MOUNTAIN COMMERCE BANCORP

FOR IMMEDIATE RELEASE

Contact:	Mr. William E. "Bill" Edwards, III President and Chief Executive Officer (865) 694-5725	David A. Bright EVP / Chief Financial Officer (865) 694-5731

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

Knoxville, Tennessee, October 23, 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 three and nine months ended September 30, 2023.

The Company also announced today that its Board of Directors declared a quarterly cash dividend of $0.16 per common share, its twelfth consecutive quarterly dividend. The dividend is payable on December 1, 2023 to shareholders of record as of the close of business on November 6, 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 nine months ended September 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 and losses 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 the Company's tax equivalent net interest margin. All financial information in this press release is unaudited.

	For the Three Months Ended September 30, (Dollars in thousands, except per share data)			
	2023		2022	
	GAAP	Adjusted (1)	GAAP	Adjusted (1)
Net income	$ 2,473	2,405	$ 5,322	5,994
Diluted earnings per share	$ 0.40	0.39	$ 0.85	0.96
Return on average assets (ROAA)	0.58%	0.56%	1.40%	1.58%
Return on average equity	8.19%	7.97%	18.36%	20.68%
Noninterest expense to average assets	1.34%	1.34%	1.49%	1.50%
Net interest margin (tax equivalent)	2.08%	2.08%	3.66%	3.65%
Pre-tax, pre-provision earnings (1)	$	2,684	$	7,807
Pre-tax, pre-provision ROAA (1)		0.63%		2.06%

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

	For the Nine Months Ended September 30, (Dollars in thousands, except per share data)			
	2023		2022	
	GAAP	Adjusted (1)	GAAP	Adjusted (1)
Net income	$ 7,290	7,663	$ 14,652	17,486
Diluted earnings per share	$ 1.17	1.23	$ 2.35	2.81
Return on average assets (ROAA)	0.58%	0.61%	1.36%	1.63%
Return on average equity	8.08%	8.49%	16.66%	19.89%
Noninterest expense to average assets	1.42%	1.43%	1.58%	1.53%
Net interest margin (tax equivalent)	2.24%	2.24%	3.72%	3.69%
Pre-tax, pre-provision earnings (1)	$	8,536	$	20,891
Pre-tax, pre-provision ROAA (1)		0.68%		1.95%

(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 September 30, 2023	As of and for the 3 Months Ended June 30, 2023	As of and for the 12 Months Ended December 31, 2022
	(Dollars in thousands, except share data)		
Asset Quality			
Non-performing loans	$ 607	$ 610	$ 1,277
Real estate owned	$ -	$ -	$ -
Non-performing assets	$ 607	$ 610	$ 1,277
Non-performing loans to total loans	0.04%	0.04%	0.10%
Non-performing assets to total assets	0.04%	0.04%	0.08%
Year-to-date net charge-offs	$ 66	$ 49	$ 89
Allowance for credit losses to non-performing loans	1953.54%	1962.95%	990.21%
Allowance for credit losses to total loans	0.83%	0.85%	0.96%
Other Data			
Cash dividends declared	$ 0.160	$ 0.160	$ 0.160
Shares outstanding	6,364,666	6,365,096	6,361,494
Book and tangible book value per share (2)	$ 18.78	$ 19.00	$ 18.43
Accumulated other comprehensive income (loss) (AOCI) per share	(3.28)	(2.78)	(2.83)
Book and tangible book value per share, excluding AOCI (1) (2)	22.06	$ 21.78	$ 21.26
Closing market price per common share	$ 16.50	$ 16.50	$ 27.75
Closing price to book value ratio	87.86%	86.84%	150.53%
Tangible common equity to tangible assets ratio	6.94%	7.04%	7.33%
Bank regulatory leverage ratio	9.61%	9.72%	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	
	September 30 GAAP	June 30 GAAP	March 31 GAAP	December 31 GAAP	September 30 GAAP
Net income	$ 2,473	$ 2,459	$ 2,358	$ 3,788	$ 5,322
Diluted earnings per share	$ 0.40	$ 0.39	$ 0.38	$ 0.61	$ 0.85
Return on average assets (ROAA)	0.58%	0.59%	0.57%	0.96%	1.40%
Return on average equity	8.19%	8.13%	7.89%	13.15%	18.36%
Noninterest expense to average assets	1.34%	1.47%	1.47%	1.69%	1.49%
Net interest margin (tax equivalent)	2.08%	2.09%	2.55%	3.22%	3.66%
	2023			2022	
	September 30 Adjusted (1)	June 30 Adjusted (2)	March 31 Adjusted (2)	December 31 Adjusted (2)	September 30 Adjusted (1)
Net income	$ 2,405	$ 2,202	$ 3,055	$ 4,309	$ 5,994
Diluted earnings per share	$ 0.39	$ 0.35	$ 0.49	$ 0.69	$ 0.96
Return on average assets (ROAA)	0.56%	0.53%	0.74%	1.09%	1.58%
Return on average equity	7.97%	7.28%	10.22%	14.96%	20.68%
Noninterest expense to average assets	1.34%	1.47%	1.47%	1.68%	1.50%
Net interest margin (tax equivalent)	2.08%	2.09%	2.55%	3.22%	3.65%
Pre-tax, pre-provision earnings	$ 2,684	$ 2,315	$ 3,537	$ 5,145	$ 7,807
Pre-tax, pre-provision ROAA	0.63%	0.55%	0.86%	1.30%	2.06%

(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 third quarter of 2023 saw continued pressure on our cost of funds as financial institutions continue to aggressively compete for deposits. We are pleased, however, that our average yield on taxable loans increased 84 bp from 4.60% in the third quarter of 2022 to 5.44% in the third quarter of 2023, with recent average production yields of approximately 8%. However, the average rate paid on interest bearing liabilities increased 308 bp from 1.01% to 4.09% 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 September 30, 2023. From an asset quality perspective, our non-performing assets to total assets remained at historical lows of 0.04% at September 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 retail deposit base for the foreseeable future, which has grown over $120 million since

September 30, 2022. Finally, we believe that our September 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 deposit 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 in West Knoxville. In addition to providing a more visible and strategic geographic 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 by October 30, 2023."

Net Interest Income

Net interest income decreased $4.9 million, or 38.2%, from $12.9 million for the three months ended September 30, 2022 to $8.0 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 $170.4 million, or 11.7%, from $1.452 billion to $1.622 billion, driven primarily by increases in loans.
- Average net interest-earning assets declined $88.1 million, or 21.4%, from $412.4 million to $324.3 million, due primarily to a $69.8 million decrease in noninterest bearing deposits and a $22.0 million increase in noninterest earning assets – primarily higher levels of fixed assets discussed below.
- The average rate paid on interest-bearing liabilities increased 308 bp from 1.01% to 4.09%, while the average rate earned on interest-earning assets increased 97 bp from 4.38% to 5.35%, resulting in a decrease in tax-equivalent net interest margin from 3.66% to 2.08%. 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 rates on certificates of deposit and other interest-bearing accounts 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 September 30, 2023 and recognized only an immaterial amount during the three months ended September 30, 2022. No net PPP loan origination fees remain to be recognized as of September 30, 2023.

Net interest income decreased $11.7 million, or 31.6%, from $36.9 million for the nine months ended September 30, 2022 to $25.3 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 $218.5 million, or 15.9%, from $1.375 billion to $1.594 billion, driven primarily by increases in loans.

- Average net interest-earning assets declined $71.9 million, or 17.9%, from $402.4 million to $330.5 million, due primarily to a $48.9 million decrease in noninterest bearing deposits and a $26.5 million increase in noninterest earning assets - primarily higher levels of fixed assets discussed below.
- The average rate paid on interest-bearing liabilities increased 308 bp from 0.63% to 3.71%, while the average rate earned on interest-earning assets increased 102 bp from 4.16% to 5.18%, resulting in a decrease in tax-equivalent net interest margin from 3.72% to 2.24%. 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 rates on certificates of deposit and other interest-bearing accounts and the Company's cost of wholesale funding rising significantly.
- The Company recognized $0 and approximately $0.3 million of PPP loan origination fees, net of the amortization of deferred PPP loan costs, through net interest income during the nine months ended September 30, 2023 and 2022, respectively. No net PPP loan origination fees remain to be recognized as of September 30, 2023.

Rate Sensitivity

The Company has the following loans and funding subject to repricing of short-term (90 days or less) interest rates:

		Prime	SOFR	Federal Funds	Short-Term FHLB	Total
Loans	$	200,600	81,900	-	-	282,500
Funding	$	-	-	96,090	102,000	198,090

The Federal Reserve has increased the Federal Funds interest rate by 525 bp since December 31, 2021. Since that time, the Company has experienced the following cumulative 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%
Sep 30, 2023	30.7%	57.5%

Effective October 1, 2023, the Company entered into a $150 million notional amount pay-fixed swap with a term of 3 years. This swap, in addition to a $3.5 million securities restructuring, should improve the Company's exposure to interest rates in a rising rate environment.

Provision For Credit Losses

A provision for (recovery of) credit losses of ($0.4) million and $0.9 million was recognized for the three months ended September 30, 2023 and 2022, respectively. The recovery of credit losses recognized during the three months ended September 30, 2023 was primarily the result of an improvement in projected economic factors (GDP, unemployment and housing prices) and a reduction in the reserve for unfunded commitments, offset by additional provision expense related to loan growth.

A provision for (recovery of) credit losses of ($0.4) million and $2.0 million was recognized for the nine months ended September 30, 2023 and 2022, respectively. The recovery of credit losses recognized during the nine months ended September 30, 2023 was primarily the result of an improvement in projected economic factors (GDP, unemployment and housing prices) and a reduction in the reserve for unfunded commitments, 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:

(In thousands)		Three Months Ended September 30 2023	2022	Change
Service charges and fees	$	369	369	-
Bank owned life insurance		47	44	3
Realized gain (loss) on sale of investment securities available for sale		-	(42)	42
Unrealized gain (loss) on equity securities		(50)	(171)	121
Gain on sale of loans		7	5	2
Loss on sale of fixed assets		(269)	-	(269)
Wealth management		158	175	(17)
Swap fees		145	-	145
Limited partnership distributions		-	96	(96)
Other		-	22	(22)
	$	407	498	(91)

(In thousands)		Nine Months Ended September 30 2023	2022	Change
Service charges and fees	$	1,137	1,080	57
Bank owned life insurance		139	131	8
Realized gain (loss) on sale of investment securities available for sale		(9)	(212)	203
Unrealized gain (loss) on equity securities		(781)	(1,187)	406
Gain on sale of loans		21	29	(8)
Loss on sale of fixed assets		(200)	-	(200)
Wealth management		479	544	(65)
Swap fees		365	-	365
Limited partnership distributions		-	469	(469)
Other		37	41	(4)
	$	1,188	895	293

Noninterest income declined to $0.4 million in the third quarter of 2023 from $0.5 million in the same quarter of 2022. This decrease was primarily due to a $0.3 loss from the sale of the Company's former headquarters building in Erwin, TN during the third quarter of 2023. Unrealized losses on equity securities declined from the third quarter of 2022 as a result of an improvement in market conditions. The Company also recognized higher levels of swap fees during the third 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 a contractual obligation for the swap other than in the event of a default.

Noninterest income improved to $1.2 million for the nine months ended September 30, 2023 from $0.9 million in the same period of 2022. This increase was primarily due to a decline in unrealized losses on equity securities and realized losses on the sale of investment securities available for sale as a result of an improvement in market conditions. The Company also recognized higher levels of swap fees during the nine months ended September 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, and a $0.3 loss from the sale of the Company's former legacy bank headquarters building in Erwin, TN during the third quarter of 2023.

Noninterest Expense

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

		Three Months Ended September 30		
(In thousands)		**2023**	**2022**	**Change**
Compensation and employee benefits	$	3,148	3,299	(151)
Occupancy		568	452	116
Furniture and equipment		166	176	(10)
Data processing		536	536	-
FDIC insurance		286	161	125
Office		197	183	14
Advertising		127	115	12
Professional fees		421	405	16
Other noninterest expense		277	310	(33)
	$	5,726	5,637	89

		Nine Months Ended September 30		
(In thousands)		**2023**	**2022**	**Change**
Compensation and employee benefits	$	9,807	9,416	391
Occupancy		1,740	1,209	531
Furniture and equipment		543	399	144
Data processing		1,597	1,497	100
FDIC insurance		874	491	383
Office		603	523	80
Advertising		392	264	128
Professional fees		1,325	1,072	253
Other noninterest expense		1,021	2,074	(1,053)
	$	17,902	16,945	957

Noninterest expense increased $0.1 million, or 1.6%, from $5.6 million in the third quarter of 2022 to $5.7 million in the same period of 2023. Compensation and employee benefits decreased $0.2 million, or 4.6%, in the third quarter of 2023 compared to the same period in 2022 due primarily to a decrease in incentive accruals, offset by merit increases and an increase in benefit costs. Occupancy expense increased $0.1 million in the third quarter of 2023 compared to the third quarter of 2022 due to additional expense associated with the Company's new operations center and West Knoxville financial center. The Company expects to 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 $0.1 million in the third quarter of 2023 compared to the same period of 2022 due to a scheduled 2 bp increase in the assessment rate.

Noninterest expense increased $1.0 million, or 5.6%, from $16.9 million in the first nine months of 2022 to $17.9 million in the same period of 2023. Compensation and employee benefits increased $0.4 million, or 4.2%, in the first nine months of 2023 compared to the same period in 2022 due primarily to merit raises and increases in benefit costs, offset by a reduction in incentive accruals. Occupancy and furniture and equipment expense increased $0.7 million in the nine months ended September 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 and West Knoxville financial 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 $0.4 million in the first nine months of 2023 compared to the same period of 2022 due to a scheduled 2 bp increase in the assessment rate. Professional fees increased $0.3 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 nine 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 nine months of 2023.

Income Taxes

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

Three Months Ended September 30			Nine Months Ended September 30	
2023	2022		2023	2022
20.10%	22.95%		18.28%	22.44%

The Company's effective tax rate during the three and nine months ended September 30, 2023 decreased compared to the same periods in the prior year 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 $121.1 million, or 7.6%, from $1.600 billion at December 31, 2022 to $1.721 billion at September 30, 2023. The change was primarily driven by the following factors:

- Available for sale investment security balances decreased $13.0 million, or 9.4%, primarily due to principal paydowns and decreases in fair value.

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

		September 30, 2023			December 31, 2022	
		Estimated Fair Value	Net Unrealized Gain (Loss)		Estimated Fair Value	Net Unrealized Gain (Loss)
(in thousands)						
Agency MBS / CMO	$	15,309	(2,798)		17,086	(2,232)
Agency multifamily (non-guaranteed)		8,683	(1,182)		10,110	(1,316)
Agency student loan (98% guarantee)		12,117	56		9,862	(56)
Business Development Companies		3,902	(514)		3,795	(626)
Corporate		23,144	(3,340)		24,531	(2,487)
Municipal		25,377	(9,119)		26,464	(8,264)
Non-agency MBS / CMO		39,179	(11,455)		45,577	(9,514)
	$	127,711	(28,351)		137,425	(24,495)

Non-agency MBS/CMO's have an average credit-enhancement of approximately 37% as of September 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 $118.8 million, or 9.0%, from $1.317 billion at December 31, 2022 to $1.436 billion at September 30, 2023. Increases over that period in residential and other construction, home equity, residential, multi-family, owner and non-owner occupied commercial, and commercial and industrial offset a reduction in consumer and farmland loans.

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

		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
(in thousands)						
Residential construction	$	39,824	40,309	47,170	35,774	31,170
Other construction		82,288	73,183	64,009	56,090	50,956
Farmland		8,699	9,381	10,174	11,657	12,524
Home equity		45,839	43,992	40,609	38,108	36,730
Residential		446,215	434,780	437,143	423,646	393,752
Multi-family		112,786	111,988	102,761	92,933	93,730
Owner-occupied commercial		229,879	217,778	205,512	206,873	227,502
Non-owner occupied commercial		317,651	324,883	299,093	297,811	281,027
Commercial & industrial		142,685	134,188	140,022	140,151	134,329
PPP Program		191	884	1,589	2,659	7,461
Consumer		9,572	12,732	13,128	11,181	12,395
	$	1,435,629	1,404,098	1,361,210	1,316,883	1,281,576

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

		Loan Balance	% of Total Loans
Retail		70,476	5.0%
Hotels		60,581	4.3%
Office	$	34,065	2.4%
Campground		30,049	2.1%
Marina		21,677	1.5%
Medical		23,686	1.7%
Warehouse		19,776	1.4%
Mini-storage		19,342	1.4%
Vacation Rentals		17,772	1.3%
Car Wash		10,743	0.8%
Restaurant		5,074	0.4%
Other		4,410	0.3%
	$	317,651	22.6%

- Premises and equipment increased $13.4 million, or 40.7%, during the nine months ended September 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 September 30, 2023, approximately $12.6 million had been incurred related to the costs of the Johnson City and West Knoxville building projects, with remaining construction costs of approximately $10.0 million.

- Total deposits increased $62.3 million, or 4.6%, from $1.346 billion at December 31, 2022 to $1.408 billion at September 30, 2023. An increase in retail and wholesale time deposits offset decreases in non-interest bearing transaction, NOW and money market and 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)		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Non-interest bearing transaction	$	270,299	322,003	293,502	305,210	364,290
NOW and money market		250,920	266,777	314,636	321,028	312,132
Savings		258,110	260,741	293,254	359,613	383,599
Retail time deposits		382,708	355,367	277,408	179,626	89,886
Wholesale time deposits		246,716	212,988	202,608	181,022	137,596
	$	1,408,753	1,417,876	1,381,408	1,346,499	1,287,503

- FHLB borrowings increased $47.0 million from December 31, 2022 and consisted of the following at September 30, 2023:

	Amounts (000's)	Original Term	Current Rate	Maturity Date
$	52,000	2 weeks	5.44%	10/04/23
	50,000	3 months	5.58%	11/30/23
	50,000	12 months	5.27%	03/15/24
$	152,000		5.43%	

- Total equity increased $2.3 million, or 1.9%, from $117.3 million at December 31, 2022 to $119.5 million at September 30, 2023. The following summarizes the components of the change in total shareholders' equity and tangible book value per share for the nine months ended September 30, 2023:

(In thousands)		Total Shareholders' Equity	Tangible Book Value Per Share	
December 31, 2022	$	117,271	18.43	
Net income		7,290	1.17	
Dividends paid		(3,054)	(0.48)	
Stock compensation		922	0.14	
Share repurchases		(24)	(0.00)	
Change in fair value of investments available for sale		(2,883)	(0.45)	
September 30, 2023	$	119,522	18.78	*
* Sum of the individual components may not equal the total				

The Company's tangible equity to tangible assets ratio declined to 6.94% at September 30, 2023 from 7.33% at December 31, 2022, primarily as the result of a decline in net income and the fair value of investments available for sale combined with continued asset growth and dividends. 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 September 30, 2023, with the Bank maintaining a regulatory leverage ratio of 9.61% at September 30, 2023.

Share Repurchases

The Company has an active authorization to repurchase up to $5 million of shares through March, 2024. The Company has not repurchased any shares during 2023 but is currently considering opportunistic purchases as its stock is currently trading below tangible and net book value.

Asset Quality

Non-performing loans to total loans decreased from 0.10% at December 31, 2022 to 0.04% at September 30, 2023. Non-performing assets to total assets decreased from 0.08% at December 31, 2022 to 0.04% at September 30, 2023. Other real estate owned balances remained at $0 at both December 31, 2022 and September 30, 2023. Net charge-offs of $66 thousand were recognized during the nine months ended September 30, 2023, compared to $89 thousand during the full year 2022. The allowance for credit losses to total loans declined to 0.83% at September 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 September 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) the ineffectiveness of our hedging strategies, or the unexpected counterparty failure or failure of the underlying hedges; (xv) 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; (xvi) changes in capital levels and loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (xvii) inadequate allowance for credit losses; (xviii) results of regulatory examinations; (xix) 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; (xx) 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; (xxi) approval of the declaration of any dividend by our Board of Directors; (xxii) loss of key personnel; and (xxiii) 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, Bearden / Knoxville, West 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.](http://www.mcb.com)

Mountain Commerce Bancorp, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Amounts in thousands, except share data)

		Three Months Ended September 30,			Nine Months Ended September 30,	
		2023	2022		2023	2022
Interest income						
Loans	$	19,015	13,957	$	52,936	37,307
Investment securities - taxable		1,274	1,090		3,886	3,159
Investment securities - tax exempt		39	94		117	294
Dividends and other		1,059	440		3,398	767
		21,387	15,581		60,337	41,527
Interest expense						
Savings		1,760	506		4,902	1,004
Interest bearing transaction accounts		2,487	821		7,512	1,273
Time certificates of deposit of $250,000 or more		4,351	474		10,825	682
Other time deposits		2,615	135		5,617	252
Total deposits		11,213	1,936		28,856	3,211
Senior debt		405	141		1,042	344
Subordinated debt		163	164		493	493
FHLB & FRB advances		1,603	394		4,696	538
		13,384	2,635		35,087	4,586
Net interest income		8,003	12,946		25,250	36,941
Provision for (recovery of) credit losses		(411)	900		(385)	2,000
Net interest income after provision for (recovery of) credit losses		8,414	12,046		25,635	34,941
Noninterest income						
Service charges and fees		369	369		1,137	1,080
Bank owned life insurance		47	44		139	131
Realized gain (loss) on sale of investment securities available for sale		-	(42)		(9)	(212)
Unrealized loss on equity securities		(50)	(171)		(781)	(1,187)
Gain on sale of loans		7	5		21	29
Loss on sale of fixed assets		(269)	-		(200)	-
Wealth management		158	175		479	544
Swap fees		145	-		365	-
Limited partnership distributions		-	96		-	469
Other		-	22		37	41
		407	498		1,188	895
Noninterest expense						
Compensation and employee benefits		3,148	3,299		9,807	9,416
Occupancy		568	452		1,740	1,209
Furniture and equipment		166	176		543	399
Data processing		536	536		1,597	1,497
FDIC insurance		286	161		874	491
Office		197	183		603	523
Advertising		127	115		392	264
Professional fees		421	405		1,325	1,072
Other noninterest expense		277	310		1,021	2,074
		5,726	5,637		17,902	16,945
Income before income taxes		3,095	6,907		8,921	18,891
Income taxes		622	1,585		1,631	4,239
Net income	$	2,473	5,322	$	7,290	14,652
Earnings per common share:						
Basic	$	0.40	0.86	$	1.17	2.36
Diluted	$	0.40	0.85	$	1.17	2.35
Weighted average common shares outstanding:						
Basic		6,240,403	6,209,436		6,231,237	6,200,883
Diluted		6,243,630	6,235,634		6,240,119	6,230,103

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

	September 30, 2023	June 30, 2023	December 31, 2022
Assets			
Cash and due from banks	$ 18,586	$ 16,753	$ 13,824
Interest-earning deposits in other banks	59,928	86,361	64,816
Cash and cash equivalents	78,514	103,114	78,640
Investments available for sale	127,711	134,089	137,425
Equity securities	1,742	5,046	5,750
Premises and equipment held for sale	3,812	4,260	4,260
Loans receivable	1,435,629	1,404,098	1,316,883
Allowance for credit losses	(11,858)	(11,974)	(12,645)
Net loans receivable	1,423,771	1,392,124	1,304,238
Premises and equipment, net	46,323	41,440	32,932
Accrued interest receivable	5,318	4,790	4,514
Bank owned life insurance	9,915	9,867	9,776
Restricted stock	8,170	9,525	7,143
Deferred tax assets, net	10,835	9,794	10,271
Other assets	5,001	4,643	5,111
Total assets	$ 1,721,112	$ 1,718,692	$ 1,600,060
Liabilities and Shareholders' Equity			
Noninterest-bearing	$ 270,299	$ 322,003	$ 305,210
Interest-bearing	891,738	882,885	860,267
Wholesale	246,716	212,988	181,022
Total deposits	1,408,753	1,417,876	1,346,499
FHLB borrowings	152,000	140,000	105,000
Senior debt, net	20,000	20,000	9,998
Subordinated debt, net	9,903	9,893	9,866
Accrued interest payable	1,699	1,279	885
Post-employment liabilities	3,442	3,467	3,519
Other liabilities	5,793	5,235	7,022
Total liabilities	1,601,590	1,597,750	1,482,789
Total shareholders' equity	119,522	120,942	117,271
Total liabilities and shareholders' equity	$ 1,721,112	$ 1,718,692	$ 1,600,060

Appendix A - Reconciliation of Non-GAAP Financial Measures

		Three Months Ended September 30 (Dollars in thousands, except per share data)			Nine Months Ended September 30 (Dollars in thousands, except per share data)	
		2023	**2022**		**2023**	**2022**
Adjusted Net Income						
Net income (GAAP)	$	2,473	5,322	$	7,290	14,652
Realized (gain) loss on sale of investment securities		-	42		9	212
Unrealized (gain) loss on equity securities		50	171		781	1,187
Accretion of PPP fees, net		-	(39)		-	(285)
(Gain) Loss on sale of fixed assets		269	-		200	-
Provision for (recovery of) credit losses		(411)	900		(385)	2,000
Provision for (recovery of) unfunded commitments		-	86		-	148
Fraudulent wire loss (recovery)		-	(250)		(100)	575
Tax effect of adjustments		24	(238)		(132)	(1,003)
Adjusted net income (Non-GAAP)	$	2,405	5,994	$	7,663	17,486
Adjusted Diluted Earnings Per Share						
Diluted earnings per share (GAAP)	$	0.40	0.85	$	1.17	2.35
Realized (gain) loss on sale of investment securities		-	0.01		0.00	0.03
Unrealized (gain) loss on equity securities		0.01	0.03		0.13	0.19
Accretion of PPP fees, net		-	(0.01)		-	(0.05)
(Gain)/Loss on sale of fixed assets		0.04	-		0.03	-
Provision for (recovery of) credit losses		(0.07)	0.14		(0.06)	0.32
Provision for (recovery of) unfunded commitments		-	0.01		-	0.02
Fraudulent wire loss (recovery)		-	(0.04)		(0.02)	0.09
Tax effect of adjustments		0.00	(0.04)		(0.02)	(0.16)
Adjusted diluted earnings per share (Non-GAAP)	$	0.39	0.96	$	1.23	2.81
Adjusted Return on Average Assets						
Return on average assets (GAAP)		0.58%	1.40%		0.58%	1.36%
Realized (gain) loss on sale of investment securities		0.00%	0.01%		0.00%	0.02%
Unrealized (gain) loss on equity securities		0.01%	0.05%		0.06%	0.11%
Accretion of PPP fees, net		0.00%	-0.01%		0.00%	-0.03%
(Gain)/Loss on sale of fixed assets		0.06%	0.00%		0.02%	0.00%
Provision for (recovery of) credit losses		-0.10%	0.24%		-0.03%	0.19%
Provision for (recovery of) unfunded commitments		0.00%	0.02%		0.00%	0.01%
Fraudulent wire loss (recovery)		0.00%	-0.07%		-0.01%	0.05%
Tax effect of adjustments		0.01%	-0.06%		-0.01%	-0.09%
Adjusted return on average assets (Non-GAAP)		0.56%	1.58%		0.61%	1.63%
Adjusted Return on Average Equity						
Return on average equity (GAAP)		8.19%	18.36%		8.08%	16.66%
Realized (gain) loss on sale of investment securities		0.00%	0.14%		0.01%	0.24%
Unrealized (gain) loss on equity securities		0.17%	0.59%		0.87%	1.35%
Accretion of PPP fees, net		0.00%	-0.13%		0.00%	-0.32%
(Gain)/Loss on sale of fixed assets		0.89%	0.00%		0.22%	0.00%
Provision for (recovery of) credit losses		-1.36%	3.11%		-0.43%	2.27%
Provision for (recovery of) unfunded commitments		0.00%	0.30%		0.00%	0.17%
Fraudulent wire loss (recovery)		0.00%	-0.86%		-0.11%	0.65%
Tax effect of adjustments		0.08%	-0.82%		-0.15%	-1.14%
Adjusted return on average equity (Non-GAAP)		7.97%	20.68%		8.49%	19.89%

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

	Three Months Ended September 30 (Dollars in thousands, except per share data)		Nine Months Ended September 30 (Dollars in thousands, except per share data)	
	2023	2022	2023	2022
Adjusted Noninterest Expense to Average Assets				
Noninterest expense to average assets (GAAP)	1.34%	1.49%	1.42%	1.58%
Provision for (recovery of) unfunded commitments	0.00%	-0.01%	0.00%	-0.01%
Fraudulent wire loss (recovery)	0.00%	0.02%	0.01%	-0.04%
Adjusted noninterest expense to average assets (Non-GAAP)	1.34%	1.50%	1.43%	1.53%
Adjusted Net Interest Margin (tax-equivalent) (1)				
Net interest margin (tax-equivalent) (GAAP)	2.08%	3.66%	2.24%	3.72%
Accretion of PPP fees, net	0.00%	-0.01%	0.00%	-0.03%
Adjusted net interest margin (tax-equivalent) (Non-GAAP)	2.08%	3.65%	2.24%	3.69%
Pre-tax, Pre-Provision Earnings				
Net income (GAAP)	$ 2,473	5,322	$ 7,290	14,652
Income taxes	622	1,585	1,631	4,239
Provision for (recovery of) credit losses	(411)	900	(385)	2,000
Pre-tax, pre-provision earnings (non-GAAP)	$ 2,684	7,807	$ 8,536	20,891
Pre-tax, Pre-Provision Return on Average Assets (ROAA)				
Return on average assets (GAAP)	0.58%	1.40%	$ 0.58%	1.36%
Income taxes	0.15%	0.42%	0.13%	0.39%
Provision for (recovery of) credit losses	-0.10%	0.24%	-0.03%	0.19%
Pre-tax, pre-provision return on average assets (non-GAAP)	0.63%	2.06%	$ 0.68%	1.95%
Book and Tangible Book Value Per Share, excluding AOCI				
Book and tangible book value per share (GAAP)	$ 18.78	18.03		
Impact of AOCI per share	3.28	2.92		
Book and tangible book value per share, excluding AOCI (non-GAAP)	$ 22.06	20.95		

(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 September 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	$	1,386,818	19,015	5.44%	$	1,204,543	13,957	4.60%
Loans - tax exempt (2)		28,935	492	6.75%		24,254	413	6.75%
Investments - taxable		131,461	1,274	3.84%		133,724	1,090	3.23%
Investments - tax exempt (1)		5,301	49	3.69%		12,683	119	3.72%
Interest earning deposits		60,571	720	4.72%		69,177	293	1.68%
Other investments, at cost		8,982	339	14.97%		7,298	147	7.99%
Total interest-earning assets		1,622,068	21,889	5.35%		1,451,679	16,018	4.38%
Noninterest earning assets		88,162				66,185		
Total assets	$	1,710,230			$	1,517,864		`
Interest-bearing liabilities:								
Interest-bearing transaction accounts	$	65,837	607	3.66%	$	89,011	226	1.01%
Savings accounts		259,887	1,760	2.69%		381,533	506	0.53%
Money market accounts		186,249	1,880	4.00%		196,702	595	1.20%
Retail time deposits		371,000	3,994	4.27%		84,903	166	0.78%
Wholesale time deposits		236,112	2,972	4.99%		163,861	443	1.07%
Total interest bearing deposits		1,119,085	11,213	3.98%		916,010	1,936	0.84%
Senior debt		20,000	405	8.03%		10,250	141	5.46%
Subordinated debt		9,898	163	6.53%		9,851	164	6.60%
Federal Home Loan Bank & FRB advances		148,739	1,603	4.28%		103,152	394	1.52%
Total interest-bearing liabilities		1,297,722	13,384	4.09%		1,039,263	2,635	1.01%
Noninterest-bearing deposits		280,651				350,448		
Other noninterest-bearing liabilities		11,137				12,224		
Total liabilities		1,589,510				1,401,935		
Total shareholders' equity		120,720				115,929		
Total liabilities and shareholders' equity	$	1,710,230			$	1,517,864		
Tax-equivalent net interest income			8,505				13,383	
Net interest-earning assets (3)	$	324,346			$	412,416		
Average interest-earning assets to interest-bearing liabilities		125%				140%		
Tax-equivalent net interest rate spread (4)		1.26%				3.37%		
Tax equivalent net interest margin (5)		2.08%				3.66%		

(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 Nine Months Ended September 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	$ 1,340,148	52,936	5.28%	$ 1,126,386	37,307	4.43%
Loans - tax exempt (2)	27,425	1,384	6.75%	24,432	1,233	6.75%
Investments - taxable	135,649	3,886	3.83%	138,225	3,159	3.06%
Investments - tax exempt (1)	5,380	148	3.68%	14,287	372	3.48%
Interest earning deposits	74,264	2,650	4.77%	65,112	404	0.83%
Other investments, at cost	11,077	749	9.04%	7,034	363	6.90%
Total interest-earning assets	1,593,943	61,753	5.18%	1,375,476	42,838	4.16%
Noninterest earning assets	82,531			56,058		
Total assets	$ 1,676,474			$ 1,431,534		
Interest-bearing liabilities:						
Interest-bearing transaction accounts	$ 88,179	2,351	3.56%	$ 72,698	317	0.58%
Savings accounts	289,039	4,902	2.27%	372,898	1,004	0.36%
Money market accounts	193,337	5,160	3.57%	184,901	957	0.69%
Retail time deposits	303,640	8,984	3.96%	78,589	326	0.55%
Wholesale time deposits	212,432	7,459	4.69%	148,706	607	0.55%
Total interest bearing deposits	1,086,627	28,856	3.55%	857,792	3,211	0.50%
Senior debt	17,000	1,042	8.20%	11,000	344	4.18%
Subordinated debt	9,885	493	6.67%	9,841	493	6.70%
Federal Home Loan Bank & FRB advances	149,908	4,696	4.19%	94,469	538	0.76%
Total interest-bearing liabilities	1,263,420	35,087	3.71%	973,102	4,586	0.63%
Noninterest-bearing deposits	281,830			330,732		
Other noninterest-bearing liabilities	10,902			10,462		
Total liabilities	1,556,152			1,314,296		
Total shareholders' equity	120,322			117,238		
Total liabilities and shareholders' equity	$ 1,676,474			$ 1,431,534		
Tax-equivalent net interest income		26,666			38,252	
Net interest-earning assets (3)	$ 330,523			$ 402,374		
Average interest-earning assets to interest-bearing liabilities	126%			141%		
Tax-equivalent net interest rate spread (4)	1.47%			3.53%		
Tax equivalent net interest margin (5)	2.24%			3.72%		

(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)		
		June 30, 2023	March 31, 2023	December 31, 2022
Adjusted Net Income				
Net income (GAAP)	$	2,459	2,358	3,788
Realized loss on sale of investment securities		(1)	10	399
Unrealized (gain) loss on equity securities		214	516	(68)
Accretion of PPP fees, net		-	-	(13)
(Gain)/Loss on sale of fixed assets		-	(69)	-
Provision for credit losses		(561)	587	210
Provision for (recovery of) unfunded commitments		-	-	177
Fraudulent wire recovery		-	(100)	-
Tax effect of adjustments		91	(247)	(184)
Adjusted net income (Non-GAAP)	$	2,202	3,055	4,309
Adjusted Diluted Earnings Per Share				
Diluted earnings per share (GAAP)	$	0.39	0.38	0.61
Realized loss on sale of investment securities		(0.00)	0.00	0.06
Unrealized (gain) loss on equity securities		0.03	0.08	(0.01)
Accretion of PPP fees, net		-	-	(0.00)
(Gain)/Loss on sale of fixed assets		-	(0.01)	-
Provision for credit losses		(0.09)	0.09	0.03
Provision for (recovery of) unfunded commitments		-	-	0.03
Fraudulent wire recovery		-	(0.02)	-
Tax effect of adjustments		0.01	(0.04)	(0.03)
Adjusted diluted earnings per share (Non-GAAP)	$	0.35	0.49	0.69
Adjusted Return on Average Assets				
Return on average assets (GAAP)		0.59%	0.57%	0.96%
Realized loss on sale of investment securities		0.00%	0.00%	0.10%
Unrealized (gain) loss on equity securities		0.05%	0.13%	-0.02%
Accretion of PPP fees, net		0.00%	0.00%	0.00%
(Gain)/Loss on sale of fixed assets		0.00%	-0.02%	0.00%
Provision for credit losses		-0.13%	0.14%	0.05%
Provision for (recovery of) unfunded commitments		0.00%	0.00%	0.04%
Fraudulent wire recovery		0.00%	-0.02%	0.00%
Tax effect of adjustments		0.02%	-0.06%	-0.05%
Adjusted return on average assets (Non-GAAP)		0.53%	0.74%	1.09%
Adjusted Return on Average Equity				
Return on average equity (GAAP)		8.13%	7.89%	13.15%
Realized loss on sale of investment securities		0.00%	0.03%	1.39%
Unrealized (gain) loss on equity securities		0.71%	1.73%	-0.24%
Accretion of PPP fees, net		0.00%	0.00%	-0.05%
(Gain)/Loss on sale of fixed assets		0.00%	-0.23%	0.00%
Provision for credit losses		-1.86%	1.96%	0.73%
Provision for (recovery of) unfunded commitments		0.00%	0.00%	0.61%
Fraudulent wire recovery		0.00%	-0.33%	0.00%
Tax effect of adjustments		0.30%	-0.83%	-0.64%
Adjusted return on average equity (Non-GAAP)		7.28%	10.22%	14.96%

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

		Three Months Ended (Dollars in thousands, except per share data)		
		June 30, 2023	March 31, 2023	December 31, 2022
Adjusted Noninterest Expense to Average Assets				
Noninterest expense to average assets (GAAP)		1.47%	1.47%	1.69%
Provision for (recovery of) unfunded commitments		0.00%	0.00%	-0.01%
Fraudulent wire recovery		0.00%	0.01%	0.00%
Adjusted noninterest expense to average assets (Non-GAAP)		1.47%	1.47%	1.68%
Adjusted Net Interest Margin (tax-equivalent)				
Net interest margin (tax-equivalent) (GAAP)		2.09%	2.55%	3.15%
Accretion of PPP fees, net		0.00%	0.00%	0.00%
Adjusted net interest margin (tax-equivalent) (Non-GAAP)		2.09%	2.55%	3.15%
Pre-tax Pre-Provision Earnings				
Net income (GAAP)	$	2,459	2,358	3,788
Income taxes		417	592	1,147
Provision for credit losses		(561)	587	210
Pre-tax Pre-provision earnings (non-GAAP)	$	2,315	3,537	5,145
Pre-tax Pre-Provision Return on Average Assets (ROAA)				
Return on average assets (GAAP)	$	0.59%	0.57%	0.96%
Income taxes		0.10%	0.14%	0.29%
Provision for credit losses		-0.13%	0.14%	0.05%
Pre-tax Pre-provision return on average assets (non-GAAP)	$	0.55%	0.86%	1.30%
Book and Tangible Book Value Per Share, excluding AOCI				
Book and tangible book value per share (GAAP)	$	19.00	18.95	18.43
Impact of AOCI per share		2.78	2.57	2.83
Book and tangible book value per share, excluding AOCI (non-GAAP)	$	21.78	21.52	21.26