



## **FOR IMMEDIATE RELEASE**

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

**Knoxville, Tennessee, October 21, 2024** – Mountain Commerce Bancorp, Inc. (the “Company”) (OTCQX: MCBI), the holding company for century-old Mountain Commerce Bank (the “Bank”), today announced results and related data as of and for the three and nine months ended September 30, 2024.

The Company also announced today that its Board of Directors declared a quarterly cash dividend of \$0.05 per common share, its sixteenth consecutive quarterly dividend. The dividend is payable on December 2, 2024 to shareholders of record as of the close of business on November 4, 2024.

#### **Management Commentary**

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

“The third quarter of 2024 delivered further improvement in yields on interest-earning assets resulting in further increases in the Company’s net interest margin, which improved from 2.00% in the second quarter of 2024 to 2.08% in the third quarter of 2024, and finished the quarter at 2.16% for the month of September 2024. The Company anticipates continued improvement in its net interest margin for the remainder of 2024 and throughout 2025 as the result of improved loan yields and improved funding costs resulting from the repricing of certificates of deposit that have already repriced or will reprice during 2025. We also believe we are well positioned for future changes in interest rates, whether these adjustments are up or down. We are pleased that our average yield on taxable loans continues to increase, rising 12 bp to 5.89% in the third quarter of 2024 from 5.77% in the second quarter of 2024 and rising 45 bp from the same quarter a year ago. Equally as important, our cost of funds remained steady at 3.70% in the second and third quarter of 2024 and declined 22bp from 3.92% in the first quarter of 2024. We continue to experience excellent asset quality with non-performing assets to total assets of 0.08%, no properties in real estate owned, and an allowance to non-performing loans coverage ratio of over 8x. Liquidity remained strong as of September 30, 2024 with available funding sources more than \$100 million in excess of our level of uninsured and uncollateralized deposits. We remain very focused on controlling noninterest expenses which totaled 1.45% of average assets on an adjusted basis during the third quarter of 2024, which we believe is among the best in our peer group. Careful management of our dividend and asset growth has allowed our tangible common equity to tangible assets ratio to rise to 7.50% from 7.06% at June 30, 2024, with the Bank’s leverage ratio remaining steady at 9.29% at September 30, 2024 compared

to 9.31% at June 30, 2024. We continue to see excellent growth from our newest branches in Brentwood, West Knoxville and Johnson City and believe that these markets will continue to drive profitable growth for the Company.

While some of our markets were devastated by the recent storm and floods, we are thankful that our branches and employees sustained minimal damage. Additionally, we have an immaterial amount of loans in Unicoi County where most of the storm damage occurred, and do not expect significant loan losses.”

## 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, 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, the impact of material one-time fraud losses or recoveries, and software conversion expenses. 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)					
		2024			2023		
		GAAP	Adjusted (1)		GAAP	Adjusted (1)	
Net income	\$	2,992	2,203	\$	2,473	2,405	
Diluted earnings per share	\$	0.48	0.35	\$	0.40	0.39	
Return on average assets (ROAA)		0.67%	0.49%		0.58%	0.56%	
Return on average equity		9.17%	6.75%		8.19%	7.97%	
Noninterest expense to average assets		1.46%	1.45%		1.34%	1.34%	
Net interest margin (tax equivalent)		2.08%	2.08%		2.08%	2.08%	
Pre-tax, pre-provision earnings (1)	\$		2,450	\$		2,684	
Pre-tax, pre-provision ROAA (1)			0.55%			0.63%	
(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)					
		2024			2023		
		GAAP	Adjusted (1)		GAAP	Adjusted (1)	
Net income	\$	6,830	5,273	\$	7,290	7,663	
Diluted earnings per share	\$	1.09	0.84	\$	1.17	1.23	
Return on average assets (ROAA)		0.51%	0.40%		0.58%	0.61%	
Return on average equity		7.22%	5.58%		8.08%	8.49%	
Noninterest expense to average assets		1.37%	1.36%		1.42%	1.43%	
Net interest margin (tax equivalent)		1.88%	1.88%		2.24%	2.24%	
Pre-tax, pre-provision earnings (1)	\$		6,315	\$		8,536	
Pre-tax, pre-provision ROAA (1)			0.47%			0.68%	

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

		As of and for the		As of and for the		As of and for the
		3 Months Ended		3 Months Ended		12 Months Ended
		September 30,		June 30,		December 31,
		2024		2024		2023
		(Dollars in thousands, except share data)				
<b>Asset Quality</b>						
Non-performing loans	\$	1,381	\$	1,381	\$	1,607
Real estate owned	\$	-	\$	-	\$	-
Non-performing assets	\$	1,381	\$	1,381	\$	1,607
Non-performing loans to total loans		0.09%		0.09%		0.11%
Non-performing assets to total assets		0.08%		0.08%		0.09%
Year-to-date net charge-offs (recoveries)	\$	(258)	\$	(243)	\$	459
Allowance for credit losses to non-performing loans		805.21%		889.86%		811.08%
Allowance for credit losses to total loans		0.76%		0.83%		0.90%
<b>Other Data</b>						
Cash dividends declared	\$	0.050	\$	0.050	\$	0.640
Shares outstanding		6,371,324		6,373,998		6,352,725
Book and tangible book value per share (2)	\$	20.83	\$	19.83	\$	19.33
Accumulated other comprehensive income (loss) (AOCI) per share		(2.02)		(2.57)		(2.56)
Book and tangible book value per share, excluding AOCI (1) (2)		22.85	\$	22.39	\$	21.89
Closing market price per common share	\$	20.98	\$	16.87	\$	18.50
Closing price to book value ratio		100.70%		85.08%		95.71%
Tangible common equity to tangible assets ratio		7.50%		7.06%		7.07%
Bank regulatory leverage ratio		9.29%		9.31%		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		
		September 30	June 30	March 31	December 31	September 30	
		GAAP	GAAP	GAAP	GAAP	GAAP	
Net income (loss)	\$	2,992	2,324	\$ 1,515	\$ (376)	\$ 2,473	
Diluted earnings (loss) per share	\$	0.48	0.37	\$ 0.24	\$ (0.06)	\$ 0.40	
Return on average assets (ROAA)		0.67%	0.53%	0.34%	-0.09%	0.58%	
Return on average equity		9.17%	7.46%	4.92%	-1.25%	8.19%	
Noninterest expense to average assets		1.46%	1.36%	1.30%	1.48%	1.34%	
Net interest margin (tax equivalent)		2.08%	2.00%	1.66%	1.98%	2.08%	
		2024			2023		
		September 30	June 30	March 31	December 31	September 30	
		Adjusted (1)	Adjusted (2)	Adjusted (2)	Adjusted (2)	Adjusted (1)	
Net income	\$	2,203	1,966	\$ 1,104	\$ 1,244	\$ 2,405	
Diluted earnings per share	\$	0.35	0.31	\$ 0.18	\$ 0.20	\$ 0.39	
Return on average assets (ROAA)		0.49%	0.44%	0.25%	0.29%	0.56%	
Return on average equity		6.75%	6.31%	3.59%	4.13%	7.97%	
Noninterest expense to average assets		1.45%	1.36%	1.30%	1.48%	1.34%	
Net interest margin (tax equivalent)		2.08%	2.00%	1.66%	1.98%	2.08%	
Pre-tax, pre-provision earnings	\$	2,450	2,448	\$ 1,418	\$ 1,182	\$ 2,684	
Pre-tax, pre-provision ROAA		0.55%	0.55%	0.32%	0.27%	0.63%	
(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 increased \$0.3 million, or 3.1%, from \$8.0 million for the three months ended September 30, 2023 to \$8.3 million for the same period in 2024. The change between the periods was primarily the net result of the following factors:

- Average interest-earning assets grew \$50.9 million, or 3.1%, from \$1.622 billion to \$1.673 billion, driven primarily by increases in loans.
- Average net interest-earning assets declined \$25.4 million, or 7.8%, from \$324.3 million to \$298.9 million, due primarily to a \$16.6 million decrease in noninterest bearing deposits and a \$19.4 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 32 bp from 4.09% to 4.41%, while the average rate earned on interest-earning assets increased 35 bp from 5.35% to 5.70%, resulting

in tax-equivalent net interest rate spread expanding by 3 bp to 1.29% from 1.26% and a consistent level of net interest margin of 2.08% in both periods.

Net interest income decreased \$2.8 million, or 11.0%, from \$25.3 million for the nine months ended September 30, 2023 to \$22.5 million for the same period in 2024. The change between the periods was primarily the net result of the following factors:

- Average interest-earning assets grew \$78.2 million, or 4.9%, from \$1.594 billion to \$1.672 billion, driven primarily by increases in loans.
- Average net interest-earning assets declined \$47.7 million, or 14.4%, from \$330.5 million to \$282.8 million, due primarily to a \$31.0 million decrease in noninterest bearing deposits and a \$23.1 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 75 bp from 3.71% to 4.46%, while the average rate earned on interest-earning assets increased 40 bp from 5.18% to 5.58%, resulting in a decrease in tax-equivalent net interest rate spread from 1.47% to 1.13% and a decrease in tax-equivalent net interest margin from 2.24% to 1.88%.

## Rate Sensitivity

The Company has the following assets subject to contractual repricing of interest rates as of September 30, 2024:

		<b>As of</b>
		<b>September 30, 2024</b>
Loans receivable	\$	339,865
Investments available for sale		7,400
Interest rate swaps (notional)		225,000
	\$	572,265

The Federal Reserve has increased the Federal Funds interest rate by 475 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%
Jun 30, 2024	36.0%	65.1%
Sep 30, 2024	42.3%	71.2%

### Interest Rate Swaps

The Company has the following interest rate swaps hedging loans receivable as of September 30, 2024:

			Estimated				
		Fair	Annual			Receive	Pay
	Notional	Value	Earnings	Term	Maturity	Rate	Rate
Interest Rate Swap	\$ 150,000	(3,735)	405	3 Yrs	10/1/2026	4.96%	4.69%
Interest Rate Swap	75,000	(326)	938	2 Yrs	9/1/2026	4.96%	3.71%
	\$ 225,000	(4,061)	1,343				

### Recovery Of Credit Losses

		Three Months Ended September 30	
		2024	2023
Recovery of credit losses	\$	1,282	411
		Nine Months Ended September 30	
		2024	2023
Recovery of credit losses	\$	2,250	385

The Company continues to experience near historically low levels of problem assets and charge-offs which, when combined with favorable economic factors, has resulted in minimal provisions for credit losses or reductions to our allowance for credit losses in recent periods. Additionally, the Company began recognizing industry benchmarks for expected recoveries during the third quarter of 2024 which had the effect of reducing the allowance for credit losses.

### Noninterest Income

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

(In thousands)		Three Months Ended September 30		
		2024	2023	Change
Service charges and fees	\$	389	369	20
Bank owned life insurance		56	47	9
Realized and unrealized gain (loss) on equity securities		57	(50)	107
Gain on sale of loans		12	7	5
Loss on sale of fixed assets		-	(269)	269
Wealth management		193	158	35
Swap fees		-	145	(145)
Other		3	-	3
Total noninterest income	\$	710	407	303

Noninterest income increased to \$0.7 million in the third quarter of 2024 from \$0.4 million in the same quarter of 2023. The following factors had an impact on noninterest income during these periods:

- Realized and unrealized losses on equity securities improved by \$0.1 million from the third quarter of 2023 as a result of the sale of the majority of the Company's equity securities during the fourth quarter of 2023 which were causing the realized and unrealized losses.
- The Company incurred a \$0.3 million loss on the sale of fixed assets from the sale of its former headquarters building during the third quarter of 2023.
- The Company recognized a \$0.1 million decrease in swap fees from the third quarter of 2023 due to a decline in the Company's lending volume. The Bank receives a fee for delivering the swap to a third party with our borrower as counterparty to the swap, but does not maintain a contractual obligation for the swap other than in the event of a default.

(In thousands)		Nine Months Ended September 30		
		2024	2023	Change
Service charges and fees	\$	1,142	1,137	5
Bank owned life insurance		166	139	27
Realized gain (loss) on sale of investment securities available for sale		69	(9)	78
Realized and unrealized gain (loss) on equity securities		30	(781)	811
Gain on sale of loans		39	21	18
Gain (loss) on sale of fixed assets		30	(200)	230
Wealth management		611	479	132
Swap fees		51	365	(314)
Other		26	37	(11)
Total noninterest income	\$	2,164	1,188	976



Noninterest income increased to \$2.2 million for the nine months ended September 30, 2024 from \$1.2 million in the same period of 2023. The following factors had an impact on noninterest income during these periods:

- Realized and unrealized losses on equity securities improved by \$0.8 million from the nine months ended September 30, 2023 as a result of the sale of the majority of the Company's equity securities during the fourth quarter of 2023 which were causing the realized and unrealized losses.
- The Company incurred a \$0.3 million loss on the sale of fixed assets from the sale of its former headquarters building during the third quarter of 2023.
- Wealth management fees improved by \$0.1 million from the 2023 to the 2024 period as a result of an improvement in equity market conditions.
- The Company recognized a \$0.3 million decrease in swap fees from the nine months ended June 30, 2023 due to a decline in the Company's lending volume. 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 September 30		
		2024	2023	Change
Compensation and employee benefits	\$	2,904	3,148	(244)
Occupancy		780	568	212
Furniture and equipment		320	166	154
Data processing		955	536	419
FDIC insurance		371	286	85
Office		214	197	17
Advertising		121	127	(6)
Professional fees		441	421	20
Other noninterest expense		406	277	129
Total noninterest expense	\$	6,512	5,726	786

Noninterest expense increased \$0.8 million, or 13.7%, from \$5.7 million in the third quarter of 2023 to \$6.5 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 expense decreased \$0.2 million, or 7.8%, due primarily to a decrease in incentive accruals and bonuses tied to 2024 performance and a decline in FTE employees from 115 to 108, offset, in part, by merit increases.
- Occupancy and furniture and equipment expenses increased by a combined \$0.4 million, or 49.9%, due to the opening of the Johnson City financial center on July 1, 2024, offset by the absence of expenses previously recorded for formerly leased facilities.
- Data processing increased \$0.4 million, or 78.1%, due primarily to a \$0.3 million one-time payment to a vendor in connection with the termination of a software relationship.

		<b>Nine Months Ended September 30</b>		
(In thousands)		<b>2024</b>	<b>2023</b>	<b>Change</b>
Compensation and employee benefits	\$	8,902	9,807	(905)
Occupancy		2,011	1,740	271
Furniture and equipment		834	543	291
Data processing		2,009	1,597	412
FDIC insurance		1,119	874	245
Office		560	603	(43)
Advertising		323	392	(69)
Professional fees		1,591	1,325	266
Other noninterest expense		982	1,021	(39)
<b>Total noninterest expense</b>	<b>\$</b>	<b>18,331</b>	<b>17,902</b>	<b>429</b>

Noninterest expense increased \$0.4 million, or 2.4%, from \$17.9 million in the first nine months of 2023 to \$18.3 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 \$0.9 million, or 9.2%, due primarily to a decrease in incentive accruals and bonuses tied to 2024 performance and a decline in FTE employees from 117 to 108, offset, in part, by merit increases.
- Occupancy and furniture and equipment expenses increased by a combined \$0.6 million, or 24.6%, due to the opening of the West Knoxville financial center on October 1, 2023 and Johnson City financial center on July 1, 2024, offset by the absence of expenses previously recorded for formerly leased facilities.
- Data processing increased \$0.4 million, or 25.8%, due primarily to a \$0.3 million one-time payment to a vendor in connection with the termination of a software relationship.
- FDIC insurance increased \$0.2 million, or 28.0%, due primarily to an increase in average assets and the quarterly multiplier used to determine assessments.
- Professional fees increased \$0.3 million, or 20.0%, due to a change in the timing of recognizing certain auditing, regulatory and legal costs.

## Income Taxes

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

<b>Three Months Ended Septmeber 30</b>	
<b>2024</b>	<b>2023</b>
19.83%	20.10%
<b>Nine Months Ended September 30</b>	
<b>2024</b>	<b>2023</b>
20.26%	18.28%

The Company's tax rates for the three and nine months ended September 30, 2024 and 2023 reflect the impact of tax credits on certain loans which reduce the effective state tax rate to a nominal amount. The Company's marginal tax rate of 26.14% is also favorably impacted by certain sources of non-taxable income including bank-owned life insurance (BOLI) and investments in tax-free municipal securities.

## Balance Sheet

Total assets increased 33.3 million, or 1.9%, from \$1.738 billion at December 31, 2023 to \$1.771 billion at September 30, 2024. The change was primarily driven by the following factors:

- Cash and cash equivalents increased \$17.0 million, or 24.7%, due to a decrease in new loan volumes and an increased focus on core deposit growth.
- Available for sale investment security balances decreased \$12.4 million, or 9.5%, primarily due to the sale of approximately \$8.0 million of securities during the first quarter of 2024 and principal paydowns.

The following summarizes the composition of the Company's available for sale investment securities portfolio (at fair value) as of September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Estimated	Net	Estimated	Net
	Fair	Unrealized	Fair	Unrealized
	Value	Gain (Loss)	Value	Gain (Loss)
(in thousands)				
Agency MBS / CMO	\$ 12,403	(1,566)	12,870	(1,853)
Agency multifamily (non-guaranteed)	7,237	(618)	8,944	(897)
Agency floating rate	6,998	15	16,919	(41)
Business Development Companies	3,500	(260)	3,420	(345)
Corporate	22,595	(1,867)	23,801	(2,673)
Municipal	27,443	(5,728)	26,465	(6,790)
Non-agency MBS / CMO	37,691	(7,428)	37,805	(9,489)
	\$ 117,867	(17,452)	130,224	(22,088)

Non-agency MBS/CMO have an average credit-enhancement of approximately 32% as of September 30, 2024. Municipal securities are generally rated AA or higher.

- The Company did not have any securities classified as held-to-maturity as of September 30, 2024 and December 31, 2023.
- Loans receivable increased \$19.6 million, or 1.4%, from \$1.453 billion at December 31, 2023 to \$1.472 billion at September 30, 2024. The Company is actively managing its exposure to commercial real estate and has a regulatory commercial real estate concentration of 312% of total risk-based capital

as of September 30, 2024, down from 322% as of June 30, 2024 and 318% at December 31, 2023. The following summarizes changes in loan balances over the last five quarters:

	September 30,	June 30,	March 31,	December 31,	September 30,
	2024	2024	2024	2023	2023
(in thousands)					
Residential construction	\$ 18,957	18,859	29,716	33,881	39,824
Other construction	48,991	79,309	84,967	89,388	82,288
Farmland	9,462	9,539	9,684	8,614	8,699
Home equity	53,407	53,670	48,059	48,118	45,839
Residential	466,107	459,572	449,894	452,957	446,215
Multi-family	115,069	115,530	115,065	109,859	112,786
Owner-occupied commercial	260,981	244,344	239,010	234,289	229,879
Non-owner occupied commercial	367,918	356,914	335,634	329,204	317,651
Commercial & industrial	122,096	124,712	134,397	137,076	142,685
PPP Program	101	119	137	154	191
Consumer	9,409	9,562	8,779	9,331	9,572
	\$ 1,472,498	1,472,130	1,455,342	1,452,871	1,435,629

The following summarizes the industry components of the Company's non-owner occupied commercial real estate loans as of September 30, 2024. Office loans are primarily comprised of low-rise office space.

		Loan	% of Total
		Balance	Loans
Hotels	\$	72,289	4.9%
Retail		71,249	4.8%
Office		67,868	4.6%
Marina		31,217	2.1%
Campground		24,849	1.7%
Warehouse		22,722	1.5%
Mini-storage		22,359	1.5%
Vacation Rentals		18,081	1.2%
Car Wash		16,829	1.1%
Entertainment		9,346	0.6%
Restaurant		4,876	0.3%
Other		6,233	0.4%
	\$	367,918	25.0%

- Premises and equipment increased \$9.3 million, or 17.8%, from December 31, 2023 to September 30, 2024 primarily due to costs incurred for the construction of the 23,000 sf Johnson City combined financial/corporate center which opened for business on July 1, 2024.

- Total deposits increased \$79.7 million, or 5.4%, from \$1.472 billion at December 31, 2023 to \$1.552 billion at September 30, 2024. An increase in non-interest bearing transaction and NOW and money market accounts during the first nine months of 2024 offset a decline in savings accounts and retail time deposits and was further used to reduce wholesale time deposits and increase liquidity.

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

		September 30,	June 30,	March 31,	December 31,	September 30,
		2024	2024	2024	2023	2023
(in thousands)						
Non-interest bearing transaction	\$	268,563	285,446	247,262	243,750	270,299
NOW and money market		437,579	415,772	421,139	271,208	250,920
Savings		207,466	227,282	266,168	248,576	258,110
Retail time deposits		382,386	378,944	381,110	392,638	382,708
		1,295,994	1,307,444	1,315,679	1,156,172	1,162,037
Wholesale time deposits		255,739	247,329	272,932	315,862	246,716
Total deposits	\$	1,551,733	1,554,773	1,588,611	1,472,034	1,408,753

The following summarizes the composition of wholesale time deposits as of September 30, 2024:

Type	Principal	Rate	Maturity	Original Term
(in thousands)				
Brokered CD	46,673	5.25%	May, 2025	1 Yr
Brokered CD	555	4.75%	Dec, 2025	2 Yr
Brokered CD	39,721	4.95%	Mar, 2026	2 Yr
Brokered CD	10,579	4.90%	Mar, 2026	2 Yr
Brokered CD	48,551	4.50%	Dec, 2026	3 Yr
Brokered CD	44,201	4.75%	Apr, 2027	3 Yr
Qwickrate	65,459	5.21%	Through Mar 30, 2027	2.5 Yrs or Less
	\$ 255,739	4.95%		

- FHLB borrowings decreased \$55.5 million from December 31, 2023 to September 30, 2024, and consisted of the following at September 30, 2024:

	<b>Amounts</b>	<b>Original</b>	<b>Current</b>	<b>Maturity</b>
	<b>(000's)</b>	<b>Term</b>	<b>Rate</b>	<b>Date</b>
\$	10,000	1 month	5.23%	10/08/24
	20,000	1 month	4.82%	10/23/24
	15,000	1 Year	4.53%	08/26/25
\$	45,000		4.81%	

- Total equity increased \$10.0 million, or 8.1%, from \$122.8 million at December 31, 2023 to \$132.7 million at September 30, 2024. 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, 2024:

		<b>Total</b>	<b>Tangible</b>
		<b>Shareholders'</b>	<b>Book Value</b>
		<b>Equity</b>	<b>Per Share</b>
(In thousands)			
December 31, 2023	\$	122,787	19.33
Net income		6,830	1.09
Dividends paid		(1,148)	(0.18)
Stock compensation		915	0.14
Share repurchases from stock compensation		(30)	(0.00)
Change in fair value of investments available for sale		3,389	0.53
September 30, 2024	\$	132,743	20.83 *
* Sum of the individual components may not equal the total			

The Company's tangible equity to tangible assets ratio increased to 7.50% at September 30, 2024 from 7.07% at December 31, 2023, as the Company continues to manage its growth and dividend levels in light of current income levels. The Company and Bank both remain well capitalized at September 30, 2024, with the Bank maintaining a regulatory leverage ratio of 9.29% at September 30, 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 pursuant to such plan during the nine months ended September 30, 2024.

### Asset Quality

Non-performing loans to total loans decreased to 0.09% at September 30, 2024 from 0.11% at December 31, 2023. Non-performing assets to total assets decreased to 0.08% at September 30, 2024 from 0.09% at December 31, 2023. Other real estate owned balances remained at \$0 at both September 30, 2024 and December 31, 2023. Net recoveries of \$0.3 million were recognized during the nine months ended

September 30, 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 0.76% at September 30, 2024 from 0.90% at December 31, 2023 due, in part, to the payoff in full of a \$0.7 million loan which was fully-reserved as of December 31, 2023, an improvement in modeled economic projections, and inclusion of expected recoveries beginning in the third quarter of 2024. Coverage of non-performing loans by the allowance for credit losses was more than 8 to 1 at September 30, 2024 and 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 continued elevated interest rates, 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) 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 decline; (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 or do business with, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches; (xx) loss of key personnel; and (xxi) adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future 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 7 branches located in Brentwood, Erwin, Johnson City (2), 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			Nine Months Ended	
		September 30,	June 30,	September 30,	September 30,	September 30,
		2024	2024	2023	2024	2023
Interest income						
Loans	\$	21,131	20,542	19,015	\$	61,518
Investment securities - taxable		1,100	1,112	1,274		3,534
Investment securities - tax exempt		29	29	39		88
Dividends and other		1,224	1,133	1,059		3,684
		23,484	22,816	21,387		68,824
Interest expense						
Savings		1,550	1,859	1,760		5,488
Interest bearing transaction accounts		4,178	4,175	2,487		12,001
Time certificates of deposit of \$250,000 or more		4,319	4,302	4,351		13,480
Other time deposits		3,710	3,569	2,615		10,931
Total deposits		13,757	13,905	11,213		41,900
Senior debt		347	405	405		1,157
Subordinated debt		164	164	163		493
FHLB advances		964	549	1,603		2,792
		15,232	15,023	13,384		46,342
Net interest income		8,252	7,793	8,003		22,482
Recovery of credit losses		(1,282)	(499)	(411)		(2,250)
Net interest income after recovery of credit losses		9,534	8,292	8,414		24,732
Noninterest income						
Service charges and fees		389	371	369		1,142
Bank owned life insurance		56	55	47		166
Realized gain (loss) on sale of investment securities available for sale		-	(8)	-		69
Realized and unrealized gain (loss) on equity securities		57	(7)	(50)		30
Gain on sale of loans		12	29	7		39
Gain (loss) on sale of fixed assets		-	-	(269)		30
Wealth management		193	217	158		611
Swap fees		-	-	145		51
Other		3	15	-		26
		710	672	407		2,164
Noninterest expense						
Compensation and employee benefits		2,904	3,005	3,148		8,902
Occupancy		780	643	568		2,011
Furniture and equipment		320	269	166		834
Data processing		955	608	536		2,009
FDIC insurance		371	364	286		1,119
Office		214	180	197		560
Advertising		121	102	127		323
Professional fees		441	551	421		1,591
Other noninterest expense		406	295	277		982
		6,512	6,017	5,726		18,331
Income before income taxes		3,732	2,947	3,095		8,565
Income taxes		740	623	622		1,735
Net income	\$	2,992	2,324	2,473	\$	6,830
Earnings per common share:						
Basic	\$	0.48	0.37	0.40	\$	1.09
Diluted	\$	0.48	0.37	0.40	\$	1.09
Weighted average common shares outstanding:						
Basic		6,271,047	6,264,564	6,240,403		6,262,499
Diluted		6,279,212	6,270,308	6,243,630		6,271,068

Mountain Commerce Bancorp, Inc. and Subsidiaries					
Condensed Consolidated Balance Sheets					
(Amounts in thousands)					
		September 30,		June 30,	December 31,
		2024		2024	2023
<b>Assets</b>					
Cash and due from banks	\$	13,796	\$	19,122	\$ 21,193
Interest-earning deposits in other banks		72,112		95,238	47,688
Cash and cash equivalents		85,908		114,360	68,881
Investments available for sale		117,867		117,048	130,224
Equity securities		2,727		1,884	1,882
Premises and equipment held for sale		3,762		3,762	3,762
Loans receivable		1,472,498		1,472,130	1,452,871
Allowance for credit losses		(11,120)		(12,289)	(13,034)
Net loans receivable		1,461,378		1,459,841	1,439,837
Premises and equipment, net		61,715		58,676	52,397
Accrued interest receivable		5,622		5,707	5,479
Bank owned life insurance		10,134		10,078	9,968
Restricted stock		4,563		4,563	8,145
Deferred tax assets, net		7,200		8,562	9,101
Other assets		10,156		5,940	8,094
Total assets	\$	1,771,032	\$	1,790,421	\$ 1,737,770
<b>Liabilities and Shareholders' Equity</b>					
Noninterest-bearing	\$	268,563	\$	285,446	\$ 243,750
Interest-bearing		1,027,431		1,021,998	912,422
Wholesale		255,739		247,329	315,862
Total deposits		1,551,733		1,554,773	1,472,034
FHLB borrowings		45,000		70,000	100,000
Senior debt, net		16,000		18,000	20,000
Subordinated debt, net		9,957		9,946	9,917
Accrued interest payable		3,482		3,142	2,258
Post-employment liabilities		3,319		3,350	3,414
Other liabilities		8,798		4,817	7,360
Total liabilities		1,638,289		1,664,028	1,614,983
Total shareholders' equity		132,743		126,393	122,787
Total liabilities and shareholders' equity	\$	1,771,032	\$	1,790,421	\$ 1,737,770

Appendix A - Reconciliation of Non-GAAP Financial Measures					
	Three Months Ended		Nine Months Ended		
	September 30		September 30		
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)		
	2024	2023	2024	2023	
<b>Adjusted Net Income</b>					
Net income (GAAP)	\$ 2,992	2,473	\$ 6,830	7,290	
Realized (gain) loss on sale of investment securities available for sale	-	-	(69)	9	
Realized and unrealized (gain) loss on equity securities	(57)	50	(30)	781	
(Gain) loss on sale of fixed assets	-	269	(30)	200	
Recovery of credit losses	(1,282)	(411)	(2,250)	(385)	
Recovery of fraud loss	-	-	-	(100)	
Software conversion expense	271	-	271	-	
Tax effect of adjustments	279	24	551	(132)	
Adjusted net income (Non-GAAP)	\$ 2,203	2,405	\$ 5,273	7,663	
<b>Adjusted Diluted Earnings Per Share</b>					
Diluted earnings per share (GAAP)	\$ 0.48	0.40	\$ 1.09	1.17	
Realized (gain) loss on sale of investment securities available for sale	-	-	(0.01)	0.00	
Realized and unrealized (gain) loss on equity securities	(0.01)	0.01	(0.00)	0.13	
(Gain) loss on sale of fixed assets	-	0.04	(0.00)	0.03	
Recovery of credit losses	(0.20)	(0.07)	(0.36)	(0.06)	
Recovery of fraud loss	-	-	-	(0.02)	
Software conversion expense	0.04	-	0.04	-	
Tax effect of adjustments	0.04	0.00	0.09	(0.02)	
Adjusted diluted earnings per share (Non-GAAP)	\$ 0.35	0.39	\$ 0.84	1.23	
<b>Adjusted Return on Average Assets</b>					
Return on average assets (GAAP)	0.67%	0.58%	0.51%	0.58%	
Realized (gain) loss on sale of investment securities available for sale	0.00%	0.00%	-0.01%	0.00%	
Realized and unrealized (gain) loss on equity securities	-0.01%	0.01%	0.00%	0.06%	
(Gain) loss on sale of fixed assets	0.00%	0.06%	0.00%	0.02%	
Recovery of credit losses	-0.29%	-0.10%	-0.17%	-0.03%	
Recovery of fraud loss	0.00%	0.00%	0.00%	-0.01%	
Software conversion expense	0.06%	0.00%	0.02%	0.00%	
Tax effect of adjustments	0.06%	0.01%	0.04%	-0.01%	
Adjusted return on average assets (Non-GAAP)	0.49%	0.56%	0.40%	0.61%	
<b>Adjusted Return on Average Equity</b>					
Return on average equity (GAAP)	9.17%	8.19%	7.22%	8.08%	
Realized (gain) loss on sale of investment securities available for sale	0.00%	0.00%	-0.07%	0.01%	
Realized and unrealized (gain) loss on equity securities	-0.17%	0.17%	-0.03%	0.87%	
(Gain) loss on sale of fixed assets	0.00%	0.89%	-0.03%	0.22%	
Recovery of credit losses	-3.93%	-1.36%	-2.38%	-0.43%	
Recovery of fraud loss	0.00%	0.00%	0.00%	-0.11%	
Software conversion expense	0.83%	0.00%	0.29%	0.00%	
Tax effect of adjustments	0.86%	0.08%	0.58%	-0.15%	
Adjusted return on average equity (Non-GAAP)	6.75%	7.97%	5.58%	8.49%	

Appendix A - Reconciliation of Non-GAAP Financial Measures, Continued				
	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	
	2024	2023	2024	2023
<b>Adjusted Noninterest Expense to Average Assets</b>				
Noninterest expense to average assets (GAAP)	1.46%	1.34%	1.37%	1.42%
Software conversion expense	-0.02%	0.00%	-0.02%	0.01%
Adjusted noninterest expense to average assets (Non-GAAP)	1.45%	1.34%	1.36%	1.43%
<b>Pre-tax, Pre-Provision Earnings</b>				
Net income (GAAP)	\$ 2,992	2,473	\$ 6,830	7,290
Income taxes	740	622	1,735	1,631
Recovery of credit losses	(1,282)	(411)	(2,250)	(385)
Pre-tax, pre-provision earnings (non-GAAP)	\$ 2,450	2,684	\$ 6,315	8,536
<b>Pre-tax, Pre-Provision Return on Average Assets (ROAA)</b>				
Return on average assets (GAAP)	0.67%	0.58%	0.51%	0.58%
Income taxes	0.17%	0.15%	0.13%	0.13%
Recovery of credit losses	-0.29%	-0.10%	-0.17%	-0.03%
Pre-tax, pre-provision return on average assets (non-GAAP)	0.55%	0.63%	0.47%	0.68%
<b>Book and Tangible Book Value Per Share, excluding AOCI</b>				
Book and tangible book value per share (GAAP)	\$ 20.83	18.78		
Impact of AOCI per share	2.02	3.28		
Book and tangible book value per share, excluding AOCI (non-GAAP)	\$ 22.85	22.06		

## Appendix B - Tax Equivalent Net Interest Margin Analysis

		For the Three Months Ended September 30,						
		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	\$	1,427,693	21,131	5.89%	\$	1,386,818	19,015	5.44%
Loans - imputed tax credits (2)		28,814	489	6.75%		28,935	492	6.75%
Investments - taxable		115,964	1,100	3.77%		131,461	1,274	3.84%
Investments - tax exempt (1)		4,244	37	3.44%		5,301	49	3.69%
Interest earning deposits		90,779	1,093	4.79%		60,571	720	4.72%
Other investments, at cost		5,429	131	9.60%		8,982	339	14.97%
Total interest-earning assets		1,672,923	23,981	5.70%		1,622,068	21,889	5.35%
Noninterest earning assets		107,583				88,162		
Total assets	\$	1,780,506			\$	1,710,230		
Interest-bearing liabilities:								
Interest-bearing transaction accounts	\$	137,038	1,370	3.98%	\$	65,837	607	3.66%
Savings accounts		218,956	1,550	2.82%		259,887	1,760	2.69%
Money market accounts		291,614	2,808	3.83%		186,249	1,880	4.00%
Retail time deposits		382,547	4,348	4.52%		371,000	3,994	4.27%
Wholesale time deposits		252,313	3,681	5.80%		236,112	2,972	4.99%
Total interest bearing deposits		1,282,468	13,757	4.27%		1,119,085	11,213	3.98%
Senior debt		17,000	347	8.12%		20,000	405	8.03%
Subordinated debt		9,953	164	6.56%		9,898	163	6.53%
Federal Home Loan Bank advances		64,565	964	5.94%		148,739	1,603	4.28%
Total interest-bearing liabilities		1,373,986	15,232	4.41%		1,297,722	13,384	4.09%
Noninterest-bearing deposits		264,015				280,651		
Other noninterest-bearing liabilities		12,039				11,137		
Total liabilities		1,650,040				1,589,510		
Total shareholders' equity		130,466				120,720		
Total liabilities and shareholders' equity	\$	1,780,506			\$	1,710,230		
Tax-equivalent net interest income			8,749				8,505	
Net interest-earning assets (3)	\$	298,937			\$	324,346		
Average interest-earning assets to interest-bearing liabilities		122%				125%		
Tax-equivalent net interest rate spread (4)		1.29%				1.26%		
Tax equivalent net interest margin (5)		2.08%				2.08%		
(1) Tax exempt investments are calculated assuming a 21% federal tax rate								
(2) Reflects 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, 2024	March 31, 2024	December 31, 2023
<b>Adjusted Net Income</b>				
Net income (loss) (GAAP)	\$	2,324	1,515	(376)
Realized (gain) loss on sale of investment securities available for sale		8	(77)	666
Realized and unrealized (gain) loss on equity securities		7	20	90
(Gain) loss on sale of fixed assets		-	(30)	55
Provision for (recovery of) credit losses		(499)	(469)	1,382
Tax effect of adjustments		126	145	(573)
Adjusted net income (Non-GAAP)	\$	1,966	1,104	1,244
<b>Adjusted Diluted Earnings Per Share</b>				
Diluted earnings (loss) per share (GAAP)	\$	0.37	0.24	(0.06)
Realized (gain) loss on sale of investment securities available for sale		-	(0.01)	0.11
Realized and unrealized (gain) loss on equity securities		-	-	0.01
(Gain) loss on sale of fixed assets		-	-	0.01
Provision for (recovery of) credit losses		(0.08)	(0.07)	0.22
Tax effect of adjustments		0.02	0.02	(0.09)
Adjusted diluted earnings per share (Non-GAAP)	\$	0.31	0.18	0.20
<b>Adjusted Return on Average Assets</b>				
Return on average assets (GAAP)		0.53%	0.34%	-0.09%
Realized (gain) loss on sale of investment securities available for sale		0.00%	-0.02%	0.15%
Realized and unrealized (gain) loss on equity securities		0.00%	0.00%	0.02%
(Gain) loss on sale of fixed assets		0.00%	-0.01%	0.01%
Provision for (recovery of) credit losses		-0.11%	-0.11%	0.32%
Tax effect of adjustments		0.03%	0.03%	-0.13%
Adjusted return on average assets (Non-GAAP)		0.44%	0.25%	0.29%
<b>Adjusted Return on Average Equity</b>				
Return on average equity (GAAP)		7.46%	4.92%	-1.25%
Realized (gain) loss on sale of investment securities available for sale		0.03%	-0.25%	2.21%
Realized and unrealized (gain) loss on equity securities		0.02%	0.06%	0.30%
(Gain) loss on sale of fixed assets		0.00%	-0.10%	0.18%
Provision for (recovery of) credit losses		-1.60%	-1.52%	4.59%
Tax effect of adjustments		0.41%	0.47%	-1.90%
Adjusted return on average equity (Non-GAAP)		6.31%	3.58%	4.13%



Appendix C - Reconciliation of Prior Period Non-GAAP Financial Measures, Continued				
		Three Months Ended		
		(Dollars in thousands, except per share data)		
		June 30, 2024	March 31, 2024	December 31, 2023
<b>Adjusted Noninterest Expense to Average Assets</b>				
Noninterest expense to average assets (GAAP)		1.36%	1.30%	1.48%
Adjusted noninterest expense to average assets (Non-GAAP)		1.36%	1.30%	1.48%
<b>Pre-tax Pre-Provision Earnings</b>				
Net income (loss) (GAAP)	\$	2,324	1,515	(376)
Income taxes		623	372	176
Provision for (recovery of) credit losses		(499)	(469)	1,382
Pre-tax Pre-provision earnings (non-GAAP)	\$	2,448	1,418	1,182
<b>Pre-tax Pre-Provision Return on Average Assets (ROAA)</b>				
Return on average assets (GAAP)	\$	0.53%	0.34%	-0.09%
Income taxes		0.14%	0.08%	0.04%
Provision for (recovery of) credit losses		-0.11%	-0.11%	0.32%
Pre-tax Pre-provision return on average assets (non-GAAP)	\$	0.55%	0.31%	0.27%
<b>Book and Tangible Book Value Per Share, excluding AOCI</b>				
Book and tangible book value per share (GAAP)	\$	19.83	19.46	19.33
Impact of AOCI per share		2.57	2.55	2.56
Book and tangible book value per share, excluding AOCI (non-GAAP)	\$	22.39	22.01	21.89