

TRIAD BUSINESS BANK

Triad Business Bank (OTC Pink – “TBBC”), April 29, 2025, Announces Unaudited First Quarter 2025 Results

Overview

GREENSBORO, NC: In the first quarter of 2025, Triad Business Bank (the “Bank”) reported net income of \$199,000 compared to a loss of \$101,000 for the same period a year ago. Net income totaled \$0.02 per share in the first quarter of 2025 compared to a loss of \$0.02 per share in the first quarter of 2024.

Ramsey Hamadi, Chief Executive Officer, commented, “The Bank’s core earnings improved \$469,000 over the prior year period due primarily to an increase in the Bank’s net interest margin and lower operating expenses. The Bank’s net interest margin increased 17 basis points over the prior year period from 2.10% in the first quarter of 2024 to 2.27% in the first quarter of 2025 due primarily to the proceeds of maturing below-market rate loans and investments being reinvested into higher yielding loans. Net interest income increased \$247,000 to \$2.9 million in the first quarter of 2025 compared to the same period a year ago. The Bank’s noninterest expense in the first quarter of the current year was \$285,000 less than the prior year period. The decline in noninterest expense was due to implementation of an expense reduction plan executed in 2024, which targeted a 15% reduction in personnel expense. In the first quarter of 2025, salaries and benefits expense was 13% less than the prior year period. Looking forward, the Bank intends to maintain disciplined expense control practices while the Bank’s net interest margin is expected to further improve throughout 2025 and 2026. As low yielding loans and investments originated in 2020 through 2022 continue to mature at an accelerating pace, we anticipate reinvesting the proceeds in higher yielding loans.”

Income Statement Comparison

The Bank’s net income totaled \$199,000 for the quarter ended March 31, 2025 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, reflected earnings of \$34,000 for the first quarter of 2025 compared to a loss of \$435,000 for the same quarter in the prior year.

Net interest income increased \$247,000 to \$2.9 million for the first quarter of 2025 from \$2.6 million for the first quarter of 2024. The Bank’s net interest margin for the first quarter increased 17 basis points to 2.27% compared to the prior year quarter.

Interest income increased \$49,000, or 1%, to \$6.8 million in the first quarter of 2025 compared to \$6.7 million in the same quarter of 2024. The growth in interest income year over year was due primarily to the growth in average loans partially offset by declines in average investment securities and interest-earning cash balances. Average loans increased \$29.1 million to \$378.1 million at March 31, 2025. The weighted average yield on average loans decreased five basis points to 6.01% in the first quarter of 2025 compared to 6.06% in the first quarter of 2024. The weighted average rate on interest-bearing liabilities decreased 17 basis points to 4.17% in the first quarter of 2025 compared to 4.34% in the same quarter of 2024.

Noninterest income decreased 21% to \$242,000 in the first quarter of 2025 compared to \$304,000 in the first quarter of 2024. The prior year quarter included a \$59,000 gain on sale of loans, with no gain on sale of loans in the current quarter.

Noninterest expense decreased \$285,000 in the first quarter of 2025 compared to the prior year quarter resulting predominantly from the operating expense reduction plan implemented in the second quarter of 2024. Salaries and benefits expense decreased \$289,000, or 13%, in the first quarter of 2025 compared to the first quarter of 2024 due to a reduction in personnel. The Bank had 55 employees at the end of March 2025 compared to 61 employees at the end of March 2024. Other noninterest expenses increased \$5,000 for the first quarter of 2025 over the same period in 2024. Increases in FDIC insurance assessment expense and repossessed property expense were largely offset by decreases in director compensation expense.

Balance Sheet Comparison

Total assets decreased \$5.9 million to \$521.2 million at March 31, 2025 from \$527.1 million at March 31, 2024. Loans increased \$15.2 million while cash decreased \$10.3 million and securities decreased \$9.7 million over the same period. Deposits decreased \$23.9 million year over year, including a \$20.8 million decline in brokered CDs. Other borrowings increased \$10.0 million to \$19.0 million at March 31, 2025 from \$9.0 million at March 31, 2024.

Shareholders' equity increased \$8.2 million year over year to \$45.2 million at March 31, 2025. The Bank completed a \$6.0 million common stock offering in June 2024. In the fourth quarter of 2024, the establishment of a \$2.6 million reserve on a corporate bond negatively impacted shareholders' equity. Accumulated other comprehensive income/loss ("AOCI") improved by \$5.9 million year over year to a loss of \$12.2 million from a loss of \$18.1 million at March 31, 2024. 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 loan 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 March 31, 2025:

Capital and Capital Ratios

	Quarter Ended 3/31/2025	
	Amount	Ratio
Actual		
(dollars in thousands)		
Total Capital (to risk-weighted assets)	\$ 61,647	12.34%
Tier 1 Capital (to risk-weighted assets)	\$ 57,382	11.49%
Tier 1 Capital (to average assets)	\$ 57,382	10.67%

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%

The Bank continues to be “well-capitalized” for regulatory purposes.

Loans

The Bank’s outstanding loans increased \$15.2 million, or 4%, to \$374.4 million at March 31, 2025 compared to \$359.2 million at March 31, 2024. While not included in loans outstanding, the Bank also had unfunded loan commitments of \$143.0 million, bringing total loans outstanding and unfunded commitments to \$517.4 million at March 31, 2025. For internal monitoring purposes, the Bank considers owner-occupied real estate loans to be part of commercial and industrial (“C&I”) loans. As of March 31, 2025, approximately 48% of the Bank’s outstanding loan portfolio was composed of C&I loans:

Loan Diversification

<u>Loan Category</u>	<u>Quarter Ended 3/31/2025</u>	<u>Percentage of Loan Portfolio</u>
Other Construction & Land Development	\$ 62,686,765	
Nonowner-occupied Commercial Real Estate	128,874,292	
Total Commercial Real Estate	191,561,057	51%
Owner-occupied Real Estate	97,460,265	
C&I	82,725,289	
Total C&I	180,185,554	48%
Other Revolving Loans	2,654,666	1%
Total	<u>\$ 374,401,277</u>	

Credit Risk and Allowance for Credit Losses

The Bank had no nonaccrual loans at March 31, 2025 or March 31, 2024. During the first quarter of 2025, there was a reversal of provision for credit losses of \$165,000 compared to a reversal of \$334,000 during the quarter ended March 31, 2024.

The allowance for credit losses on loans was \$3.8 million at March 31, 2025 compared to \$3.7 million at March 31, 2024, or 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 \$429,000, or 0.30% of unfunded commitments at March 31, 2025 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 \$5.65 at March 31, 2025. 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 \$7.60 at March 31, 2025.

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 \$3.3 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 March 31, 2025, the Bank had an aggregate AOCI loss of \$12.2 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. As a non-GAAP measure, the Bank eliminates its current AOCI loss to reflect an adjusted tangible book value.

Outlook

We expect the Bank's net interest margin to steadily rise over the next two years as lower yielding loans and investments mature and are replaced by those with higher yields although there could be some compression in the margin in the near term if the Federal Reserve makes additional reductions in the federal funds target rate.

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.

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Triad Business Bank				
Balance Sheet (Unaudited)	March 31, 2025	March 31, 2024	\$ Change	% Change
Assets				
Cash & Due from Banks	\$ 20,220,053	\$ 30,489,026	\$ (10,268,973)	-34%
Securities	121,514,871	131,199,978	(9,685,107)	-7%
Federal Funds Sold	-	-	-	0%
Loans	374,401,277	359,199,494	15,201,783	4%
Allowance for Credit Losses ("ACL")	(3,835,717)	(3,681,954)	(153,763)	-4%
Loans, Net	370,565,560	355,517,540	15,048,020	4%
Other Assets	8,904,916	9,943,701	(1,038,785)	-10%
Total Assets	\$ 521,205,400	\$ 527,150,245	\$ (5,944,845)	-1%
Liabilities				
Demand Deposits	\$ 96,127,782	\$ 102,564,892	\$ (6,437,110)	-6%
ICS Reciprocal - Checking	1,076,893	11,390,196	(10,313,303)	-91%
Commercial Operating Accounts	97,204,675	113,955,088	(16,750,413)	-15%
Interest-bearing NOW	22,114,026	21,532,867	581,159	3%
Core MMA & Savings	101,889,815	102,969,388	(1,079,573)	-1%
ICS Reciprocal - MMA	38,773,606	42,157,824	(3,384,218)	-8%
Total MMA & Savings	140,663,421	145,127,212	(4,463,791)	-3%
Core Time Deposits	30,729,573	21,153,172	9,576,401	45%
CDARS - Reciprocal	19,588,579	11,701,169	7,887,410	67%
Brokered CDs	143,361,538	164,119,991	(20,758,453)	-13%
Total Time Deposits	193,679,690	196,974,332	(3,294,642)	-2%
Total Deposits	453,661,812	477,589,499	(23,927,687)	-5%
Other Borrowings	19,000,000	9,000,000	10,000,000	111%
Federal Funds Purchased	-	-	-	0%
ACL on Unfunded Commitments	429,291	392,328	36,963	9%
Other Liabilities	2,952,028	3,205,767	(253,739)	-8%
Total Liabilities	476,043,131	490,187,594	(14,144,463)	-3%
Shareholders' Equity				
Common Stock	73,260,400	66,938,869	6,321,531	9%
Accumulated Deficit	(15,877,898)	(11,880,398)	(3,997,500)	-34%
Accumulated Other Comprehensive Loss	(12,220,233)	(18,095,820)	5,875,587	32%
Total Shareholders' Equity	45,162,269	36,962,651	8,199,618	22%
Total Liabilities & Shareholders' Equity	\$ 521,205,400	\$ 527,150,245	\$ (5,944,845)	-1%
Shares Outstanding	7,993,969	6,695,121	1,298,848	19%
Tangible Book Value per Share	\$ 5.65	\$ 5.52	\$ 0.13	2%

Triad Business Bank					
Income Statement (Unaudited)					
	For Three Months Ended		For Three Months Ended		
	March 31, 2025		March 31, 2024		
			\$ Change		% Change
Interest Income					
Interest & Fees on Loans	\$	5,603,820	\$	5,253,323	\$ 350,497 7%
Interest & Dividend Income on Securities		981,564		1,090,009	(108,445) -10%
Interest Income on Balances Due from Banks		152,968		283,289	(130,321) -46%
Other Interest Income		24,920		87,369	(62,449) -71%
Total Interest Income		6,763,272		6,713,990	49,282 1%
Interest Expense					
Interest on Checking Deposits		204,844		218,511	(13,667) -6%
Interest on Savings & MMA Deposits		1,178,988		1,430,372	(251,384) -18%
Interest on Time Deposits		2,256,103		2,161,020	95,083 4%
Interest on Federal Funds Purchased		-		-	- 0%
Interest on Borrowings		232,547		200,034	32,513 16%
Other Interest Expense		6,821		66,637	(59,816) -90%
Total Interest Expense		3,879,303		4,076,574	(197,271) -5%
Net Interest Income		2,883,969		2,637,416	246,553 9%
Provision for (Reversal of) Credit Losses		(164,869)		(334,087)	169,218 51%
Net Interest Income After Provision for CL		3,048,838		2,971,503	77,335 3%
Total Noninterest Income		241,614		304,219	(62,605) -21%
Noninterest Expense					
Salaries & Benefits		1,920,999		2,210,023	(289,024) -13%
Severance - One-time Expense		-		-	- 0%
Premises & Equipment		135,548		136,442	(894) -1%
Total Other Noninterest Expense		1,035,184		1,030,167	5,017 0%
Total Noninterest Expense		3,091,731		3,376,632	(284,901) -8%
Income (Loss) Before Income Tax		198,721		(100,910)	299,631 297%
Income Tax		-		-	- 0%
Net Income (Loss)	\$	198,721	\$	(100,910)	\$ 299,631 297%
Net Income (Loss) per Share					
Basic	\$	0.02	\$	(0.02)	\$ 0.04 200%
Diluted	\$	0.02	\$	(0.02)	\$ 0.04 200%
Weighted Average Shares Outstanding					
Basic		7,993,969		6,695,121	1,298,848 19%
Diluted		8,104,884		6,695,121	1,409,763 21%
Pre-provision, Pre-tax Income (Loss)	\$	33,852	\$	(434,997)	\$ 468,849 108%

Triad Business Bank						
Key Ratios & Other Information (Unaudited)						
		Quarter Ended 3/31/2025			Quarter Ended 3/31/2024	
	Balance	Interest Income/ Expense	Yield/ Rate	Balance	Interest Income/ Expense	Yield/ Rate
Yield on Average Loans	\$ 378,077,913	\$ 5,603,820	6.01%	\$ 348,932,123	\$ 5,253,323	6.06%
Yield on Average Investment Securities	\$ 123,013,996	\$ 981,564	3.24%	\$ 133,568,374	\$ 1,090,009	3.28%
Yield on Average Interest-earning Assets	\$ 516,264,236	\$ 6,763,272	5.31%	\$ 504,440,542	\$ 6,713,990	5.35%
Cost of Average Interest-bearing Liabilities	\$ 377,407,361	\$ 3,879,303	4.17%	\$ 377,862,470	\$ 4,076,574	4.34%
Net Interest Margin						
Interest Income		\$ 6,763,272			\$ 6,713,990	
Interest Expense		<u>3,879,303</u>			<u>4,076,574</u>	
Average Earnings Assets	\$ 516,264,236			\$ 504,440,542		
Net Interest Income & Net Interest Margin		<u>\$ 2,883,969</u>	2.27%		<u>\$ 2,637,416</u>	2.10%
Loan to Asset Ratio						
Loan Balance	\$ 374,401,277			\$ 359,199,494		
Total Assets	521,205,400		71.83%	527,150,245		68.14%
Leverage Ratio						
Tier 1 Capital	\$ 57,382,502			\$ 55,058,471		
Average Total Assets	537,762,260		10.67%	530,957,281		10.37%
Unfunded Commitments to Extend Credit	\$ 142,972,352			\$ 128,089,831		
Standby Letters of Credit	186,252			186,252		

Triad Business Bank					
Balance Sheet (Unaudited)	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Assets					
Cash & Due from Banks	\$ 20,220,053	\$ 23,947,020	\$ 30,648,321	\$ 21,551,174	\$ 30,489,026
Securities	121,514,871	122,762,837	128,716,405	130,253,022	131,199,978
Federal Funds Sold	-	-	-	-	-
Loans	374,401,277	373,673,725	371,611,690	363,409,566	359,199,494
Allowance for Credit Losses ("ACL")	(3,835,717)	(4,085,896)	(4,559,992)	(3,708,405)	(3,681,954)
Loans, Net	370,565,560	369,587,829	367,051,698	359,701,161	355,517,540
Other Assets	8,904,916	8,862,991	8,760,394	9,915,475	9,943,701
Total Assets	\$ 521,205,400	\$ 525,160,677	\$ 535,176,818	\$ 521,420,832	\$ 527,150,245
Liabilities					
Demand Deposits	\$ 96,127,782	\$ 92,613,735	\$ 123,144,094	\$ 109,414,180	\$ 102,564,892
ICS Reciprocal - Checking	1,076,893	2,713,755	4,692,723	4,089	11,390,196
Commercial Operating Accounts	97,204,675	95,327,490	127,836,817	109,418,269	113,955,088
Interest-bearing NOW	22,114,026	22,378,016	19,405,621	19,161,806	21,532,867
Core MMA & Savings	101,889,815	88,468,843	87,007,973	93,142,481	102,969,388
ICS Reciprocal - MMA	38,773,606	65,089,274	49,159,929	32,959,556	42,157,824
Total MMA & Savings	140,663,421	153,558,117	136,167,902	126,102,037	145,127,212
Core Time Deposits	30,729,573	29,332,254	29,305,651	26,866,489	21,153,172
CDARS - Reciprocal	19,588,579	19,709,000	19,233,313	18,975,442	11,701,169
Brokered CDs	143,361,538	135,142,064	145,377,533	143,942,948	164,119,991
Total Time Deposits	193,679,690	184,183,318	193,916,497	189,784,879	196,974,332
Total Deposits	453,661,812	455,446,941	477,326,837	444,466,991	477,589,499
Other Borrowings	19,000,000	24,000,000	9,000,000	30,000,000	9,000,000
Federal Funds Purchased	-	-	-	-	-
ACL on Unfunded Commitments	429,291	458,381	498,632	366,167	392,328
Other Liabilities	2,952,028	3,031,561	3,336,685	3,174,047	3,205,767
Total Liabilities	476,043,131	482,936,883	490,162,154	478,007,205	490,187,594
Shareholders' Equity					
Common Stock	73,260,400	73,172,267	73,086,971	72,997,463	66,938,869
Accumulated Deficit	(15,877,898)	(16,076,619)	(13,239,432)	(12,491,018)	(11,880,398)
Accumulated Other Comprehensive Loss	(12,220,233)	(14,871,854)	(14,832,875)	(17,092,818)	(18,095,820)
Total Shareholders' Equity	45,162,269	42,223,794	45,014,664	43,413,627	36,962,651
Total Liabilities & Shareholders' Equity	\$ 521,205,400	\$ 525,160,677	\$ 535,176,818	\$ 521,420,832	\$ 527,150,245
Shares Outstanding	7,993,969	7,993,969	7,989,860	7,985,194	6,695,121
Tangible Book Value per Share	\$ 5.65	\$ 5.28	\$ 5.63	\$ 5.44	\$ 5.52

Triad Business Bank					
Income Statement (Unaudited)	For Three Months Ended March 31, 2025	For Three Months Ended December 31, 2024	For Three Months Ended September 30, 2024	For Three Months Ended June 30, 2024	For Three Months Ended March 31, 2024
Interest Income					
Interest & Fees on Loans	\$ 5,603,820	\$ 5,673,515	\$ 5,727,249	\$ 5,483,641	\$ 5,253,323
Interest & Dividend Income on Securities	981,564	1,011,942	1,082,175	1,087,361	1,090,009
Interest Income on Balances Due from Banks	152,968	222,737	300,897	369,258	283,289
Other Interest Income	24,920	51,342	80,740	85,328	87,369
Total Interest Income	6,763,272	6,959,536	7,191,061	7,025,588	6,713,990
Interest Expense					
Interest on Checking Deposits	204,844	202,209	206,359	216,178	218,511
Interest on Savings & MMA Deposits	1,178,988	1,222,203	1,317,088	1,427,510	1,430,372
Interest on Time Deposits	2,256,103	2,379,797	2,356,834	2,501,019	2,161,020
Interest on Federal Funds Purchased	-	-	-	155	-
Interest on Borrowings	232,547	163,182	298,956	122,057	200,034
Other Interest Expense	6,821	24,831	65,224	65,692	66,637
Total Interest Expense	3,879,303	3,992,222	4,244,461	4,332,611	4,076,574
Net Interest Income	2,883,969	2,967,314	2,946,600	2,692,977	2,637,416
Provision for (Reversal of) Credit Losses	(164,869)	3,136,709	984,052	291	(334,087)
Net Interest Income After Provision for CL	3,048,838	(169,395)	1,962,548	2,692,686	2,971,503
Total Noninterest Income	241,614	333,915	325,482	103,409	304,219
Noninterest Expense					
Salaries & Benefits	1,920,999	1,880,888	1,938,269	2,089,993	2,210,023
Severance - One-time Expense	-	-	-	87,153	-
Premises & Equipment	135,548	130,108	124,197	131,464	136,442
Total Other Noninterest Expense	1,035,184	990,711	973,977	1,098,106	1,030,167
Total Noninterest Expense	3,091,731	3,001,707	3,036,443	3,406,716	3,376,632
Income (Loss) Before Income Tax	198,721	(2,837,187)	(748,413)	(610,621)	(100,910)
Income Tax	-	-	-	-	-
Net Income (Loss)	\$ 198,721	\$ (2,837,187)	\$ (748,413)	\$ (610,621)	\$ (100,910)
Net Income (Loss) per Share					
Basic	\$ 0.02	\$ (0.35)	\$ (0.09)	\$ (0.09)	\$ (0.02)
Diluted	\$ 0.02	\$ (0.35)	\$ (0.09)	\$ (0.09)	\$ (0.02)
Weighted Average Shares Outstanding					
Basic	7,993,969	7,993,728	7,988,720	6,800,657	6,695,121
Diluted	8,104,884	7,993,728	7,988,720	6,800,657	6,695,121
Pre-provision, Pre-tax Income (Loss)	\$ 33,852	\$ 299,522	\$ 235,639	\$ (610,330)	\$ (434,997)

Triad Business Bank										
Capital and Capital Ratios (Unaudited)										
	Quarter Ended 3/31/2025		Quarter Ended 12/31/2024		Quarter Ended 9/30/2024		Quarter Ended 6/30/2024		Quarter Ended 3/31/2024	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Actual (dollars in thousands)										
Total Capital (to risk-weighted assets)	\$ 61,647	12.34%	\$ 61,640	12.48%	\$ 64,907	13.05%	\$ 64,581	13.26%	\$ 59,133	12.22%
Tier 1 Capital (to risk-weighted assets)	\$ 57,382	11.49%	\$ 57,096	11.56%	\$ 59,848	12.03%	\$ 60,507	12.43%	\$ 55,059	11.38%
Tier 1 Capital (to average assets)	\$ 57,382	10.67%	\$ 57,096	10.52%	\$ 59,848	10.91%	\$ 60,507	11.05%	\$ 55,059	10.37%
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%	\$ 50,000	10.00%	\$ 49,000	10.00%	\$ 48,000	10.00%
Tier 1 Capital (to risk-weighted assets)	\$ 40,000	8.00%	\$ 40,000	8.00%	\$ 40,000	8.00%	\$ 39,000	8.00%	\$ 39,000	8.00%
Tier 1 Capital (to average assets)	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 27,000	5.00%	\$ 27,000	5.00%

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

	Actual 3/31/2025	Non-GAAP 3/31/2025
Total Shareholders' Equity	\$ 45,162,269	\$ 45,162,269
Eliminate Deferred Tax Asset Valuation Allowance	-	3,335,193
Eliminate Accumulated Other Comprehensive Loss	-	12,220,233
Adjusted Shareholders' Equity	<u>\$ 45,162,269</u>	<u>\$ 60,717,695</u>
Shares Outstanding	7,993,969	7,993,969
Tangible Book Value per Share	\$ 5.65	\$ 7.60

Effect of Non-GAAP Measures on Tangible Book Value	\$ 1.95
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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 March 31, 2025 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 3/31/2025	Qtr Ended 3/31/2024
Income (Loss) Before Income Tax	\$ 198,721	\$ (100,910)
Reversal of Credit Losses	(164,869)	(334,087)
Pre-provision Income (Loss) Before Income Tax (Non-GAAP)	<u>\$ 33,852</u>	<u>\$ (434,997)</u>

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