at September 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 \$2.7 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 September 30, 2024, the Bank had an aggregate AOCI loss of \$14.8 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

In late September, the Federal Reserve lowered the federal funds target rate by 50 basis points 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 as further rate reductions occur.

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)	September 30, 2024	June 30, 2024	\$ Change	% Change
Assets				
Cash & Due from Banks	\$ 30,648,321	\$ 21,551,174	\$ 9,097,147	42%
Securities	128,716,405	130,253,022	(1,536,617)	-1%
Federal Funds Sold	-	-	-	0%
Loans	371,611,690	363,409,566	8,202,124	2%
Allowance for Credit Losses ("ACL")	(4,559,992)	(3,708,405)	(851,587)	-23%
Loans, Net	367,051,698	359,701,161	7,350,537	2%
Other Assets	8,760,394	9,915,475	(1,155,081)	-12%
Total Assets	\$ 535,176,818	\$ 521,420,832	\$ 13,755,986	3%
Liabilities				
Demand Deposits	\$ 123,144,094	\$ 109,414,180	\$ 13,729,914	13%
ICS Reciprocal - Checking	4,692,723	4,089	4,688,634	N/M
Commercial Operating Accounts	127,836,817	109,418,269	18,418,548	17%
Interest-bearing NOW	19,405,621	19,161,806	243,815	1%
Core MMA & Savings	87,007,973	93,142,481	(6,134,508)	-7%
ICS Reciprocal - MMA	49,159,929	32,959,556	16,200,373	49%
Total MMA & Savings	136,167,902	126,102,037	10,065,865	8%
Core Time Deposits	29,305,651	26,866,489	2,439,162	9%
CDARS - Reciprocal	19,233,313	18,975,442	257,871	1%
Brokered CDs	145,377,533	143,942,948	1,434,585	1%
Total Time Deposits	193,916,497	189,784,879	4,131,618	2%
Total Deposits	477,326,837	444,466,991	32,859,846	7%
Other Borrowings	9,000,000	30,000,000	(21,000,000)	-70%
Federal Funds Purchased	-	-	-	0%
ACL on Unfunded Commitments	498,632	366,167	132,465	36%
Other Liabilities	3,336,685	3,174,047	162,638	5%
Total Liabilities	490,162,154	478,007,205	12,154,949	3%
Shareholders' Equity				
Common Stock	73,086,971	72,997,463	89,508	0%
Accumulated Deficit	(13,239,432)	(12,491,018)	(748,414)	-6%
Accumulated Other Comprehensive Loss	(14,832,875)	(17,092,818)	2,259,943	13%
Total Shareholders' Equity	45,014,664	43,413,627	1,601,037	4%
Total Liabilities & Shareholders' Equity	\$ 535,176,818	\$ 521,420,832	\$ 13,755,986	3%
Shares Outstanding	7,989,860	7,985,194	4,666	0%
Tangible Book Value per Share	\$ 5.63	\$ 5.44	\$ 0.19	3%

Triad Business Bank
Income Statement (Unaudited)

	For Three Months Ended September 30, 2024	For Three Months Ended June 30, 2024	\$ Change	% Change
Interest Income				
Interest & Fees on Loans	\$ 5,727,249	\$ 5,483,641	\$ 243,608	4%
Interest & Dividend Income on Securities	1,082,175	1,087,361	(5,186)	0%
Interest Income on Balances Due from Banks	300,897	369,258	(68,361)	-19%
Other Interest Income	80,740	85,328	(4,588)	-5%
Total Interest Income	7,191,061	7,025,588	165,473	2%
Interest Expense				
Interest on Checking Deposits	206,359	216,178	(9,819)	-5%
Interest on Savings & MMA Deposits	1,317,088	1,427,510	(110,422)	-8%
Interest on Time Deposits	2,356,834	2,501,019	(144,185)	-6%
Interest on Federal Funds Purchased	-	155	(155)	-100%
Interest on Borrowings	298,956	122,057	176,899	145%
Other Interest Expense	65,224	65,692	(468)	-1%
Total Interest Expense	4,244,461	4,332,611	(88,150)	-2%
Net Interest Income	2,946,600	2,692,977	253,623	9%
Provision for Credit Losses	984,052	291	983,761	N/M
Net Interest Income After Provision for CL	1,962,548	2,692,686	(730,138)	-27%
Total Noninterest Income	325,482	103,409	222,073	215%
Noninterest Expense				
Salaries & Benefits	1,938,269	2,089,993	(151,724)	-7%
Severance - One-time Expense	-	87,153	(87,153)	-100%
Premises & Equipment	124,197	131,464	(7,267)	-6%
Total Other Noninterest Expense	973,977	1,098,106	(124,129)	-11%
Total Noninterest Expense	3,036,443	3,406,716	(370,273)	-11%
Loss Before Income Tax	(748,413)	(610,621)	(137,792)	-23%
Income Tax	-	-	-	0%
Net Loss	\$ (748,413)	\$ (610,621)	\$ (137,792)	-23%
Net Loss per Share				
Basic	\$ (0.09)	\$ (0.09)	\$ (0.00)	0%
Diluted	\$ (0.09)	\$ (0.09)	\$ (0.00)	0%
Weighted Average Shares Outstanding				
Basic	7,988,720	6,800,657	1,188,063	17%
Diluted	7,988,720	6,800,657	1,188,063	17%
Pre-provision, Pre-tax Income (Loss)	\$ 235,639	\$ (610,330)	\$ 845,969	139%

Triad Business Bank
Key Ratios & Other Information (Unaudited)

	Quarter Ended 9/30/2024			Quarter Ended 6/30/2024		
	Balance	Interest Income/ Expense	Yield/ Rate	Balance	Interest Income/ Expense	Yield/ Rate
Yield on Average Loans	\$ 369,122,453	\$ 5,727,249	6.173%	\$ 361,771,395	\$ 5,483,641	6.096%
Yield on Average Investment Securities	\$ 129,426,737	\$ 1,082,175	3.326%	\$ 130,130,898	\$ 1,087,361	3.361%
Yield on Average Interest-earning Assets	\$ 522,164,299	\$ 7,191,061	5.479%	\$ 519,890,371	\$ 7,025,588	5.435%
Cost of Average Interest-bearing Liabilities	\$ 369,159,154	\$ 4,244,461	4.574%	\$ 386,698,922	\$ 4,332,611	4.506%
Net Interest Margin						
Interest Income		\$ 7,191,061			\$ 7,025,588	
Interest Expense		<u>4,244,461</u>			<u>4,332,611</u>	
Average Earnings Assets	\$ 522,164,299			\$ 519,890,371		
Net Interest Income & Net Interest Margin		<u>\$ 2,946,600</u>	2.245%		<u>\$ 2,692,977</u>	2.083%
Loan to Asset Ratio						
Loan Balance	\$ 371,611,690			\$ 363,409,566		
Total Assets	535,176,818		69.437%	521,420,832		69.696%
Leverage Ratio						
Tier 1 Capital	\$ 59,847,539			\$ 60,506,445		
Average Total Assets	548,333,546		10.914%	547,797,162		11.045%
Unfunded Commitments to Extend Credit	\$ 137,621,753			\$ 127,353,161		
Standby Letters of Credit	169,012			186,252		

Triad Business Bank					
Balance Sheet (Unaudited)	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Assets					
Cash & Due from Banks	\$ 30,648,321	\$ 21,551,174	\$ 30,489,026	\$ 33,610,971	\$ 28,774,582
Securities	128,716,405	130,253,022	131,199,978	137,537,443	135,448,032
Federal Funds Sold	-	-	-	-	-
Loans	371,611,690	363,409,566	359,199,494	334,142,073	328,954,619
Allowance for Credit Losses ("ACL")	(4,559,992)	(3,708,405)	(3,681,954)	(3,729,925)	(3,738,836)
Loans, Net	367,051,698	359,701,161	355,517,540	330,412,148	325,215,783
Other Assets	8,760,394	9,915,475	9,943,701	9,591,119	8,845,602
Total Assets	\$ 535,176,818	\$ 521,420,832	\$ 527,150,245	\$ 511,151,681	\$ 498,283,999
Liabilities					
Demand Deposits	\$ 123,144,094	\$ 109,414,180	\$ 102,564,892	\$ 99,389,815	\$ 101,103,791
ICS Reciprocal - Checking	4,692,723	4,089	11,390,196	14,204,733	11,241,300
Commercial Operating Accounts	127,836,817	109,418,269	113,955,088	113,594,548	112,345,091
Interest-bearing NOW	19,405,621	19,161,806	21,532,867	22,518,830	20,914,221
Core MMA & Savings	87,007,973	93,142,481	102,969,388	85,891,021	95,161,537
ICS Reciprocal - MMA	49,159,929	32,959,556	42,157,824	76,963,368	73,887,703
Total MMA & Savings	136,167,902	126,102,037	145,127,212	162,854,389	169,049,240
Core Time Deposits	29,305,651	26,866,489	21,153,172	11,019,913	10,598,293
CDARS - Reciprocal	19,233,313	18,975,442	11,701,169	10,601,322	9,555,900
Brokered CDs	145,377,533	143,942,948	164,119,991	139,859,453	129,584,145
Total Time Deposits	193,916,497	189,784,879	196,974,332	161,480,688	149,738,338
Total Deposits	477,326,837	444,466,991	477,589,499	460,448,455	452,046,890
Other Borrowings	9,000,000	30,000,000	9,000,000	9,000,000	9,000,000
Federal Funds Purchased	-	-	-	-	-
ACL on Unfunded Commitments	498,632	366,167	392,328	678,444	647,068
Other Liabilities	3,336,685	3,174,047	3,205,767	3,422,078	2,750,602
Total Liabilities	490,162,154	478,007,205	490,187,594	473,548,977	464,444,560
Shareholders' Equity					
Common Stock	73,086,971	72,997,463	66,938,869	66,692,747	66,448,450
Accumulated Deficit	(13,239,432)	(12,491,018)	(11,880,398)	(11,779,488)	(10,978,995)
Accumulated Other Comprehensive Loss	(14,832,875)	(17,092,818)	(18,095,820)	(17,310,555)	(21,630,016)
Total Shareholders' Equity	45,014,664	43,413,627	36,962,651	37,602,704	33,839,439
Total Liabilities & Shareholders' Equity	\$ 535,176,818	\$ 521,420,832	\$ 527,150,245	\$ 511,151,681	\$ 498,283,999
Shares Outstanding	7,989,860	7,985,194	6,695,121	6,695,121	6,693,965
Tangible Book Value per Share	\$ 5.63	\$ 5.44	\$ 5.52	\$ 5.62	\$ 5.06

Triad Business Bank					
Income Statement (Unaudited)	For Three Months Ended September 30, 2024	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
Interest Income					
Interest & Fees on Loans	\$ 5,727,249	\$ 5,483,641	\$ 5,253,323	\$ 4,853,516	\$ 4,547,570
Interest & Dividend Income on Securities	1,082,175	1,087,361	1,090,009	1,170,658	1,171,364
Interest Income on Balances Due from Banks	300,897	369,258	283,289	322,412	405,520
Other Interest Income	80,740	85,328	87,369	83,452	82,167
Total Interest Income	7,191,061	7,025,588	6,713,990	6,430,038	6,206,621
Interest Expense					
Interest on Checking Deposits	206,359	216,178	218,511	233,811	217,879
Interest on Savings & MMA Deposits	1,317,088	1,427,510	1,430,372	1,484,151	1,508,522
Interest on Time Deposits	2,356,834	2,501,019	2,161,020	1,829,874	1,608,518
Interest on Federal Funds Purchased	-	155	-	-	-
Interest on Borrowings	298,956	122,057	200,034	223,442	161,457
Other Interest Expense	65,224	65,692	66,637	67,927	67,359
Total Interest Expense	4,244,461	4,332,511	4,076,574	3,839,205	3,563,735
Net Interest Income	2,946,600	2,692,977	2,637,416	2,590,833	2,642,886
Provision for (Reversal of) Credit Losses	984,052	291	(334,087)	322,715	255,792
Net Interest Income After Provision for CL	1,962,548	2,692,686	2,971,503	2,268,118	2,387,094
Total Noninterest Income	325,482	103,409	304,219	300,928	183,114
Noninterest Expense					
Salaries & Benefits	1,938,269	2,089,993	2,210,023	2,276,590	2,155,982
Severance - One-time Expense	-	87,153	-	-	-
Premises & Equipment	124,197	131,464	136,442	137,398	125,426
Total Other Noninterest Expense	973,977	1,098,106	1,030,167	955,551	947,367
Total Noninterest Expense	3,036,443	3,406,716	3,376,632	3,369,539	3,228,775
Loss Before Income Tax	(748,413)	(610,621)	(100,910)	(800,493)	(658,567)
Income Tax	-	-	-	-	-
Net Loss	\$ (748,413)	\$ (610,621)	\$ (100,910)	\$ (800,493)	\$ (658,567)
Net Loss per Share					
Basic	\$ (0.09)	\$ (0.09)	\$ (0.02)	\$ (0.12)	\$ (0.10)
Diluted	\$ (0.09)	\$ (0.09)	\$ (0.02)	\$ (0.12)	\$ (0.10)
Weighted Average Shares Outstanding					
Basic	7,988,720	6,800,657	6,695,121	6,694,694	6,693,965
Diluted	7,988,720	6,800,657	6,695,121	6,694,694	6,693,965
Pre-provision, Pre-tax Income (Loss)	\$ 235,639	\$ (610,330)	\$ (434,997)	\$ (477,778)	\$ (402,775)

Triad Business Bank										
Capital and Capital Ratios (Unaudited)										
	Quarter Ended 9/30/2024		Quarter Ended 6/30/2024		Quarter Ended 3/31/2024		Quarter Ended 12/31/2023		Quarter Ended 9/30/2023	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Actual										
(dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 64,907	13.05%	\$ 64,581	13.26%	\$ 59,133	12.22%	\$ 59,322	12.70%	\$ 59,855	12.89%
Tier 1 Capital (to risk-weighted assets)	\$ 59,848	12.03%	\$ 60,507	12.43%	\$ 55,059	11.38%	\$ 54,913	11.76%	\$ 55,469	11.94%
Tier 1 Capital (to average assets)	\$ 59,848	10.91%	\$ 60,507	11.05%	\$ 55,059	10.37%	\$ 54,913	10.52%	\$ 55,469	10.76%
Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions										
(dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 50,000	10.00%	\$ 49,000	10.00%	\$ 48,000	10.00%	\$ 47,000	10.00%	\$ 46,000	10.00%
Tier 1 Capital (to risk-weighted assets)	\$ 40,000	8.00%	\$ 39,000	8.00%	\$ 39,000	8.00%	\$ 37,000	8.00%	\$ 37,000	8.00%
Tier 1 Capital (to average assets)	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 26,000	5.00%	\$ 26,000	5.00%

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

	Actual 9/30/2024	Non-GAAP 9/30/2024
Total Shareholders' Equity	\$ 45,014,664	\$ 45,014,664
Eliminate Deferred Tax Asset Valuation Allowance	-	2,749,132
Eliminate Accumulated Other Comprehensive Loss	-	14,832,875
Adjusted Shareholders' Equity	<u>\$ 45,014,664</u>	<u>\$ 62,596,671</u>
Shares Outstanding	7,989,860	7,989,860
Tangible Book Value per Share	\$ 5.63	\$ 7.83

Effect of Non-GAAP Measures on Tangible Book Value \$ 2.20

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 September 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 Income (Loss)

	Qtr Ended 9/30/2024	Qtr Ended 6/30/2024
Loss Before Income Tax	\$ (748,413)	\$ (610,621)
Provision for Credit Losses	984,052	291
Pre-provision Income (Loss) Before Income Tax (Non-GAAP)	<u>\$ 235,639</u>	<u>\$ (610,330)</u>

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