

## TRIAD BUSINESS BANK

### Triad Business Bank (OTC Pink – “TBBC”), May 2, 2024, Announces Unaudited First Quarter 2024 Results

#### Overview

Triad Business Bank (the “Bank”) was formed in 2020 to serve small and mid-size businesses in the Triad. Ramsey Hamadi, Chief Executive Officer, commented “In the first quarter of 2024, the Bank had a net loss of \$101,000, which was a \$700,000 improvement over the previous quarter. The Bank had several continuing positive trends as capital levels remained strong and loan balances increased \$25 million, or 7%, and loan yields increased 28 basis points during the quarter to 6.06%. The broadening of deposit relationships continued as the number of operating accounts increased by 7% with 49 new business operating accounts. On March 31, 2024, the Bank had no reportable past due loans and no nonperforming assets. For the quarter, the Bank processed \$1.4 billion of transactions and total capital levels remained strong at \$59 million, or 12.2% of total risk weighted assets. The core operating results, a non-GAAP measurement which excludes the provision for credit losses and taxes, improved marginally to a loss of \$435,000 from a loss of \$478,000 in the quarter ended December 31, 2023.

The events of 2023 were difficult for the banking industry and especially so for our rapidly growing young bank. The rapid rise of interest rates leading into 2023 resulted in opportunities for some Bank customers to invest money in non-financial institution instruments, such as US Treasury and municipal securities. The Bank’s loan growth outpaced the core customer deposit growth, and as a result, the Bank supported loan growth last year with wholesale funding. The higher costs of these funding sources had a dramatic negative impact on the Bank’s net interest income and profitability.

In April 2024, the Bank’s management and the Board together established a plan to accelerate the Bank’s path to profitability, while preserving the Bank’s commitment to its vision and mission to provide superior customer service to commercial and industrial customers throughout the Triad. As part of this plan, we will heighten our focus upon generating core deposits and on making the types of loans that offer significant core deposit relationships, right sizing our structure, and decreasing our operating expenses. We are eliminating several personnel positions and reducing administrative expenses. We anticipate that our focus on reducing operating expenses will have the combined effect of eliminating \$2.0 million of annualized operating expense, which will in the long-term lead to a stronger bank, better placed to meet the needs of its communities. The expense reduction initiative will be fully implemented during the second quarter and will result in one-time expense of approximately \$100,000.”

#### Income Statement Comparison

The Bank’s net loss totaled \$101,000 for the quarter ended March 31, 2024 compared to a net loss of \$800,000 for the quarter ended December 31, 2023. Core operating results, a non-GAAP measurement which excludes the provision for credit losses and taxes, were a loss of \$435,000 for the first quarter compared to a loss of \$478,000 for the linked quarter ended December 31, 2023. 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. 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 \$47,000 to \$2.64 million for the first quarter of 2024 from \$2.59 million for the prior quarter. The Bank’s net

interest margin for the first quarter of 2024 increased one basis point to 2.10% compared to the previous quarter. While the yield on earning assets increased in the first quarter of 2024 over the fourth quarter of 2023, the decline in core deposits and the increase in higher cost wholesale funding resulted in the net interest margin remaining fairly stable.

Interest income increased \$284,000, or 4%, to \$6.71 million in the first quarter of 2024 compared to \$6.43 million in the linked quarter. The growth in interest income was due primarily to the growth in loans, which increased \$25.1 million during the quarter to \$359.2 million, and an increase in the weighted average yield on average loans to 6.06% in the first quarter of 2024 compared to 5.78% in the fourth quarter of 2023. However, the weighted average rate on interest-bearing liabilities increased to 4.34% in the first quarter of 2024 compared to 4.19% in the fourth quarter of 2023 due primarily to the increase of wholesale funding.

Noninterest expense was virtually unchanged at \$3.38 million for the first quarter of 2024 compared to \$3.37 million in the fourth quarter of 2023. Salaries and benefits expense totaled \$2.21 million for the first quarter of 2024, which was a decrease of \$67,000, or 3%, over the fourth quarter of 2023 and was primarily due to reductions in accruals. The Bank had 61 employees at the end of March 2024 compared to 62 at the end of 2023. Other operating expenses increased \$74,000 for the first quarter of 2024 over the previous quarter due principally to an increase in regulatory assessments.

### **Balance Sheet Comparison**

Total assets increased \$16.0 million to \$527.2 million at March 31, 2024 from \$511.2 million at December 31, 2023. During the first quarter of 2024, loans increased \$25.1 million and deposits increased \$17.1 million. Total core customer deposits decreased \$7.1 million during the first quarter of 2024 while there was an increase of \$24.2 million in wholesale funding (brokered deposits).

Shareholders' equity declined \$640,000 during the first quarter of 2024 to \$37.0 million primarily due to the \$785,000 increase in the accumulated other comprehensive income ("AOCI") loss to \$18.1 million. 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 March 31, 2024:

## Capital and Capital Ratios

|  | <b>Quarter Ended</b> |              |
|--|----------------------|--------------|
|  | <b>3/31/2024</b>     |              |
|  | <u>Amount</u>        | <u>Ratio</u> |
| <b>Actual</b>                            |                      |              |
| (dollars in thousands)                   |                      |              |
| Total Capital (to risk-weighted assets)  | \$ 59,133            | 12.22%       |
| Tier 1 Capital (to risk-weighted assets) | \$ 55,059            | 11.38%       |
| Tier 1 Capital (to average assets)       | \$ 55,059            | 10.37%       |

### **Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions**

(dollars in thousands)

|  |           |        |
|--|-----------|--------|
| Total Capital (to risk-weighted assets)  | \$ 48,000 | 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 \$25.1 million, or 7%, to \$359.2 million at March 31, 2024 compared to \$334.1 million at December 31, 2023 and increased \$58.2 million, or 19%, from \$301.0 million at March 31, 2023. While not included in loans outstanding, the Bank also had unfunded loan commitments of \$128.1 million, bringing total loans outstanding and unfunded commitments to \$487.3 million at March 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 March 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</u><br><u>3/31/2024</u> | <u>Percentage of</u><br><u>Loan Portfolio</u> |
|--|--|---|
| Other Construction & Land Development    | \$ 48,228,671                            |   |
| Nonowner-occupied Commercial Real Estate | 126,596,765                              |   |
| <b>Total Commercial Real Estate</b>      | <u>174,825,436</u>                       | 48%   |
| Owner-occupied Real Estate               | 91,842,898                               |   |
| C&I                                      | 90,293,646                               |   |
| <b>Total C&amp;I</b>                     | <u>182,136,544</u>                       | 51%   |
| <b>Other Revolving Loans</b>             | <u>2,237,514</u>                         | 1%  |
| Total                                    | <u>\$ 359,199,494</u>                    |   |

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

The Bank had no reportable past due loans or nonperforming assets at March 31, 2024. 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 at March 31, 2024 was \$3.7 million, or 1.03% of outstanding loans. The allowance for credit losses on unfunded loan commitments, recorded as a liability on the balance sheet, was \$392,000, or 0.31% of the unfunded commitments at March 31, 2024.

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

The Bank's GAAP tangible book value per share was \$5.52 at March 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 \$8.61 at March 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 \$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 March 31, 2024, the Bank had an aggregate AOCI loss of \$18.1 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 the liabilities 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)                           | March 31, 2024        | December 31, 2023     | \$ Change            | % Change   |
| <b>Assets</b>                                       |                       |                       |                      |            |
| Cash & Due from Banks                               | \$ 30,489,026         | \$ 33,610,971         | \$ (3,121,945)       | -9%        |
| Securities  | 131,199,978           | 137,537,443           | (6,337,465)          | -5%        |
| Federal Funds Sold                                  | -                     | -                     | -                    | 0%         |
| Loans   | 359,199,494           | 334,142,073           | 25,057,421           | 7%         |
| Allowance for Credit Losses ("ACL")                 | (3,681,954)           | (3,729,925)           | 47,971               | 1%         |
| <b>Loans, Net</b>                                   | <b>355,517,540</b>    | <b>330,412,148</b>    | <b>25,105,392</b>    | <b>8%</b>  |
| Other Assets  | 9,943,701             | 9,591,119             | 352,582              | 4%         |
| <b>Total Assets</b>                                 | <b>\$ 527,150,245</b> | <b>\$ 511,151,681</b> | <b>\$ 15,998,564</b> | <b>3%</b>  |
| <b>Liabilities</b>                                  |                       |                       |                      |            |
| Demand Deposits                                     | \$ 102,564,892        | \$ 99,389,815         | \$ 3,175,077         | 3%         |
| ICS Reciprocal - Checking                           | 11,390,196            | 14,204,733            | (2,814,537)          | -20%       |
| Commercial Operating Accounts                       | 113,955,088           | 113,594,548           | 360,540              | 0%         |
| Interest-bearing NOW                                | 21,532,867            | 22,518,830            | (985,963)            | -4%        |
| Core MMA & Savings                                  | 102,969,388           | 85,891,021            | 17,078,367           | 20%        |
| ICS Reciprocal - MMA                                | 42,157,824            | 76,963,368            | (34,805,544)         | -45%       |
| Total MMA & Savings                                 | 145,127,212           | 162,854,389           | (17,727,177)         | -11%       |
| Core Time Deposits                                  | 21,153,172            | 11,019,913            | 10,133,259           | 92%        |
| CDARS - Reciprocal                                  | 11,701,169            | 10,601,322            | 1,099,847            | 10%        |
| Brokered CDs  | 164,119,991           | 139,859,453           | 24,260,538           | 17%        |
| Total Time Deposits                                 | 196,974,332           | 161,480,688           | 35,493,644           | 22%        |
| <b>Total Deposits</b>                               | <b>477,589,499</b>    | <b>460,448,455</b>    | <b>17,141,044</b>    | <b>4%</b>  |
| Other Borrowings                                    | 9,000,000             | 9,000,000             | -                    | 0%         |
| Federal Funds Purchased                             | -                     | -                     | -                    | 0%         |
| ACL on Unfunded Commitments                         | 392,328               | 678,444               | (286,116)            | -42%       |
| Other Liabilities                                   | 3,205,767             | 3,422,078             | (216,311)            | -6%        |
| <b>Total Liabilities</b>                            | <b>490,187,594</b>    | <b>473,548,977</b>    | <b>16,638,617</b>    | <b>4%</b>  |
| <b>Shareholders' Equity</b>                         |                       |                       |                      |            |
| Common Stock  | 66,938,869            | 66,692,747            | 246,122              | 0%         |
| Accumulated Deficit                                 | (11,880,398)          | (11,779,488)          | (100,910)            | -1%        |
| Accumulated Other Comprehensive Loss                | (18,095,820)          | (17,310,555)          | (785,265)            | -5%        |
| <b>Total Shareholders' Equity</b>                   | <b>36,962,651</b>     | <b>37,602,704</b>     | <b>(640,053)</b>     | <b>-2%</b> |
| <b>Total Liabilities &amp; Shareholders' Equity</b> | <b>\$ 527,150,245</b> | <b>\$ 511,151,681</b> | <b>\$ 15,998,564</b> | <b>3%</b>  |
| Shares Outstanding                                  | 6,695,121             | 6,695,121             | 0                    | 0%         |
| Tangible Book Value per Share                       | \$ 5.52               | \$ 5.62               | \$ (0.09)            | -2%        |

Triad Business Bank

| Income Statement (Unaudited)                      | For Three Months Ended |                     | \$ Change         | % Change    |
|---|------------------------|---------------------|-------------------|-------------|
|   | March 31, 2024         | December 31, 2023   |                   |             |
| <b>Interest Income</b>                            |                        |                     |                   |             |
| Interest & Fees on Loans                          | \$ 5,253,323           | \$ 4,853,516        | \$ 399,807        | 8%          |
| Interest & Dividend Income on Securities          | 1,090,009              | 1,170,658           | (80,649)          | -7%         |
| Interest Income on Balances Due from Banks        | 283,289                | 322,412             | (39,123)          | -12%        |
| Other Interest Income                             | 87,369                 | 83,452              | 3,917             | 5%          |
| <b>Total Interest Income</b>                      | <b>6,713,990</b>       | <b>6,430,038</b>    | <b>283,952</b>    | <b>4%</b>   |
| <b>Interest Expense</b>                           |                        |                     |                   |             |
| Interest on Checking Deposits                     | 218,511                | 233,811             | (15,300)          | -7%         |
| Interest on Savings & MMA Deposits                | 1,430,372              | 1,484,151           | (53,779)          | -4%         |
| Interest on Time Deposits                         | 2,161,020              | 1,829,874           | 331,146           | 18%         |
| Interest on Federal Funds Purchased               | -                      | -                   | -                 | 0%          |
| Interest on Borrowings                            | 200,034                | 223,442             | (23,408)          | -10%        |
| Other Interest Expense                            | 66,637                 | 67,927              | (1,290)           | -2%         |
| <b>Total Interest Expense</b>                     | <b>4,076,574</b>       | <b>3,839,205</b>    | <b>237,369</b>    | <b>6%</b>   |
| <b>Net Interest Income</b>                        | <b>2,637,416</b>       | <b>2,590,833</b>    | <b>46,583</b>     | <b>2%</b>   |
| Provision for Credit Losses                       | (334,087)              | 322,715             | (656,802)         | -204%       |
| <b>Net Interest Income After Provision for CL</b> | <b>2,971,503</b>       | <b>2,268,118</b>    | <b>703,385</b>    | <b>31%</b>  |
| <b>Total Noninterest Income</b>                   | <b>283,910</b>         | <b>294,628</b>      | <b>(10,718)</b>   | <b>-4%</b>  |
| <b>Total Gain (Loss) on Securities</b>            | <b>20,309</b>          | <b>6,300</b>        | <b>14,009</b>     | <b>222%</b> |
| <b>Noninterest Expense</b>                        |                        |                     |                   |             |
| Salaries & Benefits                               | 2,210,023              | 2,276,590           | (66,567)          | -3%         |
| Premises & Equipment                              | 136,442                | 137,398             | (956)             | -1%         |
| Total Other Noninterest Expense                   | 1,030,167              | 955,551             | 74,616            | 8%          |
| <b>Total Noninterest Expense</b>                  | <b>3,376,632</b>       | <b>3,369,539</b>    | <b>7,093</b>      | <b>0%</b>   |
| <b>Income (Loss) Before Income Tax</b>            | <b>(100,910)</b>       | <b>(800,493)</b>    | <b>699,583</b>    | <b>87%</b>  |
| <b>Income Tax</b>                                 | <b>-</b>               | <b>-</b>            | <b>-</b>          | <b>0%</b>   |
| <b>Net Income (Loss)</b>                          | <b>\$ (100,910)</b>    | <b>\$ (800,493)</b> | <b>\$ 699,583</b> | <b>87%</b>  |
| Net Income (Loss) per Share                       |                        |                     |                   |             |
| Basic   | \$ (0.02)              | \$ (0.12)           | \$ 0.10           | 87%         |
| Diluted   | \$ (0.02)              | \$ (0.12)           | \$ 0.10           | 87%         |
| Weighted Average Shares Outstanding               |                        |                     |                   |             |
| Basic   | 6,695,121              | 6,694,694           | 427               | 0%          |
| Diluted   | 6,695,121              | 6,694,694           | 427               | 0%          |
| Pre-provision, Pre-tax Loss                       | \$ (434,997)           | \$ (477,778)        | \$ 42,781         | 9%          |

| <b>Triad Business Bank</b>                            |                |   |                        |                                     |   |                        |
|---|----------------|---|------------------------|-------------------------------------|---|------------------------|
| <b>Key Ratios &amp; Other Information (Unaudited)</b> |                |   |                        |                                     |   |                        |
|   |                | <b>Quarter Ended<br/>3/31/2024</b>      |                        | <b>Quarter Ended<br/>12/31/2023</b> |   |                        |
|   | <b>Balance</b> | <b>Interest<br/>Income/<br/>Expense</b> | <b>Yield/<br/>Rate</b> | <b>Balance</b>                      | <b>Interest<br/>Income/<br/>Expense</b> | <b>Yield/<br/>Rate</b> |
| <b>Yield on Average Loans</b>                         | \$ 348,932,123 | \$ 5,253,323                            | 6.055%                 | 333,128,084                         | 4,853,516                               | 5.780%                 |
| <b>Yield on Average Investment Securities</b>         | \$ 133,568,374 | \$ 1,090,009                            | 3.282%                 | \$ 134,652,018                      | \$ 1,170,658                            | 3.449%                 |
| <b>Yield on Average Interest-earning Assets</b>       | \$ 504,440,542 | \$ 6,713,990                            | 5.353%                 | \$ 492,038,846                      | \$ 6,430,038                            | 5.185%                 |
| <b>Cost of Average Interest-bearing Liabilities</b>   | \$ 377,862,470 | \$ 4,076,574                            | 4.339%                 | \$ 363,885,127                      | \$ 3,839,205                            | 4.186%                 |
| <b>Net Interest Margin</b>                            |                |   |                        |                                     |   |                        |
| Interest Income                                       |                | \$ 6,713,990                            |                        |                                     | \$ 6,430,038                            |                        |
| Interest Expense                                      |                | <u>4,076,574</u>                        |                        |                                     | <u>3,839,205</u>                        |                        |
| Average Earnings Assets                               | \$ 504,440,542 |   |                        | \$ 492,038,846                      |   |                        |
| <b>Net Interest Income &amp; Net Interest Margin</b>  |                | <u>\$ 2,637,416</u>                     | 2.103%                 |                                     | <u>\$ 2,590,833</u>                     | 2.089%                 |
| <b>Loan to Asset Ratio</b>                            |                |   |                        |                                     |   |                        |
| Loan Balance  | \$ 359,199,494 |   |                        | \$ 334,142,073                      |   |                        |
| Total Assets  | 527,150,245    |   | 68.140%                | 511,151,681                         |   | 65.370%                |
| <b>Leverage Ratio</b>                                 |                |   |                        |                                     |   |                        |
| Tier 1 Capital  | \$ 55,058,471  |   |                        | \$ 54,913,259                       |   |                        |
| Average Total Assets                                  | 530,957,281    |   | 10.370%                | 521,794,894                         |   | 10.524%                |
| <b>Unfunded Commitments to Extend Credit</b>          | \$ 128,089,831 |   |                        | \$ 135,959,421                      |   |                        |
| <b>Standby Letters of Credit</b>                      | 186,252        |   |                        | 186,252                             |   |                        |

| Triad Business Bank                                 |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Balance Sheet (Unaudited)                           | March 31, 2024        | December 31, 2023     | September 30, 2023    | June 30, 2023         | March 31, 2023        |
| <b>Assets</b>                                       |                       |                       |                       |                       |                       |
| Cash & Due from Banks                               | \$ 30,489,026         | \$ 33,610,971         | \$ 28,774,582         | \$ 52,211,693         | \$ 41,939,297         |
| Securities  | 131,199,978           | 137,537,443           | 135,448,032           | 139,889,880           | 136,775,960           |
| Federal Funds Sold                                  | -                     | -                     | -                     | -                     | -                     |
| Loans   | 359,199,494           | 334,142,073           | 328,954,619           | 316,210,980           | 300,970,336           |
| Allowance for Credit Losses ("ACL")                 | <u>(3,681,954)</u>    | <u>(3,729,925)</u>    | <u>(3,738,836)</u>    | <u>(3,509,593)</u>    | <u>(3,354,606)</u>    |
| <b>Loans, Net</b>                                   | <b>355,517,540</b>    | <b>330,412,148</b>    | <b>325,215,783</b>    | <b>312,701,387</b>    | <b>297,615,730</b>    |
| Other Assets  | 9,943,701             | 9,591,119             | 8,845,602             | 8,296,216             | 8,598,657             |
| <b>Total Assets</b>                                 | <b>\$ 527,150,245</b> | <b>\$ 511,151,681</b> | <b>\$ 498,283,999</b> | <b>\$ 513,099,176</b> | <b>\$ 484,929,644</b> |
| <b>Liabilities</b>                                  |                       |                       |                       |                       |                       |
| Demand Deposits                                     | \$ 102,564,892        | \$ 99,389,815         | \$ 101,103,791        | \$ 104,796,822        | \$ 106,109,354        |
| ICS Reciprocal - Checking                           | 11,390,196            | 14,204,733            | 11,241,300            | 29,689,563            | 26,977,867            |
| Commercial Operating Accounts                       | 113,955,088           | 113,594,548           | 112,345,091           | 134,486,385           | 133,087,221           |
| Interest-bearing NOW                                | 21,532,867            | 22,518,830            | 20,914,221            | 19,885,942            | 5,468,207             |
| Core MMA & Savings                                  | 102,969,388           | 85,891,021            | 95,161,537            | 95,250,866            | 169,575,165           |
| ICS Reciprocal - MMA                                | 42,157,824            | 76,963,368            | 73,887,703            | 78,325,692            | 20,430,098            |
| Total MMA & Savings                                 | 145,127,212           | 162,854,389           | 169,049,240           | 173,576,558           | 190,005,263           |
| Core Time Deposits                                  | 21,153,172            | 11,019,913            | 10,598,293            | 9,541,015             | 7,421,530             |
| CDARS - Reciprocal                                  | 11,701,169            | 10,601,322            | 9,555,900             | 10,343,801            | 5,746,927             |
| Brokered CDs  | 164,119,991           | 139,859,453           | 129,584,145           | 120,201,839           | 87,165,000            |
| Total Time Deposits                                 | 196,974,332           | 161,480,688           | 149,738,338           | 140,086,655           | 100,333,457           |
| <b>Total Deposits</b>                               | <b>477,589,499</b>    | <b>460,448,455</b>    | <b>452,046,890</b>    | <b>468,035,540</b>    | <b>428,894,148</b>    |
| Other Borrowings                                    | 9,000,000             | 9,000,000             | 9,000,000             | 5,000,000             | 15,000,000            |
| Federal Funds Purchased                             | -                     | -                     | -                     | -                     | -                     |
| ACL on Unfunded Commitments                         | 392,328               | 678,444               | 647,068               | 620,519               | 700,980               |
| Other Liabilities                                   | 3,205,767             | 3,422,078             | 2,750,602             | 2,803,124             | 2,435,003             |
| <b>Total Liabilities</b>                            | <b>490,187,594</b>    | <b>473,548,977</b>    | <b>464,444,560</b>    | <b>476,459,183</b>    | <b>447,030,131</b>    |
| <b>Shareholders' Equity</b>                         |                       |                       |                       |                       |                       |
| Common Stock  | 66,938,869            | 66,692,747            | 66,448,450            | 66,206,484            | 66,037,467            |
| Accumulated Deficit                                 | (11,880,398)          | (11,779,488)          | (10,978,995)          | (10,320,428)          | (9,884,175)           |
| Accumulated Other Comprehensive Loss                | <u>(18,095,820)</u>   | <u>(17,310,555)</u>   | <u>(21,630,016)</u>   | <u>(19,246,063)</u>   | <u>(18,253,779)</u>   |
| <b>Total Shareholders' Equity</b>                   | <b>36,962,651</b>     | <b>37,602,704</b>     | <b>33,839,439</b>     | <b>36,639,993</b>     | <b>37,899,513</b>     |
| <b>Total Liabilities &amp; Shareholders' Equity</b> | <b>\$ 527,150,245</b> | <b>\$ 511,151,681</b> | <b>\$ 498,283,999</b> | <b>\$ 513,099,176</b> | <b>\$ 484,929,644</b> |
| Shares Outstanding                                  | 6,695,121             | 6,695,121             | 6,693,965             | 6,693,965             | 6,602,984             |
| Tangible Book Value per Share                       | \$ 5.52               | \$ 5.62               | \$ 5.06               | \$ 5.47               | \$ 5.74               |

| Triad Business Bank                               |  |   |  |   |  |
|---|--|---|--|---|--|
| Income Statement (Unaudited)                      | For Three Months Ended<br>March 31, 2024 | For Three Months Ended<br>December 31, 2023 | For Three Months Ended<br>September 30, 2023 | For Three Months Ended<br>June 30, 2023 | For Three Months Ended<br>March 31, 2023 |
| <b>Interest Income</b>                            |  |   |  |   |  |
| Interest & Fees on Loans                          | \$ 5,253,323                             | \$ 4,853,516                                | \$ 4,547,570                                 | \$ 4,156,500                            | \$ 3,535,845                             |
| Interest & Dividend Income on Securities          | 1,090,009                                | 1,170,858                                   | 1,171,364                                    | 1,090,464                               | 1,011,613                                |
| Interest Income on Balances Due from Banks        | 283,289                                  | 322,412                                     | 405,520                                      | 391,371                                 | 308,571                                  |
| Other Interest Income                             | 87,369                                   | 83,452                                      | 82,167                                       | 76,387                                  | 60,029                                   |
| <b>Total Interest Income</b>                      | <b>6,713,990</b>                         | <b>6,430,038</b>                            | <b>6,206,621</b>                             | <b>5,714,722</b>                        | <b>4,916,058</b>                         |
| <b>Interest Expense</b>                           |  |   |  |   |  |
| Interest on Checking Deposits                     | 218,511                                  | 233,811                                     | 217,879                                      | 184,372                                 | 93,294                                   |
| Interest on Savings & MMA Deposits                | 1,430,372                                | 1,484,151                                   | 1,508,522                                    | 1,329,486                               | 1,342,045                                |
| Interest on Time Deposits                         | 2,161,020                                | 1,829,874                                   | 1,608,518                                    | 1,228,575                               | 591,865                                  |
| Interest on Federal Funds Purchased               | -  | -   | -  | 170                                     | -  |
| Interest on Borrowings                            | 200,034                                  | 223,442                                     | 161,457                                      | 187,215                                 | 180,360                                  |
| Other Interest Expense                            | 66,637                                   | 67,927                                      | 67,359                                       | 62,970                                  | 54,519                                   |
| <b>Total Interest Expense</b>                     | <b>4,076,574</b>                         | <b>3,839,205</b>                            | <b>3,563,735</b>                             | <b>2,992,788</b>                        | <b>2,262,083</b>                         |
| <b>Net Interest Income</b>                        | <b>2,637,416</b>                         | <b>2,590,833</b>                            | <b>2,642,886</b>                             | <b>2,721,934</b>                        | <b>2,653,975</b>                         |
| Provision for Credit Losses                       | (334,087)                                | 322,715                                     | 255,792                                      | 74,526                                  | 2,262,148                                |
| <b>Net Interest Income After Provision for CL</b> | <b>2,971,503</b>                         | <b>2,268,118</b>                            | <b>2,387,094</b>                             | <b>2,647,408</b>                        | <b>391,827</b>                           |
| <b>Total Noninterest Income</b>                   | <b>283,910</b>                           | <b>294,628</b>                              | <b>185,914</b>                               | <b>163,673</b>                          | <b>193,706</b>                           |
| <b>Total Gain (Loss) on Securities</b>            | <b>20,309</b>                            | <b>6,300</b>                                | <b>(2,800)</b>                               | <b>4,200</b>                            | <b>27,300</b>                            |
| <b>Noninterest Expense</b>                        |  |   |  |   |  |
| Salaries & Benefits                               | 2,210,023                                | 2,276,590                                   | 2,155,982                                    | 2,110,577                               | 2,061,734                                |
| Premises & Equipment                              | 136,442                                  | 137,398                                     | 125,426                                      | 135,379                                 | 135,654                                  |
| Total Other Noninterest Expense                   | 1,030,167                                | 955,551                                     | 947,367                                      | 1,005,578                               | 839,972                                  |
| <b>Total Noninterest Expense</b>                  | <b>3,376,632</b>                         | <b>3,369,539</b>                            | <b>3,228,775</b>                             | <b>3,251,534</b>                        | <b>3,037,360</b>                         |
| <b>Loss Before Income Tax</b>                     | <b>(100,910)</b>                         | <b>(800,493)</b>                            | <b>(658,567)</b>                             | <b>(436,253)</b>                        | <b>(2,424,527)</b>                       |
| <b>Income Tax</b>                                 | <b>-</b>                                 | <b>-</b>                                    | <b>-</b>                                     | <b>-</b>                                | <b>-</b>                                 |
| <b>Net Loss</b>                                   | <b>\$ (100,910)</b>                      | <b>\$ (800,493)</b>                         | <b>\$ (658,567)</b>                          | <b>\$ (436,253)</b>                     | <b>\$ (2,424,527)</b>                    |
| Net Loss per Share                                |  |   |  |   |  |
| Basic   | \$ (0.02)                                | \$ (0.12)                                   | \$ (0.10)                                    | \$ (0.07)                               | \$ (0.37)                                |
| Diluted   | \$ (0.02)                                | \$ (0.12)                                   | \$ (0.10)                                    | \$ (0.07)                               | \$ (0.37)                                |
| Weighted Average Shares Outstanding               |  |   |  |   |  |
| Basic   | 6,695,121                                | 6,694,694                                   | 6,693,965                                    | 6,622,596                               | 6,602,984                                |
| Diluted   | 6,695,121                                | 6,694,694                                   | 6,693,965                                    | 6,622,596                               | 6,602,984                                |
| Pre-provision, Pre-tax Loss                       | \$ (434,997)                             | \$ (477,778)                                | \$ (402,775)                                 | \$ (361,727)                            | \$ (162,379)                             |

| <b>Triad Business Bank</b>  |                                    |              |                                     |              |                                    |              |                                    |              |                                    |              |
|---|------------------------------------|--------------|-------------------------------------|--------------|------------------------------------|--------------|------------------------------------|--------------|------------------------------------|--------------|
| <b>Capital and Capital Ratios (Unaudited)</b>                                       |                                    |              |                                     |              |                                    |              |                                    |              |                                    |              |
|   | <b>Quarter Ended<br/>3/31/2024</b> |              | <b>Quarter Ended<br/>12/31/2023</b> |              | <b>Quarter Ended<br/>9/30/2023</b> |              | <b>Quarter Ended<br/>6/30/2023</b> |              | <b>Quarter Ended<br/>3/31/2023</b> |              |
|   | <b>Amount</b>                      | <b>Ratio</b> | <b>Amount</b>                       | <b>Ratio</b> | <b>Amount</b>                      | <b>Ratio</b> | <b>Amount</b>                      | <b>Ratio</b> | <b>Amount</b>                      | <b>Ratio</b> |
| <b>Actual</b>   |                                    |              |                                     |              |                                    |              |                                    |              |                                    |              |
| (dollars in thousands)  |                                    |              |                                     |              |                                    |              |                                    |              |                                    |              |
| Total Capital (to risk-weighted assets)   | \$ 59,133                          | 12.22%       | \$ 59,322                           | 12.70%       | \$ 59,855                          | 12.89%       | \$ 60,017                          | 13.41%       | \$ 60,210                          | 14.03%       |
| Tier 1 Capital (to risk-weighted assets)  | \$ 55,059                          | 11.38%       | \$ 54,913                           | 11.76%       | \$ 55,469                          | 11.94%       | \$ 55,886                          | 12.48%       | \$ 56,154                          | 13.09%       |
| Tier 1 Capital (to average assets)  | \$ 55,059                          | 10.37%       | \$ 54,913                           | 10.52%       | \$ 55,469                          | 10.76%       | \$ 55,886                          | 11.11%       | \$ 56,154                          | 11.73%       |
| <b>Minimum To Be Well-Capitalized Under<br/>Prompt Corrective Action Provisions</b> |                                    |              |                                     |              |                                    |              |                                    |              |                                    |              |
| (dollars in thousands)  |                                    |              |                                     |              |                                    |              |                                    |              |                                    |              |
| Total Capital (to risk-weighted assets)   | \$ 48,000                          | 10.00%       | \$ 47,000                           | 10.00%       | \$ 46,000                          | 10.00%       | \$ 45,000                          | 10.00%       | \$ 43,000                          | 10.00%       |
| Tier 1 Capital (to risk-weighted assets)  | \$ 39,000                          | 8.00%        | \$ 37,000                           | 8.00%        | \$ 37,000                          | 8.00%        | \$ 36,000                          | 8.00%        | \$ 34,000                          | 8.00%        |
| Tier 1 Capital (to average assets)  | \$ 27,000                          | 5.00%        | \$ 26,000                           | 5.00%        | \$ 26,000                          | 5.00%        | \$ 25,000                          | 5.00%        | \$ 24,000                          | 5.00%        |

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

|  | Actual<br><u>3/31/2024</u> | Non-GAAP<br><u>3/31/2024</u> |
|--|----------------------------|------------------------------|
| Total Shareholders' Equity                         | \$ 36,962,651              | \$ 36,962,651                |
| Eliminate Deferred Tax Asset Valuation Allowance   | -                          | 2,560,959                    |
| Eliminate Accumulated Other Comprehensive Loss     | -                          | <u>18,095,820</u>            |
| Adjusted Shareholders' Equity                      | <u>\$ 36,962,651</u>       | <u>\$ 57,619,430</u>         |
| <br>   |                            |                              |
| Shares Outstanding                                 | 6,695,121                  | 6,695,121                    |
| Tangible Book Value per Share                      | \$ 5.52                    | \$ 8.61                      |
| <br>   |                            |                              |
| Effect of Non-GAAP Measures on Tangible Book Value |                            | \$ 3.09                      |

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, 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<br><u>3/31/2024</u> | Qtr Ended<br><u>12/31/2023</u> |
|---|-------------------------------|--------------------------------|
| Loss Before Income Tax                          | \$ (100,910)                  | \$ (800,493)                   |
| Provision for Credit Losses                     | <u>(334,087)</u>              | <u>322,715</u>                 |
| Pre-provision Loss Before Income Tax (Non-GAAP) | <u>\$ (434,997)</u>           | <u>\$ (477,778)</u>            |

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