FOR IMMEDIATE RELEASE

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**Mountain Commerce Bancorp, Inc. Announces First Quarter 2024 Results
And Quarterly Cash Dividend**

Knoxville, Tennessee, April 22, 2024 – Mountain Commerce Bancorp, Inc. (the "Company") (OTCQX: MCBI), the holding company for Mountain Commerce Bank (the "Bank"), today announced results and related data as of and for the three months ended March 31, 2024.

The Company also announced today that its Board of Directors declared a quarterly cash dividend of $0.05 per common share, its fourteenth consecutive quarterly dividend. The dividend is payable on June 3, 2024 to shareholders of record as of the close of business on May 6, 2024.

Management Commentary

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

"While the first quarter of 2024 was a challenging quarter, we continue to focus on repositioning our balance sheet through targeted loan growth funded with higher levels of core (non-wholesale) deposits. Consistent with those priorities, wholesale time deposits and FHLB advances declined $92.9M during the first quarter of 2024, while core deposits grew $159.5 million during the same period. We are pleased that our average yield on taxable loans continues to increase, rising 55 bp to 5.66% in the first quarter of 2024 from 5.11% in the same quarter a year ago and 5.59% in the fourth quarter of 2023. Our recent monthly results are suggesting that cost of deposits may have reached its peak during the first quarter of 2024, and we are anticipating improvement in our net interest margin in the coming quarters. We continue to experience very low levels of loan charge-offs and non-performing assets, and our allowance coverage of nonperforming loans was greater than 15 to 1 at March 31, 2024 with no properties in real estate owned. Liquidity remained strong as of March 31, 2024 with available funding sources in excess of our level of uninsured and uncollateralized deposits. During this time of lower net interest income, we remain very focused on controlling noninterest expenses which declined to 1.30% of average assets during the first quarter of 2024 from 1.47% in the same quarter of 2023, which we believe is among the lowest in our per group. With respect to our dividend, we remain committed to managing our tangible book value and ensuring that we have adequate capital for future growth.

Construction of our Johnson City financial center continues with an expected opening date of July 1, 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 space we currently lease with an annual cost of $170 thousand into this building."

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 months ended March 31, 2024. 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, gains and losses from the sale of fixed assets, the provision for or recovery of credit losses, and the impact of material one-time fraud losses or recoveries. 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 March 31, (Dollars in thousands, except per share data)					
		2024			2023	
		GAAP	Adjusted (1)		GAAP	Adjusted (1)
Net income	$	1,515	1,104	$	2,358	3,055
Diluted earnings per share	$	0.24	0.18	$	0.38	0.49
Return on average assets (ROAA)		0.34%	0.25%		0.57%	0.74%
Return on average equity		4.92%	3.59%		7.89%	10.22%
Noninterest expense to average assets		1.30%	1.30%		1.47%	1.47%
Net interest margin (tax equivalent)		1.66%	1.66%		2.55%	2.55%
Pre-tax, pre-provision earnings (1)	$		1,418	$		3,537
Pre-tax, pre-provision ROAA (1)			0.32%			0.86%

(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 March 31, 2024		As of and for the 12 Months Ended December 31, 2023
		(Dollars in thousands, except share data)		
Asset Quality				
Non-performing loans	$	805	$	1,607
Real estate owned	$	-	$	-
Non-performing assets	$	805	$	1,607
Non-performing loans to total loans		0.06%		0.11%
Non-performing assets to total assets		0.04%		0.09%
Year-to-date net charge-offs (recoveries)	$	(230)	$	459
Allowance for credit losses to non-performing loans		1559.38%		811.08%
Allowance for credit losses to total loans		0.86%		0.90%
Other Data				
Cash dividends declared	$	0.080	$	0.640
Shares outstanding		6,376,660		6,352,725
Book and tangible book value per share (2)	$	19.46	$	19.33
Accumulated other comprehensive income (loss) (AOCI) per share		(2.55)		(2.56)
Book and tangible book value per share, excluding AOCI (1) (2)		22.01	$	21.89
Closing market price per common share	$	18.25	$	18.50
Closing price to book value ratio		93.79%		95.71%
Tangible common equity to tangible assets ratio		6.88%		7.07%
Bank regulatory leverage ratio		9.15%		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)				
	2024	2023			
	March 31 GAAP	December 31 GAAP	September 30 GAAP	June 30 GAAP	March 31 GAAP
Net income (loss)	$ 1,515	$ (376)	$ 2,473	$ 2,459	$ 2,358
Diluted earnings (loss) per share	$ 0.24	$ (0)	$ 0.40	$ 0.39	$ 0.38
Return on average assets (ROAA)	0.34%	-0.09%	0.58%	0.59%	0.57%
Return on average equity	4.92%	-1.25%	8.19%	8.13%	7.89%
Noninterest expense to average assets	1.30%	1.48%	1.34%	1.47%	1.47%
Net interest margin (tax equivalent)	1.66%	1.98%	2.08%	2.09%	2.55%
	2024	2023			
	March 31 Adjusted (1)	December 31 Adjusted (2)	September 30 Adjusted (2)	June 30 Adjusted (2)	March 31 Adjusted (1)
Net income	$ 1,104	$ 1,244	$ 2,405	$ 2,202	$ 3,055
Diluted earnings per share	$ 0.18	$ 0.20	$ 0.39	$ 0.35	$ 0.49
Return on average assets (ROAA)	0.25%	0.29%	0.56%	0.53%	0.74%
Return on average equity	3.59%	4.13%	7.97%	7.28%	10.22%
Noninterest expense to average assets	1.30%	1.48%	1.34%	1.47%	1.47%
Net interest margin (tax equivalent)	1.66%	1.98%	2.08%	2.09%	2.55%
Pre-tax, pre-provision earnings	$ 1,418	$ 1,182	$ 2,684	$ 2,315	$ 3,537
Pre-tax, pre-provision ROAA	0.32%	0.27%	0.63%	0.55%	0.86%

(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.

Net Interest Income

Net interest income decreased $3.0 million, or 31.6%, from $9.4 million for the three months ended March 31, 2023 to $6.4 million for the same period in 2024. The decrease between the periods was primarily the net result of the following factors:

- Average interest-earning assets grew $111.5 million, or 7.1%, from $1.568 billion to $1.680 billion, driven primarily by increases in loans.
- Average net interest-earning assets declined $68.2 million, or 20.3%, from $336.8 million to $268.6 million, due primarily to a $56.3 million decrease in noninterest bearing deposits and a $26.9 million increase in noninterest earning assets – primarily resulting from higher levels of fixed assets which are discussed below.
- The average rate paid on interest-bearing liabilities increased 150 bp from 3.08% to 4.58%, while the average rate earned on interest-earning assets increased 55 bp from 4.96% to 5.51%, resulting in a decrease in tax-equivalent net interest margin from 2.55% to 1.66%. The increase in the

average rate paid on interest-bearing liabilities was due to the heightened rate environment and competitive funding pressures in our markets throughout much of 2023, 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.

Rate Sensitivity

The Company has the following loans subject to repricing of interest rates as of March 31, 2024:

	Prime	SOFR	Treasury	Total
$	186,400	85,700	20,600	292,700

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%
Dec 31, 2023	33.5%	62.3%
Mar 31, 2024	33.9%	67.6%

Effective October 1, 2023, the Company entered into a $150 million notional amount pay-fixed swap with a term of 3 years whereby the Company pays a fixed rate of 4.69% and receives the SOFR Compound rate. This swap has been accounted for as a fair value hedge of fixed-rate loans and 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 ($0.5) million and $0.6 million was recognized for the three months ended March 31, 2024 and 2023, respectively. The recovery of credit losses recognized in the first quarter of 2024 was driven by the payoff of a $0.7 million loan with a full reserve established in the fourth quarter of 2023 as well limited loan growth.

The Company continues to experience near historically low levels of problem assets and charge-offs.

Noninterest Income

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

(In thousands)		Three Months Ended March 31 2024	2023	Change
Service charges and fees	$	382	375	7
Bank owned life insurance		55	45	10
Realized gain (loss) on sale of investment securities available for sale		77	(10)	87
Realized and unrealized loss on equity securities		(20)	(516)	496
Gain (loss) on sale of loans		(3)	3	(6)
Gain on sale of fixed assets		30	69	(39)
Wealth management		201	151	50
Swap fees		51	-	51
Limited partnership distributions		-	48	(48)
Other		9	(2)	11
Total noninterest income	$	782	163	619

Noninterest income increased to $0.8 million in the first quarter of 2024 from $0.2 million in the same quarter of 2023. The following factors had an impact on noninterest income during these periods:

- An increase of $0.1 million in realized gains on the sale of investment securities available for sale compared to the first quarter of 2023. During the first quarter of 2024, the Company sold approximately $8.0 million of securities at a gain of $77 thousand and utilized the proceeds to pay down wholesale borrowings.
- Realized and unrealized losses on equity securities improved by $0.5 million from the first quarter of 2023 as a result of the sale of preferred stock in which the Company had invested during the fourth quarter of 2023.
- The Company recognized a $0.1 million increase in swap fees from the first quarter of 2023 due to increased demand by customers for fixed 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 Expense

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

(In thousands)		Three Months Ended March 31 2024	 2023	 Change
Compensation and employee benefits	$	2,992	3,263	(271)
Occupancy		588	615	(27)
Furniture and equipment		245	193	52
Data processing		446	517	(71)
FDIC insurance		383	233	150
Office		166	202	(36)
Advertising		100	113	(13)
Professional fees		599	579	20
Other noninterest expense		282	320	(38)
Total noninterest expense	$	5,801	6,035	(234)

Noninterest expense declined $0.2 million, or 3.9%, from $6.0 million in the first quarter of 2023 to $5.8 million in the same period of 2024. The following factors had an impact on changes in noninterest expense during these periods:

- Compensation and employee benefits decreased $0.3 million, or 8.3%, due primarily to a decrease in incentive accruals and a decline in FTE employees from 116 to 110, offset, in part, by merit increases and an increase in benefit costs.
- FDIC insurance increased $0.2 million due to a growth in deposits and other Company specific risk factors.

Income Taxes

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

Three Months Ended March 31 2024	 2023
19.71%	20.07%

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 $65.3 million, or 8.6%, from $1.738 billion at December 31, 2023 to $1.803 billion at March 31, 2024. The change was primarily driven by the following factors:

- Cash and cash equivalents increased $71.3 million, or 103.4%, due to a decrease in lending volume and an increased focus on core deposit growth.
- Available for sale investment security balances decreased $9.9 million, or 7.6%, primarily due to the sale of approximately $8.0 million of securities during the first quarter of 2024.

The following summarizes the composition of the Company's available for sale investment securities portfolio (at fair value) as of March 31, 2024 and December 31, 2023:

		March 31, 2024		December 31, 2023	
		Estimated Fair Value	Net Unrealized Gain (Loss)	Estimated Fair Value	Net Unrealized Gain (Loss)
(in thousands)					
Agency MBS / CMO	$	12,462	(2,025)	12,870	(1,853)
Agency multifamily (non-guaranteed)		8,965	(852)	8,944	(897)
Agency floating rate		8,151	5	16,919	(41)
Business Development Companies		3,415	(348)	3,420	(345)
Corporate		23,908	(2,555)	23,801	(2,673)
Municipal		26,267	(6,974)	26,465	(6,790)
Non-agency MBS / CMO		37,127	(9,481)	37,805	(9,489)
	$	120,295	(22,230)	130,224	(22,088)

Non-agency MBS/CMO have an average credit-enhancement of approximately 33% as of March 31, 2024. Municipal securities are generally rated AA or higher.

- The Company did not have any securities classified as held-to-maturity as of March 31, 2024 and December 31, 2023.

- Loans receivable increased $2.5 million, or 0.2%, from $1.453 billion at December 31, 2023 to $1.455 billion at March 31, 2024. The following summarizes changes in loan balances over the last five quarters:

(in thousands)		March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Residential construction	$	29,716	33,881	39,824	40,309	47,170
Other construction		84,967	89,388	82,288	73,183	64,009
Farmland		9,684	8,614	8,699	9,381	10,174
Home equity		48,059	48,118	45,839	43,992	40,609
Residential		449,894	452,957	446,215	434,780	437,143
Multi-family		115,065	109,859	112,786	111,988	102,761
Owner-occupied commercial		239,010	234,289	229,879	217,778	205,512
Non-owner occupied commercial		335,634	329,204	317,651	324,883	299,093
Commercial & industrial		134,397	137,076	142,685	134,188	140,022
PPP Program		137	154	191	884	1,589
Consumer		8,779	9,331	9,572	12,732	13,128
	$	1,455,342	1,452,871	1,435,629	1,404,098	1,361,210

The following summarizes the industry components of the Company's non-owner occupied commercial real estate loans as of March 31, 2024:

		Loan Balance	% of Total Loans
Hotels	$	74,317	5.1%
Retail		68,031	4.7%
Office		33,553	2.3%
Campground		30,329	2.1%
Mini-storage		24,071	1.7%
Marina		21,309	1.5%
Medical		21,285	1.5%
Warehouse		21,252	1.5%
Vacation Rentals		15,466	1.1%
Car Wash		10,306	0.7%
Entertainment		9,158	0.6%
Restaurant		4,975	0.3%
Other		1,582	0.1%
	$	335,634	23.1%

- Premises and equipment increased $3.8 million, or 7.2%, during the quarter ended March 31, 2024 primarily due to costs incurred for the construction of the new 23,000 sf Johnson City combined financial/corporate center. The following summarizes costs incurred and remaining to be incurred with respect to this project as of March 31, 2024:

	Costs Incurred	Remaining Expenditures
$	19,266	5,016

- Total deposits increased $116.6 million, or 7.9%, from $1.472 billion at December 31, 2023 to $1.589 billion at March 31, 2024. An increase in NOW and money market and savings accounts of $167.5 million during the first quarter of 2024 from December 31, 2023 was used to reduce wholesale time deposit balances and increase liquidity.

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

(in thousands)		March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Non-interest bearing transaction	$	247,262	243,750	270,299	322,003	293,502
NOW and money market		421,139	271,208	250,920	266,777	314,636
Savings		266,168	248,576	258,110	260,741	293,254
Retail time deposits		381,110	392,638	382,708	355,367	277,408
		1,315,679	1,156,172	1,162,037	1,204,888	1,178,800
Wholesale time deposits		272,932	315,862	246,716	212,988	202,608
Total deposits	$	1,588,611	1,472,034	1,408,753	1,417,876	1,381,408

  The following summarizes the composition of wholesale time deposits as of March 31, 2024:

Type		Principal	Rate	Maturity	Original Term
Brokered CD		70,000	4.90%	Apr, 2024	1 Yr
Brokered CD		50,455	5.15%	May, 2024	3 Months
Brokered CD		555	4.75%	Dec, 2025	2 Yr
Brokered CD		39,721	4.80%	Mar, 2026	2 Yr
Brokered CD		10,579	4.75%	Mar, 2026	2 Yr
Brokered CD		48,551	4.50%	Dec, 2026	3 Yr
Qwickrate		53,071	5.35%	Through September 3, 2026	2.5 Yrs or Less
	$	272,932	4.94%		

- FHLB borrowings decreased $50.0 million from December 31, 2023 and consisted of the following at March 31, 2024:

	Amounts (000's)	Original Term	Current Rate	Maturity Date
$	25,000	3 months	5.50%	05/28/24
	25,000	6 months	5.46%	09/11/24
$	50,000		5.48%	

- Total equity increased $1.3 million, or 1.1%, from $122.8 million at December 31, 2023 to $124.1 million at March 31, 2024. The following summarizes the components of the change in total shareholders' equity and tangible book value per share for the quarter ended March 31, 2024:

		Total Shareholders' Equity	Tangible Book Value Per Share	
(In thousands)				
December 31, 2023	$	122,787	19.33	
Net income		1,515	0.24	
Dividends paid		(510)	(0.08)	
Stock compensation		360	0.06	
Share repurchases		(5)	(0.00)	
Change in fair value of investments available for sale		(62)	(0.01)	
March 31, 2024	$	124,085	19.46	*
* Sum of the individual components may not equal the total				

The Company's tangible equity to tangible assets ratio declined to 6.88% at March 31, 2024 from 7.07% at December 31, 2023, primarily as the result of a decline in net income 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 March 31, 2024, with the Bank maintaining a regulatory leverage ratio of 9.15% at March 31, 2024.

Share Repurchases

The Company has an active authorization to repurchase up to $5 million of shares through March 31, 2025. No shares were repurchased during the quarter ended March 31, 2024.

Asset Quality

Non-performing loans to total loans decreased to 0.06% at March 31, 2024 from 0.11% at December 31, 2023. Non-performing assets to total assets decreased to 0.04% at March 31, 2024 from 0.09% at December 31, 2023. Other real estate owned balances remained at $0 at both March 31, 2024 and December 31, 2023. Net recoveries of $0.2 million were recognized during the quarter ended March 31, 2024, compared to net charge-offs of $0.5 million during the year ended December 31, 2023. The allowance for credit losses to total loans declined to 0.86% at March 31, 2024 from 0.90% at December

31, 2023 due primarily to the payoff in full of a fully-reserved $0.7 million loan as of December 31, 2023. Coverage of non-performing loans by the allowance for credit losses was greater than 15 to 1 at March 31, 2024 compared to 8 to 1 at December 31, 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, 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 and challenging economic conditions, 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) our ability to grow and retain low cost core deposits and retain large, uninsured deposits including during times when we are seeking to limit the rates we pay on deposits or uncertainty exists in the financial services sector; v) 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; (vi) the deterioration of the economy in our market areas, including the negative impact of inflationary pressures and other challenging economic conditions on our customers and their businesses; (vii) the ability to grow and retain lower-cost core deposits, including during times when uncertainty exists in the financial services sector; (viii) our ability to meet our liquidity needs without having to liquidate investment securities that we own while those securities are in an unrealized loss position as a result of the elevated rate environment, or increase the rates we pay on deposits or increase our levels of non-core deposits to levels that cause our net interest margin to further decline; (ix) significant downturns in the business of one or more large customers; (x) effectiveness of our asset management activities in improving, resolving or liquidating lower quality assets; (xi) our inability to maintain the historical, long-term growth rate of our loan portfolio; (xii) risks of expansion into new geographic or product markets; (xiii) the possibility of increased compliance and operational costs as a result of increased regulatory oversight; (xiv) our inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies and required capital maintenance levels; (xv) the ineffectiveness of our hedging strategies, or the unexpected counterparty failure or failure of the underlying hedges; (xvi) 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; (xvii) changes in capital levels and loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (xviii) inadequate allowance for credit losses; (xix) results of regulatory examinations; (xx) 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; (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, 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.

Mountain Commerce Bancorp, Inc. and Subsidiaries Condensed Consolidated Statements of Income (Amounts in thousands, except share data)				
		Three Months Ended		
		March 31, 2024	December 31, 2023	March 31, 2023
Interest income				
Loans	$	19,846	19,734	16,361
Investment securities - taxable		1,323	1,342	1,311
Investment securities - tax exempt		29	37	39
Dividends and other		1,326	891	1,037
		22,524	22,004	18,748
Interest expense				
Savings		2,078	1,876	1,556
Interest bearing transaction accounts		3,648	2,559	2,319
Time certificates of deposit of $250,000 or more		4,860	4,689	2,663
Other time deposits		3,653	3,072	1,003
Total deposits		14,239	12,196	7,541
Senior debt		405	409	249
Subordinated debt		164	164	164
FHLB & FRB advances		1,279	1,669	1,385
		16,087	14,438	9,339
Net interest income		6,437	7,565	9,409
Provision for (recovery of) credit losses		(469)	1,382	587
Net interest income after provision for credit losses		6,906	6,183	8,822
Noninterest income				
Service charges and fees		382	400	375
Bank owned life insurance		55	52	45
Realized gain (loss) on sale of investment securities available for sale		77	(666)	(10)
Unrealized gain (loss) on equity securities		(20)	(90)	(516)
Gain (loss) on sale of loans		(3)	12	3
Gain (loss) on sale of fixed assets		30	(55)	69
Wealth management		201	185	151
Swap fees		51	162	-
Limited partnership distributions		-	-	48
Other		9	10	(2)
		782	10	163
Noninterest expense				
Compensation and employee benefits		2,992	3,461	3,263
Occupancy		588	580	615
Furniture and equipment		245	266	193
Data processing		446	623	517
FDIC insurance		383	314	233
Office		166	180	202
Advertising		100	131	113
Professional fees		599	477	579
Other noninterest expense		282	361	320
		5,801	6,393	6,035
Income (loss) before income taxes		1,887	(200)	2,950
Income taxes		372	176	592
Net income (loss)	$	1,515	(376)	2,358
Earnings (loss) per common share:				
Basic	$	0.24	(0.06)	0.38
Diluted	$	0.24	(0.06)	0.38
Weighted average common shares outstanding:				
Basic		6,251,792	6,250,262	6,220,619
Diluted		6,264,626	6,255,789	6,243,297

Mountain Commerce Bancorp, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(Amounts in thousands)

		March 31, 2024		December 31, 2023		March 31, 2023
Assets						
Cash and due from banks	$	12,176	$	21,193	$	14,419
Interest-earning deposits in other banks		127,961		47,688		106,878
Cash and cash equivalents		140,137		68,881		121,297
Investments available for sale		120,295		130,224		137,625
Equity securities		1,875		1,882		5,246
Premises and equipment held for sale		3,762		3,762		4,260
Loans receivable		1,455,342		1,452,871		1,361,210
Allowance for credit losses		(12,553)		(13,034)		(12,313)
Net loans receivable		1,442,789		1,439,837		1,348,897
Premises and equipment, net		56,182		52,397		36,275
Accrued interest receivable		5,657		5,479		4,726
Bank owned life insurance		10,023		9,968		9,821
Restricted stock		6,224		8,145		15,423
Deferred tax assets, net		8,832		9,101		9,692
Other assets		7,337		8,094		4,680
Total assets	$	1,803,113	$	1,737,770	$	1,697,942
Liabilities and Shareholders' Equity						
Noninterest-bearing	$	247,262	$	243,750	$	293,502
Interest-bearing		1,068,417		912,422		885,298
Wholesale		272,932		315,862		202,608
Total deposits		1,588,611		1,472,034		1,381,408
FHLB borrowings		50,000		100,000		155,000
Senior debt, net		20,000		20,000		20,000
Subordinated debt, net		9,932		9,917		9,879
Accrued interest payable		1,968		2,258		1,082
Post-employment liabilities		3,383		3,414		3,495
Other liabilities		5,134		7,360		6,535
Total liabilities		1,679,028		1,614,983		1,577,399
Total shareholders' equity		124,085		122,787		120,543
Total liabilities and shareholders' equity	$	1,803,113	$	1,737,770	$	1,697,942

Appendix A - Reconciliation of Non-GAAP Financial Measures

		Three Months Ended March 31 (Dollars in thousands, except per share data)	
		2024	2023
Adjusted Net Income (Loss)			
Net income (GAAP)	$	1,515	2,358
Realized (gain) loss on sale of investment securities		(77)	10
Unrealized loss on equity securities		20	516
Gain on sale of fixed assets		(30)	(69)
Provision for (recovery of) credit losses		(469)	587
Fraud loss (recovery)		-	(100)
Tax effect of adjustments		145	(247)
Adjusted net income (Non-GAAP)	$	1,104	3,055
Adjusted Diluted Earnings (Loss) Per Share			
Diluted earnings per share (GAAP)	$	0.24	0.38
Realized (gain) loss on sale of investment securities		(0.01)	0.00
Unrealized loss on equity securities		0.00	0.08
Gain on sale of fixed assets		(0.00)	(0.01)
Provision for (recovery of) credit losses		(0.07)	0.09
Fraud loss (recovery)		-	(0.02)
Tax effect of adjustments		0.02	(0.04)
Adjusted diluted earnings per share (Non-GAAP)	$	0.18	0.49
Adjusted Return on Average Assets			
Return on average assets (GAAP)		0.34%	0.57%
Realized (gain) loss on sale of investment securities		-0.02%	0.00%
Unrealized loss on equity securities		0.00%	0.13%
Gain on sale of fixed assets		-0.01%	-0.02%
Provision for (recovery of) credit losses		-0.11%	0.14%
Fraud loss (recovery)		0.00%	-0.02%
Tax effect of adjustments		0.03%	-0.06%
Adjusted return on average assets (Non-GAAP)		0.25%	0.74%
Adjusted Return on Average Equity			
Return on average equity (GAAP)		4.92%	7.89%
Realized (gain) loss on sale of investment securities		-0.25%	0.03%
Unrealized loss on equity securities		0.06%	1.73%
Gain on sale of fixed assets		-0.10%	-0.23%
Provision for (recovery of) credit losses		-1.52%	1.96%
Fraud loss (recovery)		0.00%	-0.33%
Tax effect of adjustments		0.47%	-0.83%
Adjusted return on average equity (Non-GAAP)		3.59%	10.22%

Appendix A - Reconciliation of Non-GAAP Financial Measures, Continued			
		Three Months Ended March 31	
		(Dollars in thousands, except per share data)	
		2024	**2023**
Adjusted Noninterest Expense to Average Assets			
Noninterest expense to average assets (GAAP)		1.30%	1.47%
Fraudulent wire (loss) recovery		0.00%	0.01%
Adjusted noninterest expense to average assets (Non-GAAP)		1.30%	1.47%
Pre-tax, Pre-Provision Earnings			
Net income (GAAP)	$	1,515	2,358
Income taxes		372	592
Provision for (recovery of) credit losses		(469)	587
Pre-tax, pre-provision earnings (non-GAAP)	$	1,418	3,537
Pre-tax, Pre-Provision Return on Average Assets (ROAA)			
Return on average assets (GAAP)		0.34%	0.57%
Income taxes		0.08%	0.14%
Provision for (recovery of) credit losses		-0.11%	0.14%
Pre-tax, pre-provision return on average assets (non-GAAP)		0.32%	0.86%
Book and Tangible Book Value Per Share, excluding AOCI			
Book and tangible book value per share (GAAP)	$	19.46	18.95
Impact of AOCI per share		2.55	2.57
Book and tangible book value per share, excluding AOCI (non-GAAP)	$	22.01	21.52

Appendix B - Tax Equivalent Net Interest Margin Analysis

	For the Three Months Ended March 31,					
	2024			2023		
	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	$ 1,410,898	19,846	5.66%	$ 1,298,578	16,361	5.11%
Loans - tax exempt (2)	29,440	494	6.75%	26,120	435	6.75%
Investments - taxable	126,380	1,323	4.21%	138,689	1,311	3.83%
Investments - tax exempt (1)	4,285	37	3.45%	5,416	49	3.70%
Interest earning deposits	100,896	1,126	4.49%	89,844	857	3.87%
Other investments, at cost	8,056	200	9.99%	9,822	181	7.47%
Total interest-earning assets	1,679,955	23,026	5.51%	1,568,469	19,194	4.96%
Noninterest earning assets	103,690			76,746		
Total assets	$ 1,783,645			$ 1,645,215		
Interest-bearing liabilities:						
Interest-bearing transaction accounts	$ 114,979	1,077	3.77%	$ 102,274	788	3.12%
Savings accounts	258,151	2,078	3.24%	338,062	1,556	1.87%
Money market accounts	235,371	2,571	4.39%	201,097	1,531	3.09%
Retail time deposits	396,708	4,808	4.87%	208,313	1,674	3.26%
Wholesale time deposits	289,984	3,705	5.14%	194,312	1,992	4.16%
Total interest bearing deposits	1,295,193	14,239	4.42%	1,044,058	7,541	2.93%
Senior debt	20,000	405	8.14%	12,500	249	8.08%
Subordinated debt	9,927	164	6.64%	9,871	164	6.74%
Federal Home Loan Bank & FRB advances	86,264	1,279	5.96%	165,233	1,385	3.40%
Total interest-bearing liabilities	1,411,384	16,087	4.58%	1,231,662	9,339	3.08%
Noninterest-bearing deposits	229,836			286,103		
Other noninterest-bearing liabilities	19,338			7,911		
Total liabilities	1,660,558			1,525,676		
Total shareholders' equity	123,087			119,539		
Total liabilities and shareholders' equity	$ 1,783,645			$ 1,645,215		
Tax-equivalent net interest income		6,939			9,855	
Net interest-earning assets (3)	$ 268,571			$ 336,807		
Average interest-earning assets to interest-bearing liabilities	119%			127%		
Tax-equivalent net interest rate spread (4)	0.93%			1.89%		
Tax equivalent net interest margin (5)	1.66%			2.55%		

(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)		
		December 31, 2023	September 30, 2023	June 30, 2023
Adjusted Net Income				
Net income (loss) (GAAP)	$	(376)	2,473	2,459
Realized (gain) loss on sale of investment securities		666	-	(1)
Unrealized loss on equity securities		90	50	214
Loss on sale of fixed assets		55	269	-
Provision for (recovery of) credit losses		1,382	(411)	(561)
Tax effect of adjustments		(573)	24	91
Adjusted net income (Non-GAAP)	$	1,244	2,405	2,202
Adjusted Diluted Earnings Per Share				
Diluted earnings (loss) per share (GAAP)	$	(0.06)	0.40	0.39
Realized (gain) loss on sale of investment securities		0.11	-	(0.00)
Unrealized loss on equity securities		0.01	0.01	0.03
Loss on sale of fixed assets		0.01	0.04	-
Provision for (recovery of) credit losses		0.22	(0.07)	(0.09)
Tax effect of adjustments		(0.09)	0.00	0.01
Adjusted diluted earnings per share (Non-GAAP)	$	0.20	0.39	0.35
Adjusted Return on Average Assets				
Return on average assets (GAAP)		-0.09%	0.58%	0.59%
Realized (gain) loss on sale of investment securities		0.15%	0.00%	0.00%
Unrealized loss on equity securities		0.02%	0.01%	0.05%
Loss on sale of fixed assets		0.01%	0.06%	0.00%
Provision for (recovery of) credit losses		0.32%	-0.10%	-0.13%
Tax effect of adjustments		-0.13%	0.01%	0.02%
Adjusted return on average assets (Non-GAAP)		0.29%	0.56%	0.53%
Adjusted Return on Average Equity				
Return on average equity (GAAP)		-1.25%	8.19%	8.13%
Realized (gain) loss on sale of investment securities		2.21%	0.00%	0.00%
Unrealized loss on equity securities		0.30%	0.17%	0.71%
Loss on sale of fixed assets		0.18%	0.89%	0.00%
Provision for (recovery of) credit losses		4.59%	-1.36%	-1.86%
Tax effect of adjustments		-1.90%	0.08%	0.30%
Adjusted return on average equity (Non-GAAP)		4.13%	7.97%	7.28%

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

		Three Months Ended (Dollars in thousands, except per share data)		
		December 31, 2023	**September 30, 2023**	**June 30, 2023**
Adjusted Noninterest Expense to Average Assets				
Noninterest expense to average assets (GAAP)		1.48%	1.34%	1.47%
Adjusted noninterest expense to average assets (Non-GAAP)		1.48%	1.34%	1.47%
Pre-tax Pre-Provision Earnings				
Net income (loss) (GAAP)	$	(376)	2,473	2,459
Income taxes		176	622	417
Provision for (recovery of) credit losses		1,382	(411)	(561)
Pre-tax Pre-provision earnings (non-GAAP)	$	1,182	2,684	2,315
Pre-tax Pre-Provision Return on Average Assets (ROAA)				
Return on average assets (GAAP)	$	-0.09%	0.58%	0.59%
Income taxes		0.04%	0.15%	0.10%
Provision for (recovery of) credit losses		0.32%	-0.10%	-0.13%
Pre-tax Pre-provision return on average assets (non-GAAP)	$	0.27%	0.63%	0.55%
Book and Tangible Book Value Per Share, excluding AOCI				
Book and tangible book value per share (GAAP)	$	19.33	18.78	19.00
Impact of AOCI per share		2.56	3.28	2.78
Book and tangible book value per share, excluding AOCI (non-GAAP)	$	21.89	22.06	21.78