FOR IMMEDIATE RELEASE

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Mountain Commerce Bancorp, Inc. Announces Second Quarter 2023 Results And Quarterly Cash Dividend

Knoxville, Tennessee, July 24, 2023 – Mountain Commerce Bancorp, Inc. (the "Company") (OTCQX: MCBI), the holding company for Mountain Commerce Bank (the "Bank"), today announced earnings and related data as of and for the six months ended June 30, 2023.

The Company also announced today that its Board of Directors declared a quarterly cash dividend of $0.16 per common share, our eleventh consecutive quarterly dividend. The dividend is payable on September 1, 2023 to shareholders of record as of the close of business on August 7, 2023.

Highlights

The following tables highlight the trends that the Company believes are most relevant to understanding the performance of the Company as of and for the three and six months ended June 30, 2023. As further detailed in Appendix A and Appendix C to this press release, adjusted results (which are non-GAAP financial measures), reflect adjustments for realized and unrealized investment gains and losses, PPP fee accretion (net of the amortization of PPP deferred loan costs and one-time PPP bonuses), gains from the sale of fixed assets, the provision for credit losses, the provision for (recovery of) unfunded loan commitments, and the impact of a fraudulent wire loss incurred in the second quarter of 2022 and a recovery associated with that loss in the first quarter of 2023. See Appendix B to this press release for more information on our tax equivalent net interest margin. All financial information in this press release is unaudited.

		For the Three Months Ended June 30, (Dollars in thousands, except per share data)			
		2023			2022	
		GAAP	Adjusted (1)		GAAP	Adjusted (1)
Net income	$	2,459	2,202	$	4,565	5,909
Diluted earnings per share	$	0.39	0.35	$	0.73	0.95
Return on average assets (ROAA)		0.59%	0.53%		1.29%	1.67%
Return on average equity		8.13%	7.28%		15.81%	20.47%
Noninterest expense to average assets		1.47%	1.47%		1.68%	1.63%
Net interest margin (tax equivalent)		2.09%	2.09%		3.76%	3.75%
Pre-tax, pre-provision earnings (1)	$		2,315	$		6,327
Pre-tax, pre-provision ROAA (1)			0.55%			1.79%

(1) Represents a non-GAAP financial measure. See Appendix A to this press release for more information.

		For the Six Months Ended June 30, (Dollars in thousands, except per share data)				
		2023			2022	
		GAAP	Adjusted (1)		GAAP	Adjusted (1)
Net income	$	4,817	5,258	$	9,330	11,492
Diluted earnings per share	$	0.77	0.84	$	1.50	1.85
Return on average assets (ROAA)		0.58%	0.63%		1.34%	1.66%
Return on average equity		8.02%	8.75%		15.87%	19.54%
Noninterest expense to average assets		1.47%	1.47%		1.63%	1.57%
Net interest margin (tax equivalent)		2.32%	2.32%		3.74%	3.70%
Pre-tax, pre-provision earnings (1)	$		5,852	$		13,084
Pre-tax, pre-provision ROAA (1)			0.71%			1.89%

(1) Represents a non-GAAP financial measure. See Appendix A to this press release for more information.

	As of and for the 3 Months Ended June 30, 2023	As of and for the 3 Months Ended March 31, 2023	As of and for the 12 Months Ended December 31, 2022
	(Dollars in thousands, except share data)		
Asset Quality			
Non-performing loans	$ 610	$ 458	$ 1,277
Real estate owned	$ -	$ -	$ -
Non-performing assets	$ 747	$ 458	$ 1,277
Non-performing loans to total loans	0.04%	0.03%	0.10%
Non-performing assets to total assets	0.04%	0.04%	0.08%
Year-to-date net charge-offs	$ 49	$ 23	$ 89
Allowance for credit losses to non-performing loans	1962.95%	2688.43%	990.21%
Allowance for credit losses to total loans	0.85%	0.90%	0.96%
Other Data			
Cash dividends declared	$ 0.160	$ 0.160	$ 0.160
Shares outstanding	6,365,096	6,360,895	6,361,494
Book and tangible book value per share (2)	$ 19.00	$ 18.95	$ 18.43
Accumulated other comprehensive income (loss) (AOCI) per share	(2.78)	(3)	(2.83)
Book and tangible book value per share, excluding AOCI (1) (2)	21.78	$ 21.52	$ 21.26
Closing market price per common share	$ 16.50	$ 23.51	$ 27.75
Closing price to book value ratio	86.84%	124.06%	150.53%
Tangible common equity to tangible assets ratio	7.04%	7.10%	7.33%
Bank regulatory leverage ratio	9.72%	9.80%	9.45%

(1) As further detailed in Appendix A and Appendix C to this press release, this is a non-GAAP financial measure

(2) The Company does not have any intangible assets

Five Quarter Trends

		For the Three Months Ended (Dollars in thousands, except per share data)							
		2023				2022			
		June 30 GAAP		March 31 GAAP		December 31 GAAP		September 30 GAAP		June 30 GAAP
Net income	$	2,459	$	2,358	$	3,788	$	5,322	$	4,565
Diluted earnings per share	$	0.39	$	0.38	$	0.61	$	0.85	$	0.73
Return on average assets (ROAA)		0.59%		0.57%		0.96%		1.40%		1.29%
Return on average equity		8.13%		7.89%		13.15%		18.36%		15.81%
Noninterest expense to average assets		1.47%		1.47%		1.69%		1.49%		1.68%
Net interest margin (tax equivalent)		2.09%		2.55%		3.22%		3.66%		3.76%
		2023				2022				
		June 30 Adjusted (1)		March 31 Adjusted (2)		December 31 Adjusted (2)		September 30 Adjusted (2)		June 30 Adjusted (1)
Net income	$	2,202	$	3,055	$	4,309	$	5,994	$	5,909
Diluted earnings per share	$	0.35	$	0.49	$	0.69	$	0.96	$	0.95
Return on average assets (ROAA)		0.53%		0.74%		1.09%		1.58%		1.67%
Return on average equity		7.28%		10.22%		14.96%		20.68%		20.47%
Noninterest expense to average assets		1.47%		1.47%		1.68%		1.50%		1.63%
Net interest margin (tax equivalent)		2.09%		2.55%		3.22%		3.65%		3.75%
Pre-tax, pre-provision earnings	$	2,315	$	3,537	$	5,145	$	7,807	$	6,327
Pre-tax, pre-provision ROAA		0.55%		0.86%		1.30%		2.06%		1.79%

(1) Represents a non-GAAP financial measure. See Appendix A to this press release for more information.
(2) Represents a non-GAAP financial measure. See Appendix C to this press release for more information.

Management Commentary

William E. "Bill" Edwards, III, President and Chief Executive Officer of the Company, commented as follows:

"The second quarter of 2023 was another operationally challenging quarter as short term interest rates continued to rise, putting a strain on our net interest margin and earnings. We are pleased that our yield on taxable loans increased 94 bp from 4.34% in the second quarter of 2022 to 5.28% in the second quarter of 2023, with recent average production yields of approximately 8%. However, the rate paid on interest bearing liabilities increased 345 bp from 0.48% to 3.93% over the same period. We continue to experience very low levels of loan charge-offs and our allowance coverage of nonperforming loans was nearly 20 to 1 at June 30, 2023. From an asset quality perspective, our non-performing assets to total assets remained at historical lows of 0.04% at June 30, 2023, with no properties in real estate owned. We continue to remain disciplined on loan quality and pricing, and intend to prioritize the value of maintaining and growing our deposit relationships, including certificates of deposit which have grown nearly $280 million since June 30, 2022. Finally, we believe that our June 30, 2023 liquidity remains strong with available funding sources well in excess of our level of uninsured deposits.

We continue to work diligently on several projects located across our markets, including the following:

- The construction of our Johnson City financial center continues with an expected completion date of mid-2024. This location, which has significant I-26 visibility, will be a major upgrade from our single existing branch in this market, and we believe the opening of this location will aid in our efforts to substantially grow our Johnson City and TriCities market share. We expect to consolidate approximately 8,300 sf of leased space with an annual cost of $170 thousand into this building.
- We continue to make repairs and improvements to our newest financial center at 9950 Kingston Pike in Knoxville. In addition to providing a more visible and strategic location, we also expect to consolidate approximately 8,900 sf of space that we currently lease with an annual cost of $210 thousand into this office once renovations are complete. This building is expected to be operational later in the third quarter of 2023."

Net Interest Income

Net interest income decreased $4.5 million, or 36.3%, from $12.3 million for the three months ended June 30, 2022 to $7.8 million for the same period in 2023. The decrease between the periods was primarily the net result of the following factors:

- Average interest-earning assets grew $229.4 million, or 16.8%, from $1.361 billion to $1.591 billion, driven primarily by increases in loans.
- Average net interest-earning assets declined $75.3 million, or 18.6%, from $404.3 million to $329.0 million, due primarily to a $53.3 million decrease in noninterest bearing deposits and a $27.7 million increase in noninterest earning assets – primarily higher levels of fixed assets discussed below.
- The average rate paid on interest-bearing liabilities increased 345 bp from 0.48% to 3.93%, while the average rate earned on interest-earning assets increased 111 bp from 4.10% to 5.21%, resulting in a decrease in tax-equivalent net interest margin from 3.76% to 2.09%. The increase in the average rate paid on interest-bearing liabilities was due to the rising rate environment and competitive funding pressures in our markets, which resulted in customers seeking higher rate certificates of deposit and the Company's cost of wholesale funding rising significantly.
- The Company did not recognize any PPP loan origination fees, net of the amortization of deferred PPP loan costs, through net interest income during the three months ended June 30, 2023 and 2022, respectively. No net PPP loan origination fees remain to be recognized as of June 30, 2023.

Net interest income decreased $6.7 million, or 28.1%, from $24.0 million for the six months ended June 30, 2022 to $17.2 million for the same period in 2023. The decrease between the periods was primarily the net result of the following factors:

- Average interest-earning assets grew $242.9 million, or 18.1%, from $1.337 billion to $1.580 billion, driven primarily by increases in loans.
- Average net interest-earning assets declined $63.8 million, or 16.1%, from $397.2 million to $333.4 million, due primarily to a $37.7 million decrease in noninterest bearing deposits and a

$28.8 million increase in noninterest earning assets - primarily higher levels of fixed assets discussed below.

- The average rate paid on interest-bearing liabilities increased 309 bp from 0.42% to 3.51%, while the average rate earned on interest-earning assets increased 106 bp from 4.03% to 5.09%, resulting in a decrease in tax-equivalent net interest margin from 3.74% to 2.32%. The increase in the average rate paid on interest-bearing liabilities was due to the rising rate environment and competitive funding pressures in our markets, which resulted in customers seeking higher rate certificates of deposit and the Company's cost of wholesale funding rising significantly.
- The Company recognized approximately $0 and $0.2 million of PPP loan origination fees, net of the amortization of deferred PPP loan costs, through net interest income during the six months ended June 30, 2023 and 2022, respectively. No net PPP loan origination fees remain to be recognized as of June 30, 2023.

Rate Sensitivity

The Company has the following loans and funding subject to repricing of short-term interest rates:

		Prime	SOFR	Federal Funds	Short-Term FHLB	Total
Loans	$	197,200	27,600	-	-	224,800
Funding	$	-	-	141,142	90,000	231,142

The Federal Reserve has increased the Federal Funds interest rate by 500 bp since December 31, 2021. Since that time, the Company has experienced the following impacts on its loan yields and deposit costs:

	Cumulative Beta	
	Loan Yields	Deposit Costs
Mar 31, 2022	128.0%	0.0%
Jun 30, 2022	32.0%	5.3%
Sep 30, 2022	24.7%	14.3%
Dec 31, 2022	25.4%	30.6%
Mar 31, 2023	26.1%	43.8%
Jun 30, 2023	27.8%	55.0%

Provision For Credit Losses

A provision for (recovery of) credit losses of ($0.6) million and $0.5 million was recognized for the three months ended June 30, 2023 and 2022, respectively. The recovery of credit losses recognized during the three months ended June 30, 2023 was primarily the result of an improvement in projected economic factors (GDP, unemployment and housing prices) over the next 12 months, offset by additional provision expense related to loan growth.

A provision for credit losses of $26 thousand and $1.1 million was recognized for the six months ended June 30, 2023 and 2022, respectively. The minimal provision recognized during the six months ended June 30, 2023 was primarily the result of an improvement in the projected economic factors noted above over the next 12 months, offset by additional provision expense related to loan growth.

The Company continues to experience historically low levels of problem assets and charge-offs. The Company adopted the provisions of Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* as of January 1, 2023. The following summarizes the impact of the adoption of ASU 2016-13:

		Impact at Jan 1, 2023
(in millions)		
Decrease to allowance for credit losses	$	(0.70)
Increase to reserve for unfunded commitments		0.70
Net impact to shareholders equity	$	-

Noninterest Income

The following summarizes changes in the Company's noninterest income for the periods indicated:

		Three Months Ended June 30		
(In thousands)		2023	2022	Change
Service charges and fees	$	393	373	20
Bank owned life insurance		46	44	2
Realized gain (loss) on sale of investment securities available for sale		1	(104)	105
Unrealized gain (loss) on equity securities		(214)	(565)	351
Gain on sale of loans		10	4	6
Gain on sale of fixed assets		-	-	-
Wealth management		170	173	(3)
Swap fees		173	-	173
Other		39	24	15
	$	618	(51)	669

		Six Months Ended June 30		
(In thousands)		2023	2022	Change
Service charges and fees	$	768	711	57
Bank owned life insurance		92	87	5
Realized gain (loss) on sale of investment securities available for sale		(9)	(170)	161
Unrealized gain (loss) on equity securities		(731)	(1,016)	285
Gain on sale of loans		13	24	(11)
Gain on sale of fixed assets		69	-	69
Wealth management		321	369	(48)
Swap fees		220	-	220
Limited partnership distributions		-	373	(373)
Other		37	19	18
	$	780	397	383

Noninterest income improved to $0.6 million in the second quarter of 2023 from ($0.1) million in the same quarter of 2022. This increase was primarily due to a decline in unrealized losses on equity securities as a result of an improvement in interest rate market conditions. The Company also recognized higher levels of swap fees during the first quarter of 2023 due to increased demand by customers for floating rate loans. The Bank receives a fee for delivering the swap to a third party, but does not maintain contractual risk for the swap.

Noninterest income improved to $0.8 million for the six months ended June 30, 2023 from $0.4 million in the same period of 2022. This increase was primarily due to a decline in unrealized losses on equity securities as a result of an improvement in interest rate market conditions. The Company also recognized higher levels of swap fees during the six month ended June 30, 2023 due to increased demand by customers for floating rate loans. Offsetting these increases was a $0.4 million decrease in distributions from limited partnerships, which tend to have an unpredictable level of distributions.

Noninterest Expense

The following summarizes changes in the Company’s noninterest expense for the periods indicated:

		Three Months Ended June 30		
(In thousands)		**2023**	**2022**	**Change**
Compensation and employee benefits	$	3,396	2,895	501
Occupancy		558	392	166
Furniture and equipment		184	129	55
Data processing		544	485	59
FDIC insurance		353	164	189
Office		205	187	18
Advertising		154	87	67
Professional fees		324	362	(38)
Other noninterest expense		424	1,241	(817)
	$	6,142	5,942	200

		Six Months Ended June 30		
(In thousands)		**2023**	**2022**	**Change**
Compensation and employee benefits	$	6,659	6,118	541
Occupancy		1,173	757	416
Furniture and equipment		376	223	153
Data processing		1,061	961	100
FDIC insurance		587	330	257
Office		407	340	67
Advertising		267	149	118
Professional fees		903	667	236
Other noninterest expense		744	1,763	(1,019)
	$	12,177	11,308	869

Noninterest expense increased $0.2 million, or 3.4%, from $5.9 million in the second quarter of 2022 to $6.1 million in the same period of 2023. Compensation and employee benefits increased $0.5 million, or 18%, in the second quarter of 2023 compared to the same period in 2022 due primarily to an increase in employee headcount from 110 to 115 associated with the opening of the Company’s new Brentwood financial center, as well as merit raises and increases in benefit costs. Occupancy expense increased $0.2 million in the second quarter of 2023 compared to the second quarter of 2022 due to lease expense on the Company’s new Brentwood financial center, as well as additional expense associated with the Company’s new operations center. The Company should benefit from lower lease expense in future quarters due to the staggered closure schedule of certain leased office space that is being replaced by the facilities currently under construction. FDIC insurance increased $0.2 million in the second quarter of 2023 compared to the same period of 2022 due to a scheduled 2 bp increase in the assessment rate. Other noninterest expense for the second quarter of 2022 included a $0.8 million loss associated with a fraudulent wire loss.

Noninterest expense increased $0.9 million, or 7.7%, from $11.3 million in the first six months of 2022 to $12.2 million in the same period of 2023. Compensation and employee benefits increased $0.5 million, or 8.9%, in the first six months of 2023 compared to the same period in 2022 due primarily to an increase in employee headcount from 108 to 115 associated with the opening of the Company's new Brentwood financial center, as well as merit raises and increases in benefit costs. Occupancy and furniture and equipment expense increased $0.6 million in the six months ended June 30, 2023, compared to the same period of 2022, due to lease and furniture expense associated with the Company's new Brentwood financial center, as well as additional expense associated with the Company's new operations center. The Company should benefit from lower lease expense in future quarters due to the staggered closure schedule of certain leased office space that is being replaced by the facilities currently under construction. FDIC insurance increased $0.3 million in the first six months of 2023 compared to the same period of 2022 due to a scheduled 2 bp increase in the assessment rate. Professional fees increased $0.2 million over the same periods as the Company has engaged a national accounting firm for its internal audit function and incurred additional audit expenses in conjunction with a required internal control audit. Other noninterest expense for the first six months of 2022 included a $0.8 million loss associated with a fraudulent wire loss, offset by a $0.1 million recovery during the first six months of 2023.

Income Taxes

The effective tax rates of the Company were as follows for the periods indicated

Three Months Ended June 30			Six Months Ended June 30	
2023	**2022**		**2023**	**2022**
14.50%	22.32%		17.32%	22.15%

The Company's effective tax rate during the three and six months ended June 30, 2023 decreased compared to the same periods in the prior years due to a decline in the Company's effective state tax rate from tax credits on certain loans. The Company's marginal tax rate of 26.14% is favorably impacted by certain sources of non-taxable income including bank-owned life insurance (BOLI), tax-free loans, and investments in tax-free municipal securities.

Balance Sheet

Total assets increased $118.6 million, or 7.4%, from $1.600 billion at December 31, 2022 to $1.719 billion at June 30, 2023. The change was primarily driven by the following factors:

- Available for sale investment security balances decreased 3.3 million, or 2.4%.

  The following summarizes the composition of the Company's available for sale investment securities portfolio (at fair value) as of June 30, 2023 and December 31, 2022:

		June 30, 2023		December 31, 2022	
		Estimated Fair Value	Net Unrealized Gain (Loss)	Estimated Fair Value	Net Unrealized Gain (Loss)
(in thousands)					
Agency MBS / CMO	$	16,215	(2,251)	17,086	(2,232)
Agency multifamily (non-guaranteed)		10,275	(1,110)	10,110	(1,316)
Agency student loan (98% guarantee)		9,143	(24)	9,862	(56)
Business Development Companies		3,846	(572)	3,795	(626)
Corporate		23,378	(3,117)	24,531	(2,487)
Municipal		27,158	(7,353)	26,464	(8,264)
Non-agency MBS / CMO		44,074	(9,665)	45,577	(9,514)
	$	134,089	(24,091)	137,425	(24,495)

Non-agency MBS/CMO's have an average credit-enhancement of approximately 37% as of June 30, 2023. Municipal securities are generally rated AA or higher.

- The Company does not have any securities classified as held-to-maturity.

- Loans receivable increased $87.2 million, or 6.6%, from $1.317 billion at December 31, 2022 to $1.404 billion at June 30, 2023. Increases in residential and other construction, residential, multi-family and owner and non-owner occupied commercial offset a reduction in PPP and commercial and industrial loans.

  The following summarizes changes in loan balances over the last five quarters:

		June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
(in thousands)						
Residential construction	$	40,309	47,170	35,774	31,170	29,681
Other construction		73,183	64,009	56,090	50,956	41,629
Farmland		9,381	10,174	11,657	12,524	11,747
Home equity		43,992	40,609	38,108	36,730	34,131
Residential		434,780	437,143	423,646	393,752	338,314
Multi-family		111,988	102,761	92,933	93,730	80,342
Owner-occupied commercial		217,778	205,512	206,873	227,502	216,663
Non-owner occupied commercial		324,883	299,093	297,811	281,027	260,537
Commercial & industrial		134,188	140,022	140,151	134,329	146,366
PPP Program		884	1,589	2,659	7,461	9,886
Consumer		12,732	13,128	11,181	12,395	12,681
	$	1,404,098	1,361,210	1,316,883	1,281,576	1,181,977

The following summarizes the industry components of the Company's non-owner occupied commercial real estate loans as of June 30, 2023:

		Loan Balance		% of Total Loans
Retail		72,530		5.2%
Hotels		67,336		4.8%
Office	$	41,827		3.0%
Campground		28,328		2.0%
Marina		21,856		1.6%
Medical		21,510		1.5%
Warehouse		20,564		1.5%
Mini-storage		16,471		1.2%
Vacation Rentals		14,151		1.0%
Automobile		10,980		0.8%
Restaurant		4,936		0.4%
Other		4,394		0.3%
	$	324,883		23.1%

- Premises and equipment increased $8.5 million, or 25.8%, during the six months ended June 30, 2023 primarily due to costs incurred for the construction of the new 23,000 sf Johnson City combined financial/corporate center as well as improvement costs on the recently purchased financial center in West Knoxville. As of June 30, 2023, approximately $7.9 million out of a total estimated cost of $23.0 million had been incurred related to the costs of the Johnson City and West Knoxville building projects.

- Total deposits increased $71.4 million, or 5.3%, from $1.346 billion at December 31, 2022 to $1.418 billion at June 30, 2023. The primary drivers of this increase were a $16.8 million, or 5.5%, increase in noninterest-bearing deposits, a $175.7 million, or 97.8%, increase in retail time deposits (primarily one year or less), and a $32.0 million, or 17.7%, increase in wholesale time deposits. Offsetting these increases was a $54.3 million decrease in NOW and money market accounts and a $98.9 million decrease in savings accounts. Wholesale time deposits consist primarily of brokered certificates of deposit with a maximum maturity of one year or less. The Company believes that the shift in product mix out of money market and savings accounts and into retail time deposits is primarily a result of the higher interest rates that the Company has offered on retail time deposits.

  The following summarizes changes in deposit balances over the last five quarters:

(in thousands)		June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Non-interest bearing transaction	$	322,003	293,502	305,210	364,290	348,826
NOW and money market		266,777	314,636	321,028	312,132	244,834
Savings		260,741	293,254	359,613	383,599	375,356
Retail time deposits		355,367	277,408	179,626	89,886	75,903
Wholesale time deposits		212,988	202,608	181,022	137,596	163,931
	$	1,417,876	1,381,408	1,346,499	1,287,503	1,208,850

- FHLB borrowings increased $35.0 million from December 31, 2022 and consisted of the following at June 30, 2023:

	Amounts (000's)	Original Term	Current Rate	Maturity Date
$	40,000	2 Weeks	5.24%	07/12/23
	50,000	3 month	5.67%	09/01/23
	50,000	12 month	5.27%	03/15/24
$	140,000		5.40%	

- Total equity increased $3.7 million, or 3.1%, from $117.3 million at December 31, 2022 to $120.9 million at June 30, 2023. The following summarizes the components of the change in total shareholders' equity and tangible book value per share for the six months ended June 30, 2023:

(In thousands)		Total Shareholders' Equity	Tangible Book Value Per Share	
December 31, 2022	$	117,271	18.43	
Net income		4,817	0.39	
Dividends paid		(2,036)	(0.32)	
Stock compensation		629	0.10	
Share repurchases		(13)	(0.00)	
Change in fair value of investments available for sale		274	0.04	
June 30, 2023	$	120,942	19.00	*
* Sum of the individual components may not equal the total				

The Company's tangible equity to tangible assets ratio declined to 7.04% at June 30, 2023 from 7.33% at December 31, 2022, primarily as the result of a decline in net income combined with continued asset growth. The Company continues to manage its equity levels through a combination of controlled growth, share repurchases and dividends. The Company and Bank both remain well capitalized at June 30, 2023, with the Bank maintaining a regulatory leverage ratio of 9.72% at June 30, 2023.

Asset Quality

Non-performing loans to total loans decreased from 0.10% at December 31, 2022 to 0.04% at June 30, 2023. Non-performing assets to total assets decreased from 0.08% at December 31, 2022 to 0.04% at June 30, 2023. Other real estate owned balances remained at $0 at both December 31, 2022 and June 30, 2023. Net charge-offs of $49 thousand were recognized during the six months ended June 30, 2023, compared to $89 thousand during the full year 2022. The allowance for credit losses to total loans declined to 0.85% at June 30, 2023 compared to 0.96% at December 31, 2022, primarily as a result of an improvement in projected economic factors. Coverage of non-performing loans by the allowance for credit losses was nearly 20 to 1 at June 30, 2023.

Non-GAAP Financial Measures

Statements included in this press release include non-GAAP financial measures and should be read along with the accompanying tables in Appendix A and Appendix C, which provide a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures. This press release and the accompanying tables discuss financial measures such as adjusted net income, adjusted diluted earnings per share, adjusted return on average assets, adjusted return on average equity, adjusted net interest margin (tax equivalent), and adjusted noninterest expense to average assets ratio, which are all non-GAAP financial measures. We also present in this press release and the accompanying tables pre-tax, pre-provision earnings, pre-tax, pre-provision return on average assets, and book and tangible book value per share excluding AOCI, which are also non-GAAP financial measures. We believe that such non-GAAP financial measures are useful because they enhance the ability of investors and management to evaluate and compare the Company's operating results from period to period in a meaningful manner. Non-GAAP financial measures should not be considered as an alternative to any measure of performance calculated pursuant to GAAP, nor are they necessarily comparable to non-GAAP financial measures that may be presented by other companies. Investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

Forward-Looking Statements

This press release contains forward-looking statements. The words "expect," "intend," "should," "may," "could," "believe," "suspect," "anticipate," "seek," "plan," "estimate" and similar expressions are intended to identify such forward-looking statements, but other statements not based on historical fact may also be considered forward-looking. Such forward-looking statements involve known and unknown risks and uncertainties that include, without limitation, (i) deterioration in the financial condition of our borrowers, including as a result of persistent inflationary pressures, resulting in significant increases in credit losses and provisions for those losses; (ii) fluctuations or differences in interest rates on loans or deposits from those that we are modeling or anticipating, including as a result of our inability to better match deposit rates with the changes in the short-term rate environment, or that affect the yield curve; (iii) deterioration in the real estate market conditions in our market areas; (iv) the impact of increased competition with other financial institutions, including pricing pressures, and the resulting impact on our results, including as a result of compression to our net interest margin; (v) the deterioration of the economy in our market areas, including the negative impact of inflationary pressures on our customers and their businesses; (vi) the ability to grow and retain low-cost core deposits, including during times when uncertainty exists in the financial services sector; (vii) our ability to meet our liquidity needs without having to liquidate investment securities that we own while those securities are in a unrealized loss position as a result of the rising rate environment; (viii) significant downturns in the business of one or more large customers; (ix) effectiveness of our asset management activities in improving, resolving or liquidating lower quality assets; (x) our inability to maintain the historical, long-term growth rate of our loan portfolio; (xi) risks of expansion into new geographic or product markets; (xii) the possibility of increased compliance and operational costs as a result of increased regulatory oversight; (xiii) our inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies and required capital maintenance levels; (xiv) changes in state or Federal regulations, policies, or legislation applicable to banks and other financial service providers, including regulatory or legislative developments arising out of current unsettled conditions in the economy; (xv) changes in capital levels and loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (xvi) inadequate allowance for credit losses; (xvii) results of regulatory examinations; (xviii) the vulnerability of our network and online banking portals, and the systems of parties with whom we contract, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches; (xix) the possibility of increased corporate or personal tax rates and the resulting reduction in our and our customers' businesses as a result of any such increases; (xx) approval of the declaration of any dividend by our Board of Directors; (xxi) loss of key personnel; and (xxii) adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future obligatory litigation, examinations or other legal and/or regulatory actions. These risks and uncertainties may cause our actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. Our future operating results depend on a number of factors which were derived utilizing numerous assumptions that could cause actual results to differ materially from those projected in forward-looking statements.

About Mountain Commerce Bancorp, Inc. and Mountain Commerce Bank

Mountain Commerce Bancorp, Inc. is the holding company for Mountain Commerce Bank. The Company's shares of common stock trade on the OTCQX under the symbol "MCBI".

Mountain Commerce Bank is a state-chartered financial institution headquartered in Knoxville, TN. The Bank traces its history back over a century and serves Middle and East Tennessee through 6 branches located in Brentwood, Erwin, Johnson City, Knoxville and Unicoi. The Bank focuses on responsive relationship banking of small and medium-sized businesses, professionals, affluent individuals, and those who value the personal service and attention that only a community bank can offer. For further information, please visit us at www.mcb.com.

Mountain Commerce Bancorp, Inc. and Subsidiaries						
Condensed Consolidated Statements of Income						
(Amounts in thousands, except share data)						
		Three Months Ended June 30,			Six Months Ended June 30,	
		2023	2022		2023	2022
Interest income						
Loans	$	17,560	12,106	$	33,921	23,349
Investment securities - taxable		1,302	1,075		2,613	2,069
Investment securities - tax exempt		38	96		77	200
Dividends and other		1,302	198		2,339	328
		20,202	13,475		38,950	25,946
Interest expense						
Savings		1,587	277		3,142	497
Interest bearing transaction accounts		2,706	305		5,025	453
Time certificates of deposit of $250,000 or more		3,811	134		6,474	208
Other time deposits		1,988	65		3,002	117
Total deposits		10,092	781		17,643	1,275
Senior debt		389	102		637	204
Subordinated debt		164	164		329	328
FHLB & FRB advances		1,718	108		3,093	144
		12,363	1,155		21,702	1,951
Net interest income		7,839	12,320		17,248	23,995
Provision for (recovery of) credit losses		(561)	450		26	1,100
Net interest income after provision for (recovery of) credit losses		8,400	11,870		17,222	22,895
Noninterest income						
Service charges and fees		393	373		768	711
Bank owned life insurance		46	44		92	87
Realized gain (loss) on sale of investment securities available for sale		1	(104)		(9)	(170)
Unrealized loss on equity securities		(214)	(565)		(731)	(1,016)
Gain on sale of loans		10	4		13	24
Gain on sale of fixed assets		-	-		69	-
Wealth management		170	173		321	369
Swap fees		173	-		220	-
Limited partnership distributions		-	-		-	373
Other		39	24		37	19
		618	(51)		780	397
Noninterest expense						
Compensation and employee benefits		3,396	2,895		6,659	6,118
Occupancy		558	392		1,173	757
Furniture and equipment		184	129		376	223
Data processing		544	485		1,061	961
FDIC insurance		353	164		587	330
Office		205	187		407	340
Advertising		154	87		267	149
Professional fees		324	362		903	667
Other noninterest expense		424	1,241		744	1,763
		6,142	5,942		12,177	11,308
Income before income taxes		2,876	5,877		5,826	11,984
Income taxes		417	1,312		1,009	2,654
Net income	$	2,459	4,565	$	4,817	9,330
Earnings per common share:						
Basic	$	0.39	0.736	$	0.77	1.506
Diluted	$	0.39	0.733	$	0.77	1.498
Weighted average common shares outstanding:						
Basic		6,232,306	6,202,100		6,226,577	6,196,536
Diluted		6,239,575	6,227,866		6,239,761	6,227,595

Mountain Commerce Bancorp, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Amounts in thousands)

	June 30, 2023	March 31, 2023	December 31, 2022
Assets			
Cash and due from banks	$ 16,753	$ 14,419	$ 13,824
Interest-earning deposits in other banks	86,361	106,878	64,816
Cash and cash equivalents	103,114	121,297	78,640
Investments available for sale	134,089	137,625	137,425
Equity securities	5,046	5,246	5,750
Loans held for sale	-	-	-
Premises and equipment held for sale	4,260	4,260	4,260
Loans receivable	1,404,098	1,361,210	1,316,883
Allowance for credit losses	(11,974)	(12,313)	(12,645)
Net loans receivable	1,392,124	1,348,897	1,304,238
Premises and equipment, net	41,440	36,275	32,932
Accrued interest receivable	4,790	4,726	4,514
Bank owned life insurance	9,867	9,821	9,776
Restricted stock	9,525	15,423	7,143
Deferred tax assets, net	9,794	9,692	10,271
Other assets	4,643	4,680	5,111
Total assets	$ 1,718,692	$ 1,697,942	$ 1,600,060
Liabilities and Shareholders' Equity			
Noninterest-bearing	$ 322,003	$ 293,502	$ 305,210
Interest-bearing	882,885	885,298	860,267
Wholesale	212,988	202,608	181,022
Total deposits	1,417,876	1,381,408	1,346,499
FHLB borrowings	140,000	155,000	105,000
Senior debt, net	20,000	20,000	9,998
Subordinated debt, net	9,893	9,879	9,866
Accrued interest payable	1,279	1,082	885
Post-employment liabilities	3,467	3,495	3,519
Other liabilities	5,235	6,535	7,022
Total liabilities	1,597,750	1,577,399	1,482,789
Total shareholders' equity	120,942	120,543	117,271
Total liabilities and shareholders' equity	$ 1,718,692	$ 1,697,942	$ 1,600,060

Appendix A - Reconciliation of Non-GAAP Financial Measures

		Three Months Ended June 30 (Dollars in thousands, except per share data)			Six Months Ended June 30 (Dollars in thousands, except per share data)	
		2023	2022		2023	2022
Adjusted Net Income						
Net income (GAAP)	$	2,459	4,565	$	4,817	9,330
Realized (gain) loss on sale of investment securities		(1)	104		9	170
Unrealized (gain) loss on equity securities		214	565		731	1,016
Accretion of PPP fees, net		-	(37)		-	(246)
Gain on sale of fixed assets		-	-		(69)	-
Provision for (recovery of) credit losses		(561)	450		26	1,100
Provision for (recovery of) unfunded commitments		-	(88)		-	62
Fraudulent wire loss (recovery)		-	825		(100)	825
Tax effect of adjustments		91	(475)		(156)	(765)
Adjusted net income (Non-GAAP)	$	2,202	5,909	$	5,258	11,492
Adjusted Diluted Earnings Per Share						
Diluted earnings per share (GAAP)	$	0.39	0.73	$	0.77	1.50
Realized (gain) loss on sale of investment securities		(0.00)	0.02		0.00	0.03
Unrealized (gain) loss on equity securities		0.03	0.09		0.12	0.16
Accretion of PPP fees, net		-	(0.01)		-	(0.04)
Gain on sale of fixed assets		-	-		(0.01)	-
Provision for (recovery of) credit losses		(0.09)	0.07		0.00	0.18
Provision for (recovery of) unfunded commitments		-	(0.01)		-	0.01
Fraudulent wire loss (recovery)		-	0.13		(0.02)	0.13
Tax effect of adjustments		0.01	(0.08)		(0.03)	(0.12)
Adjusted diluted earnings per share (Non-GAAP)	$	0.35	0.95	$	0.84	1.85
Adjusted Return on Average Assets						
Return on average assets (GAAP)		0.59%	1.29%		0.58%	1.34%
Realized (gain) loss on sale of investment securities		0.00%	0.03%		0.00%	0.02%
Unrealized (gain) loss on equity securities		0.05%	0.16%		0.09%	0.15%
Accretion of PPP fees, net		0.00%	-0.01%		0.00%	-0.04%
Gain on sale of fixed assets		0.00%	0.00%		-0.01%	0.00%
Provision for (recovery of) credit losses		-0.13%	0.13%		0.00%	0.16%
Provision for (recovery of) unfunded commitments		0.00%	-0.02%		0.00%	0.01%
Fraudulent wire loss (recovery)		0.00%	0.23%		-0.01%	0.12%
Tax effect of adjustments		0.02%	-0.13%		-0.02%	-0.11%
Adjusted return on average assets (Non-GAAP)		0.53%	1.67%		0.63%	1.66%
Adjusted Return on Average Equity						
Return on average equity (GAAP)		8.13%	15.81%		8.02%	15.87%
Realized (gain) loss on sale of investment securities		0.00%	0.36%		0.01%	0.29%
Unrealized (gain) loss on equity securities		0.71%	1.96%		1.22%	1.73%
Accretion of PPP fees, net		0.00%	-0.13%		0.00%	-0.42%
Gain on sale of fixed assets		0.00%	0.00%		-0.11%	0.00%
Provision for (recovery of) credit losses		-1.86%	1.56%		0.04%	1.87%
Provision for (recovery of) unfunded commitments		0.00%	-0.30%		0.00%	0.11%
Fraudulent wire loss (recovery)		0.00%	2.86%		-0.17%	1.40%
Tax effect of adjustments		0.30%	-1.65%		-0.26%	-1.30%
Adjusted return on average equity (Non-GAAP)		7.28%	20.47%		8.75%	19.54%

Appendix A - Reconciliation of Non-GAAP Financial Measures, Continued

		Three Months Ended June 30 (Dollars in thousands, except per share data)			Six Months Ended June 30 (Dollars in thousands, except per share data)	
		2023	2022		2023	2022
Adjusted Noninterest Expense to Average Assets						
Noninterest expense to average assets (GAAP)		1.47%	1.68%		1.47%	1.63%
Provision for (recovery of) unfunded commitments		0.00%	0.01%		0.00%	0.00%
Fraudulent wire loss (recovery)		0.00%	-0.06%		0.01%	-0.06%
Adjusted noninterest expense to average assets (Non-GAAP)		1.47%	1.63%		1.47%	1.57%
Adjusted Net Interest Margin (tax-equivalent) (1)						
Net interest margin (tax-equivalent) (GAAP)		2.09%	3.76%		2.32%	3.74%
Accretion of PPP fees, net		0.00%	-0.01%		0.00%	-0.04%
Adjusted net interest margin (tax-equivalent) (Non-GAAP)		2.09%	3.75%		2.32%	3.70%
Pre-tax, Pre-Provision Earnings						
Net income (GAAP)	$	2,459	4,565	$	4,817	9,330
Income taxes		417	1,312		1,009	2,654
Provision for (recovery of) credit losses		(561)	450		26	1,100
Pre-tax, pre-provision earnings (non-GAAP)	$	2,315	6,327	$	5,852	13,084
Pre-tax, Pre-Provision Return on Average Assets (ROAA)						
Return on average assets (GAAP)		0.59%	1.29%	$	0.58%	1.34%
Income taxes		0.10%	0.37%		0.12%	0.38%
Provision for (recovery of) credit losses		-0.13%	0.13%		0.00%	0.16%
Pre-tax, pre-provision return on average assets (non-GAAP)		0.55%	1.79%	$	0.71%	1.89%
Book and Tangible Book Value Per Share, excluding AOCI						
Book and tangible book value per share (GAAP)	$	19.00	18.18			
Impact of AOCI per share		2.78	2.07			
Book and tangible book value per share, excluding AOCI (non-GAAP)	$	21.78	20.25			

(1) See Appendix B to this press release for more information on tax equivalent net interest margin

Appendix B - Tax Equivalent Net Interest Margin Analysis

	For the Three Months Ended June 30,							
	2023				2022			
		Average Outstanding Balance	Interest	Yield / Rate		Average Outstanding Balance	Interest	Yield / Rate
	(Dollars in thousands)							
Interest-earning Assets:								
Loans - taxable, including loans held for sale	$	1,334,047	17,560	5.28%	$	1,118,790	12,106	4.34%
Loans - tax exempt (2)		27,219	458	6.75%		24,440	411	6.75%
Investments - taxable		136,877	1,302	3.82%		137,335	1,075	3.14%
Investments - tax exempt (1)		5,424	48	3.56%		13,727	122	3.55%
Interest earning deposits		72,699	1,073	5.92%		60,229	91	0.61%
Other investments, at cost		14,436	229	6.36%		6,815	107	6.30%
Total interest-earning assets		1,590,702	20,670	5.21%		1,361,336	13,912	4.10%
Noninterest earning assets		82,560				54,848		
Total assets	$	1,673,262			$	1,416,184		`
Interest-bearing liabilities:								
Interest-bearing transaction accounts	$	96,827	957	3.96%	$	64,436	64	0.40%
Savings accounts		270,025	1,587	2.36%		377,906	277	0.29%
Money market accounts		192,829	1,749	3.64%		182,480	241	0.53%
Retail time deposits		329,820	3,304	4.02%		73,023	79	0.43%
Wholesale time deposits		206,411	2,495	4.85%		148,557	120	0.32%
Total interest bearing deposits		1,095,912	10,092	3.69%		846,402	781	0.37%
Senior debt		20,000	389	7.80%		11,250	102	3.64%
Subordinated debt		9,886	164	6.65%		9,845	164	6.68%
Federal Home Loan Bank & FRB advances		135,935	1,718	5.07%		89,560	108	0.48%
Total interest-bearing liabilities		1,261,733	12,363	3.93%		957,057	1,155	0.48%
Noninterest-bearing deposits		280,011				333,306		
Other noninterest-bearing liabilities		10,602				10,337		
Total liabilities		1,552,346				1,300,700		
Total shareholders' equity		120,916				115,484		
Total liabilities and shareholders' equity	$	1,673,262			$	1,416,184		
Tax-equivalent net interest income			8,307				12,757	
Net interest-earning assets (3)	$	328,969			$	404,279		
Average interest-earning assets to interest-bearing liabilities		126%				142%		
Tax-equivalent net interest rate spread (4)		1.28%				3.61%		
Tax equivalent net interest margin (5)		2.09%				3.76%		

(1) Tax exempt investments are calculated assuming a 21% federal tax rate

(2) Tax exempt loans reflect the tax equivalent yield of a 5% state tax credit assuming a 26% federal and state tax rate

(3) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities

(4) Tax-equivalent net interest rate spread represents the difference between the tax equivalent yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(5) Tax equivalent net interest margin represents tax equivalent net interest income divided by average total interest-earning assets

Appendix B - Tax Equivalent Net Interest Margin Analysis

	For the Six Months Ended June 30, 2023			2022		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
	(Dollars in thousands)					
Interest-earning Assets:						
Loans, including loans held for sale	$ 1,316,414	33,921	5.20%	$ 1,086,662	23,349	4.33%
Loans - tax exempt (2)	26,670	893	6.75%	24,521	821	6.75%
Investments - taxable	137,778	2,613	3.82%	140,514	2,069	2.97%
Investments - tax exempt (1)	5,420	97	3.63%	15,101	253	3.38%
Interest earning deposits	81,224	1,930	4.79%	63,046	112	0.36%
Other investments, at cost	12,142	409	6.79%	6,900	110	3.21%
Total interest-earning assets	1,579,647	39,863	5.09%	1,336,744	26,714	4.03%
Noninterest earning assets	79,669			50,910		
Total assets	$ 1,659,316			$ 1,387,654		
Interest-bearing liabilities:						
Interest-bearing transaction accounts	$ 99,536	1,745	3.54%	$ 64,406	91	0.28%
Savings accounts	303,856	3,142	2.09%	368,510	497	0.27%
Money market accounts	196,940	3,280	3.36%	178,904	361	0.41%
Retail time deposits	269,402	4,988	3.73%	75,380	161	0.43%
Wholesale time deposits	200,395	4,487	4.52%	141,003	164	0.23%
Total interest bearing deposits	1,070,129	17,642	3.32%	828,203	1,274	0.31%
Senior debt	15,714	637	8.17%	11,429	204	3.60%
Subordinated debt	9,879	329	6.72%	9,838	328	6.72%
Federal Home Loan Bank & FRB advances	150,503	3,093	4.14%	90,055	144	0.32%
Total interest-bearing liabilities	1,246,225	21,701	3.51%	939,525	1,950	0.42%
Noninterest-bearing deposits	282,495			320,154		
Other noninterest-bearing liabilities	10,414			10,363		
Total liabilities	1,539,134			1,270,042		
Total shareholders' equity	120,182			117,612		
Total liabilities and shareholders' equity	$ 1,659,316			$ 1,387,654		
Tax-equivalent net interest income		18,162			24,764	
Net interest-earning assets (3)	$ 333,422			$ 397,219		
Average interest-earning assets to interest-bearing liabilities	127%			142%		
Tax-equivalent net interest rate spread (4)	1.58%			3.61%		
Tax equivalent net interest margin (5)	2.32%			3.74%		

(1) Tax exempt investments are calculated assuming a 21% federal tax rate
(2) Tax exempt loans reflect the tax equivalent yield of a 5% state tax credit assuming a 26% federal and state tax rate
(3) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities
(4) Tax-equivalent net interest rate spread represents the difference between the tax equivalent yield on average interest-earning assets and the cost of average interest-bearing liabilities.
(5) Tax equivalent net interest margin represents tax equivalent net interest income divided by average total interest-earning assets

Appendix C - Reconciliation of Prior Period Non-GAAP Financial Measures				
		Three Months Ended (Dollars in thousands, except per share data)		
		March 31, 2023	December 31, 2022	September 30, 2022
Adjusted Net Income				
Net income (GAAP)	$	2,358	3,788	5,322
Realized loss on sale of investment securities		10	399	42
Unrealized (gain) loss on equity securities		516	(68)	171
Accretion of PPP fees, net		-	(13)	(39)
Gain on sale of fixed assets		(69)	-	-
Provision for credit losses		587	210	900
Provision for (recovery of) unfunded commitments		-	177	86
Fraudulent wire recovery		(100)	-	(250)
Tax effect of adjustments		(247)	(184)	(238)
Adjusted net income (Non-GAAP)	$	3,055	4,309	5,994
Adjusted Diluted Earnings Per Share				
Diluted earnings per share (GAAP)	$	0.38	0.61	0.85
Realized loss on sale of investment securities		0.00	0.06	0.01
Unrealized (gain) loss on equity securities		0.08	(0.01)	0.03
Accretion of PPP fees, net		-	(0.00)	(0.01)
Gain on sale of fixed assets		(0.01)	-	-
Provision for credit losses		0.09	0.03	0.14
Provision for (recovery of) unfunded commitments		-	0.03	0.01
Fraudulent wire recovery		(0.02)	-	(0.04)
Tax effect of adjustments		(0.04)	(0.03)	(0.04)
Adjusted diluted earnings per share (Non-GAAP)	$	0.49	0.69	0.96
Adjusted Return on Average Assets				
Return on average assets (GAAP)		0.57%	0.96%	1.40%
Realized loss on sale of investment securities		0.00%	0.10%	0.01%
Unrealized (gain) loss on equity securities		0.13%	-0.02%	0.05%
Accretion of PPP fees, net		0.00%	0.00%	-0.01%
Gain on sale of fixed assets		-0.02%	0.00%	0.00%
Provision for credit losses		0.14%	0.05%	0.24%
Provision for (recovery of) unfunded commitments		0.00%	0.04%	0.02%
Fraudulent wire recovery		-0.02%	0.00%	-0.07%
Tax effect of adjustments		-0.06%	-0.05%	-0.06%
Adjusted return on average assets (Non-GAAP)		0.74%	1.09%	1.58%
Adjusted Return on Average Equity				
Return on average equity (GAAP)		7.89%	13.15%	18.36%
Realized loss on sale of investment securities		0.03%	1.39%	0.14%
Unrealized (gain) loss on equity securities		1.73%	-0.24%	0.59%
Accretion of PPP fees, net		0.00%	-0.05%	-0.13%
Gain on sale of fixed assets		-0.23%	0.00%	0.00%
Provision for credit losses		1.96%	0.73%	3.11%
Provision for (recovery of) unfunded commitments		0.00%	0.61%	0.30%
Fraudulent wire recovery		-0.33%	0.00%	-0.86%
Tax effect of adjustments		-0.83%	-0.64%	-0.82%
Adjusted return on average equity (Non-GAAP)		10.22%	14.96%	20.68%

Appendix C - Reconciliation of Prior Period Non-GAAP Financial Measures, Continued

		Three Months Ended (Dollars in thousands, except per share data)		
		March 31, 2023	December 31, 2022	September 30, 2022
Adjusted Noninterest Expense to Average Assets				
Noninterest expense to average assets (GAAP)		1.47%	1.69%	1.49%
Provision for (recovery of) unfunded commitments		0.00%	-0.01%	-0.01%
Fraudulent wire recovery		0.01%	0.00%	0.02%
Adjusted noninterest expense to average assets (Non-GAAP)		1.47%	1.68%	1.50%
Adjusted Net Interest Margin (tax-equivalent)				
Net interest margin (tax-equivalent) (GAAP)		2.55%	3.15%	3.66%
Accretion of PPP fees, net		0.00%	0.00%	-0.01%
Adjusted net interest margin (tax-equivalent) (Non-GAAP)		2.55%	3.15%	3.65%
Pre-tax Pre-Provision Earnings				
Net income (GAAP)	$	2,358	3,788	5,322
Income taxes		592	1,147	1,585
Provision for credit losses		587	210	900
Pre-tax Pre-provision earnings (non-GAAP)	$	3,537	5,145	7,807
Pre-tax Pre-Provision Return on Average Assets (ROAA)				
Return on average assets (GAAP)	$	0.57%	0.96%	1.40%
Income taxes		0.14%	0.29%	0.42%
Provision for credit losses		0.14%	0.05%	0.24%
Pre-tax Pre-provision return on average assets (non-GAAP)	$	0.86%	1.30%	2.06%
Book and Tangible Book Value Per Share, excluding AOCI				
Book and tangible book value per share (GAAP)	$	18.95	18.43	18.03
Impact of AOCI per share		2.57	2.83	2.92
Book and tangible book value per share, excluding AOCI (non-GAAP)	$	21.52	21.26	20.95